

24 March 2016

Monica Gibson
Regional Director
Hunter & Central Coast Regions
Department of Planning and Environment
Newcastle Office
PO Box 1226
Newcastle NSW 2300

Via Email: hunter@planning.nsw.gov.au;

Re: UDIA NSW Response to the Draft Hunter Regional Plan and Draft Plan for Growing Hunter City

Dear Monica,

Please find enclosed UDIA NSW's response to the Draft Hunter Regional Plan and Draft Plan for Growing Hunter City.

We thank the Department for this opportunity to make comment on the Draft Plans. We urge the Government to closely consider this submission and recognise the critical role the urban development industry plays in supporting the Government's objectives to "work together with a common purpose to achieve this region's boundless potential over the next 20 years." UDIA NSW and its members look forward to an ongoing role as the Hunter Regional Plan review and development process is finalised.

For further information, please contact UDIA NSW Hunter Manager Elizabeth York on
or eyork@udiansw.com.au.

Yours sincerely



Mr Stephen Albin
UDIA NSW CEO

cc: Scot MacDonald



UDIA NSW SUBMISSION ON DRAFT HUNTER REGIONAL PLAN AND DRAFT PLAN FOR GROWING HUNTER CITY

2016

TABLE OF CONTENTS

Contents

Executive Summary	2
Recommendations	3
Introduction	4
Governance	6
A Hunter Commission should be established to drive a coordinated approach to implementation ...	6
Proposed Governance Model for the Hunter Commission	8
The Hunter Commission should have statutory functions and responsibility for implementing the plan	9
Strategic planning in the Hunter should follow the established statutory framework	11
Integrated Infrastructure Planning	13
The Plan should include a Growth Infrastructure Plan	13
The Plan should integrate Transport for NSW's network and corridor strategies	14
The Hunter Expressway should be recognised as a public transportation priority and more urban development considered along its corridor.	15
The Draft Hunter SIC should be reviewed.	16
An Infrastructure Loan Scheme should be established to help fund enabling infrastructure projects for regional land developments	17
Economic Analysis	19
The Plan needs a more robust focus on the Hunter economy	19
Biodiversity	20
The Plan should include a coordinated approach to upfront planning for Biodiversity Conservation	20

The *Urban Development Institute of Australia (UDIA) NSW* is the state's leading property industry body. It advocates for better planning, appropriate environmental outcomes, timely and affordable housing, and the building of vibrant communities to increase and support local job opportunities.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Integrated and strategic planning are the fundamental tools which will stimulate economic growth and investment in a Region. Without a well thought-out plan backed by accountable actions, the hopes and promises of the Region will be left to meander along an uncharted course, leaving sustainable, coordinated growth difficult to achieve.

The Hunter with a population of over 600,000 is the largest regional economy in Australia and one of the most diverse. In 2013-14, the Hunter Valley (excluding Newcastle) subregion had the largest and fastest population growth in regional NSW, along with relatively large growth in the adjacent cities of Newcastle and Lake Macquarie. According to the Draft Hunter Regional Plan 2015, the anticipated increase in population of the Hunter over the next 20 years will require 60,000 new dwellings.

Appropriate development and conservation strategies must be clearly articulated, integrated and delivered in the Region's strategic plan in order to accommodate this population growth.

Unfortunately, the Hunter is a prime example of a Region that has struggled to meet expectations in part due to a lack of appropriate strategic planning in recent years. As outlined in the 2014 *UDIA NSW Lower Hunter State of the Land* report (21 August 2014), the 2006 *Lower Hunter Regional Strategy* has failed to deliver adequate housing lots on the ground in the Hunter over the past decade, and no updated strategic plan has been proposed until now.

Whilst Sydney's growth is being managed by the Greater Sydney Commission (GSC) (and a best practice statutory framework for strategic planning), the Hunter has been left behind.

The population growth rates in the Hunter Region and the complex interdependencies of developable land and infrastructure availability demonstrate that the Hunter needs a governance and statutory strategic planning framework similar to that of the GSC to manage and facilitate the anticipated Regional growth.

The Hunter is a significant economic resource for NSW, and has the largest state economy outside of Sydney. The Region should be recognised for the unique contributions it makes in minerals and energy, transport and logistics, health, defence, manufacturing, wine, tourism and the equine sectorsⁱ and supported by a strong and co-ordinated governance framework as it continues to grow.

EXECUTIVE SUMMARY

Planning in the Hunter Region has been adrift for many years now. For the past decade, no strategic guiding document or responsible governance body has been in place that can effectively coordinate the growth of the Hunter, manage its challenges or make the most of its potential.

UDIA NSW therefore welcomes the Draft Hunter Regional Plan and its companion Draft Plan for Growing Hunter City, and appreciates the effort that the Department of Planning and Environment has put in to meet its stated timeframe for their release.

The industry looks to the Regional Plan to coordinate development in the Hunter. If the Regional Plan fails to adequately establish a strong framework for development, then development will not proceed. Alternatively, if the Regional Plan successfully creates a new, powerful framework, then the Hunter will capture the benefits that growth brings with it.

We are grateful for this opportunity to comment on the Draft Plan and are fundamentally supportive of its stated vision. Having reviewed the documents, UDIA NSW and the development industry have identified several areas in which the Draft Plan can be improved. UDIA NSW provides the following recommendations.

RECOMMENDATIONS

RECOMMENDATION 1

A strong, coordinated governance structure for implementation should be established, modelled on the Greater Sydney Commission.

RECOMMENDATION 2

A Growth Infrastructure Plan should be included, and infrastructure planning should examine the SIC and consider an Infrastructure Loan Scheme.

RECOMMENDATION 3

A more robust focus on the Hunter economy and the need for further diversification is necessary.

RECOMMENDATION 4

A coordinated approach is needed for upfront biodiversity conservation.

INTRODUCTION

INTRODUCTION

The Urban Development Institute of Australia - NSW Division (UDIA NSW) is the State's leading property development industry body. We represent over 500 organisations from the public and private sectors. Our members include developers, planners, engineers, academics, regulators, and leading professional advisors. A quarter of our members are based in regional NSW. Our extensive Committee and Regional Chapter structure involves more than 150 of the development industry's key players in policy formulation.

UDIA NSW is pleased to take this opportunity to offer comment on the 2015 Draft Hunter Regional Plan and companion Draft Plan for Growing Hunter City (Draft Plan).

It has been ten years since the *Lower Hunter Regional Strategy 2006* (LHRS) was issued and almost three years since the *Lower Hunter Over the Next 20 Years: A Discussion Paper* (Discussion Paper) was released. UDIA NSW was encouraged by the conversations that resulted from the Discussion Paper and subsequent efforts by the then Department of Planning and Infrastructure, and current Department of Planning and Environment (the Department) towards drafting an updated Hunter Regional Plan. We commend the Department for meeting its commitment to release the Draft Hunter Regional Plan by the end of 2015. While we generally agree with the overall direction and vision of the Draft Plan, at the same time, we maintain that some fundamental changes are needed for the final Plan.

The Draft Plan takes a new approach to regional planning in the Hunter by incorporating the entire region in one planning document. UDIA NSW supports a single regional plan for the Hunter, as it will facilitate planning for the region as a whole, and can address land use and infrastructure linkages between the Hunter subregions. However, the final Plan should be supported by strategic plans prepared at a subregional scale that are capable of being implemented through operational planning instruments. The inclusion of the Draft Plan for Growing Hunter City is welcomed, and UDIA NSW believes that all subregions in the Hunter should be subject to this level of strategic planning, not just the Hunter City. In addition, it is vital that the subregional plans should contain a greater level of detail than the Draft Plan for Growing Hunter City so that local government, industry and the community have certainty about the agreed directions for growth.

In 2013, UDIA NSW offered comment on the *Lower Hunter Over the Next 20 Years: A Discussion Paper*, stating in part:

INTRODUCTION

The industry firmly believes that an updated plan for the region is warranted. The ... Hunter is suffering from chronic housing supply shortages created largely from inadequate infrastructure planning and investment together with onerous regulations such as the treatment of biodiversity. A new plan that provides a comprehensive strategy, developed through an integrated planning approach, is required to overcome these impediments and set a clear road map for future growth that will significantly improve housing production levels and affordability in the... Hunter.

We stand by this statement and believe it still applies to the current situation. More than ever, there exists the urgent need to provide clear, integrated planning, including a Growth Infrastructure Plan, that will deliver growth outcomes in the Hunter. The region has long suffered from a lack of coordination between government agencies, service providers and the private sector. UDIA NSW is strongly in favour of a coordinated governance structure to deliver the Plan.

The Draft Plan provides a snapshot of where the region is now and provides a number of directions and actions of what will be required for successful future growth. A significant amount of the directions and associated actions outlined in the Draft Plan relate to further investigation including research, monitoring, assisting Councils, et cetera, without any reference to specific timeframes or ownership of delivery. **The lack of timeframes and ownership, and subsequent lack of accountability, is the development industry's foremost concern with the Draft Plan.**

With this in mind, UDIA NSW's response to the Draft Plan primarily focuses on the urgent need for a coordinated governance structure to deliver the Plan, including the key issues that the industry believes that governing body should address. UDIA NSW urges the adoption of a Hunter Commission, modelled on the Greater Sydney Commission, which will report to the Minister for Planning. Our submission outlines our proposal for how the Hunter Commission could be structured to assure much-needed coordination in the Hunter Region so as to realise its growth potential not only as the largest regional economy in Australia, but as the foremost region in Asia-Pacific.

GOVERNANCE

THE DRAFT HUNTER REGIONAL PLAN NEEDS A STRONG GOVERNANCE STRUCTURE FOR IMPLEMENTATION

A Hunter Commission should be established to drive a coordinated approach to implementation

UDIA NSW commends the Department for its recognition of the need for greater coordination in planning for the Hunter through the proposed establishment of the Hunter Regional Plan Coordination and Monitoring Committee. However, UDIA NSW believes that the Committee as proposed would be ineffective.

The Hunter's growth potential has long been identified as a key opportunity for New South Wales and Australia in general. Its potential for growth can only be realised through a coordinated visionary plan. To be effective, the vision must be accepted by the key stakeholders in its delivery, including state and local government bodies, service providers and the private sector. The Hunter has sometimes suffered from a lack of consistency in its approach to opportunities, and UDIA NSW maintains that the best means of achieving real and sustainable growth is through the establishment of a Hunter Commission, modelled on the Greater Sydney Commission.

A Hunter Commission should be established under legislation to have responsibility for implementing the Hunter Regional Plan. The proposed Coordinating and Monitoring Committee lacks the governance structure, functions, and powers to effectively implement the Plan. As such, it is unclear who will ultimately take responsibility for delivery of jobs, houses and infrastructure in the Plan, particularly if it is not tracking in accordance with expectations.

An effective governance structure for the Hunter Commission would include:

- Representatives from key government agencies including:
 - Department of Planning and Environment
 - Transport for NSW
 - NSW Treasury

UDIA NSW underscores the importance of including a representative from NSW Treasury as a member of the Commission to ensure that government funding decisions line up with strategic planning decisions.

GOVERNANCE

- Nominees from the Hunter Regional Joint Organisation of Councils to represent local government
- State appointed independent experts to represent Hunter industries, the community, the environment and the economy
- Representatives from other departments, key service providers and delivery authorities in the Hunter region, including Hunter Water Corporation, Ausgrid, Hunter Development Corporation and UrbanGrowth who would sit on the Commission when decisions are related to specific infrastructure provision and sequencing, or revitalisation opportunities

The Hunter Commission should report to the Minister for Planning and Environment.

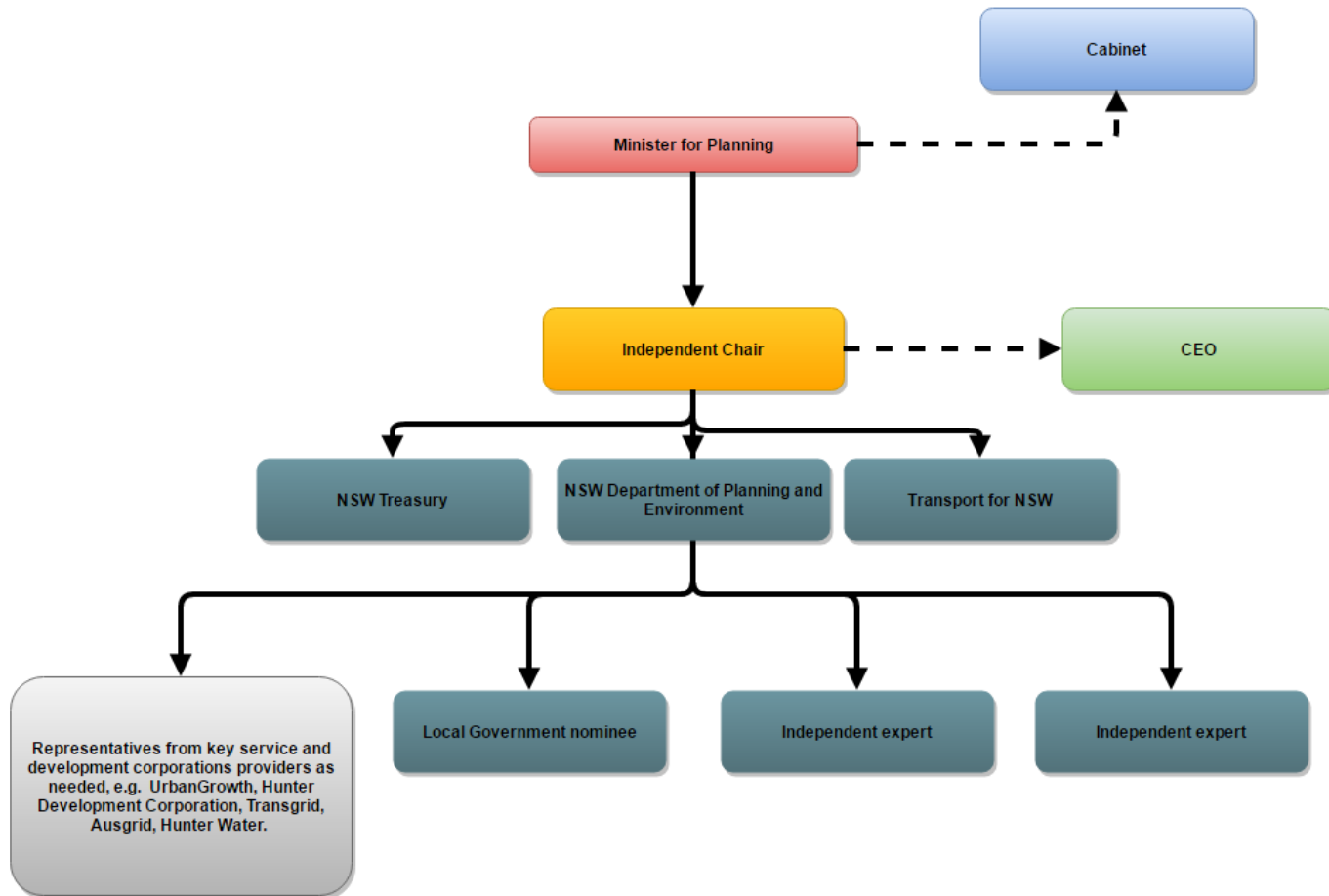
We recommend that the Commission should report to the Minister for Planning and Environment, who is best placed to take responsibility for coordinating agencies and government programs, elevate issues between agencies as part of reporting to Cabinet, and most importantly, provide the necessary authority to the Commission to ensure it is able to effectively implement the Plan.

The Minister for the Hunter should be re-established.

The Minister for the Hunter should be re-established as a Cabinet portfolio with a direct reporting line to the Premier. Re-establishing the Ministry for the Hunter would demonstrate the Government's commitment to the Region through recognition of its importance as the largest regional economy in Australia. The Minister for the Hunter should work with the Minister for Planning to ensure that the Region's interests are given appropriate appreciation within the Cabinet.

GOVERNANCE

Proposed Governance Model for the Hunter Commission



GOVERNANCE

The Hunter Commission Should Have Statutory Functions and Responsibility for Implementing the Plan

The Hunter Commission should have statutory plan making functions in the Hunter region in the same way that the GSC has taken over the Minister for Planning's functions in Sydney. This should also include subregional planning via committees for the subregions in the Hunter, which should plan for the Upper Hunter, Central Hunter, and the Lower Hunter as well as Hunter City. This will give the Commission responsibility for ensuring strategic plans are implemented through subregional and local planning decisions.

UDIA NSW strongly agrees with and supports the Draft Plan's intention to establish a *Hunter Urban Development Program (UDP)*. Currently, Newcastle/Hunter City is the only city in Australia without a UDP and it is urgently needed. The Hunter Commission should have responsibility for managing land and housing supply via the proposed Hunter UDP.

The Commission should be responsible for:

- Monitoring land supply, take up rates and dwelling production;
- Coordinating release and rezoning of land; and
- Strategically planning to ensure the sustainable supply of housing to meet the region's needs.

Land supply. UDIA NSW would urge the Commission to disregard artificial thresholds for infill versus greenfield development and instead establish programs to create a better understanding of consumer market preferences for housing.

We are concerned with the Draft Plan's assertion that the combination of previously identified new land release areas plus infill development will be sufficient to meet projected housing needs over the life of the Plan. Certainly, the Draft Plan acknowledges the challenges in delivering identified land supply.

UDIA NSW questions whether the currently identified land release sites are still within areas that can be economically developed. The UDIA NSW 2014 State of the Land Report clearly showed that availability of zoned land does not equate to delivery of lots on the ground. In fact, due to lack of coordination and funding for infrastructure, difficulty

GOVERNANCE

in accessing finance, erosion of lot yields through onerous legislative requirements, and the quantum of section 94, SIC and other levies can result in the inability to deliver land at a price point that the market can afford. In other words, many of these land release areas are simply not economically feasible to develop. This reality has led to the corresponding shortfall of lot production required to house the Hunter's growing population.

A further significant piece of data provided in the UDIA NSW State of the Land Report showed that actual population growth exceeded forecast growth thereby placing further pressure on lot production.

The Draft Plan places significant reliance on infill housing to meet demand. We believe this reliance is flawed and that more opportunity needs to be given for further greenfield development where it can be demonstrated that new sites meet specific strategic criteria that result in the delivery of affordable land.

The Commission should have responsibility for collecting an accurate evidence base to inform planning decisions in order to deliver the above outcomes. The Commission should have mechanisms in place to monitor housing construction against agreed housing targets annually, and where targets are not met, the Commission should have the authority to take appropriate actions to remove blockages.

The Commission is best placed to have this responsibility as it will involve coordinating methodologies and data collection with the service providers in the Region (who are also proposed to be represented on the Commission). The Commission should be responsible for publishing this data in their annual report, and could work with academic institutions in the region such as the University of Newcastle (Centre for Interdisciplinary Built Environment Research) and the Hunter Research Foundation to analyse the findings.

Under the governance model proposed in the Draft Plan, it is not clear what action can be taken if delivery and implementation of strategic plans stall. The Commission should be given responsibility and real powers in order to effectively drive delivery and implementation.

GOVERNANCE

Strategic planning in the Hunter should follow the established statutory framework

The regional strategic plan is an opportunity to streamline the system by consolidating government policies. Reliance on the preparation of future plans, reports and studies to provide the meaningful details that will inform actual planning decisions is a step away from a policy of simplifying the planning system. Regional and subregional planning should be used to co-ordinate and streamline government policies. For example, the Strategic Release Framework for Coal and Petroleum Exploration and the mapping of biodiversity lands should be done in Regional or subregional plans so that the content will be reflected in local plans. End users of the planning system and the community should only have to refer to one planning instrument to find out information about their area rather than multiple plans, strategies, and policies.

The Hunter Regional Plan and the Plan for Growing Hunter City should be prepared under the established statutory framework for strategic planning set out in Part 3B of the *Environmental Planning and Assessment Act 1979*. Strategic plans in the Hunter region should be subject to the same statutory processes and requirements as the strategic plans prepared for the Greater Sydney Region. In particular, the requirements should include:

- details about the evidence base used to inform the plans;
- the basis of monitoring and reporting on the plan; and
- statutory community consultation requirements.

The existing statutory provisions for the Greater Sydney Region also ensure that relevant infrastructure plans must be considered when strategic plans are prepared. UDIA NSW strongly believes that the same should apply in the Hunter.

The Draft Plan sets out a number of directions and associated actions, with a significant amount relating to further investigation, research or assisting local government on matters that should have already informed the Draft Plan (e.g. demand for housing in regional towns and villages, and supply and demand databases for retail). While the Department has committed to the actions outlined in the Draft Plan, there is no certainty local governments will undertake the actions required, and no timeframes are specified in the Draft Plans. Again, such lack of accountability diminishes the prospects for success.

GOVERNANCE

The Hunter councils should be subject to the same statutory requirements to give effect to regional and subregional/district planning as Sydney councils. There should be statutory requirements for Hunter councils to update local planning instruments to implement the strategic plans, similar to the provisions that now apply to Sydney councils.

This will ensure a clear 'line of sight' between strategic plans and local planning decisions and delivery of the actions in the Plan. Hunter councils should be required to report to the Hunter Commission on the preparation of planning proposals to implement strategic plans in the same way Sydney Councils are required to report to the Greater Sydney Commission within clear statutory timeframes.

INFRASTRUCTURE

INTEGRATED INFRASTRUCTURE PLANNING

The Plan should include a Growth Infrastructure Plan

A key recommendation from UDIA NSW in its comments to the 2013 Discussion Paper was that an integrated infrastructure plan should be prepared for the Hunter region as part of the strategic planning process for the delivery of wastewater, transport, water, energy and telecommunications. We stand by this recommendation and underscore its fundamental importance to achieving meaningful growth in the region.

In addition to lacking a UDP, the Hunter lacks any functional infrastructure delivery program which would clearly articulate infrastructure funding priorities or a logical infrastructure sequencing pattern. UDIA NSW urges the development of a Hunter Growth Infrastructure Plan (GIP) as part of the final Hunter Regional Plan.

Infrastructure is a key blockage to housing supply. There are particular challenges to infrastructure in the Hunter relating to coordination, specification and cost, and there is currently no framework for the collection, analysis and presentation of existing and planned network infrastructure capacity across network infrastructure providers within the Hunter.

Historically, there has been a poor relationship in the Hunter between the planning and delivery of network infrastructure to service urban growth. Inefficient and poorly directed investment by both developers and network infrastructure providers has occurred in the Hunter due to network infrastructure providers not understanding each other's existing and planned capacity to service identified urban growth areas; network infrastructure not being delivered as planned to service identified urban growth areas; and the spatially broad nature of the Hunter's multiple potential development fronts.

It is critical to create a new system for infrastructure coordination in the Hunter. UDIA NSW commends the Draft Plan for identifying the need to sequence urban growth and deliver an infrastructure strategy. Without a broader GIP, which identifies the infrastructure for the region, when it will be required, what it will result in delivering (e.g., more homes, better travel time, better efficiency for businesses) and how it will be funded, the infrastructure delivery in the Hunter will remain fragmented and piece meal. Infrastructure co-ordination will prove a meaningless exercise if one network

INFRASTRUCTURE

infrastructure provider fails to deliver new capacity as planned. Certainty around a GIP must exist in order to provide the necessary confidence to produce investment.

The Hunter GIP must:

- Collect existing and planned network infrastructure capacity across all network infrastructure providers;
- Present existing and planned network infrastructure capacity in a way that is easily understood by the development industry, network infrastructure providers and urban planners working within councils and State government departments
- Be made publically available, and regularly updated
- Incorporate a formal feedback loop to monitor the performance of planned and actual delivery of network infrastructure. The coordination program should also aim to quantify the cost and identify accountability for the failure to deliver infrastructure as planned.
- Be flexible to accommodate changes in regional preferences and direction.

The Hunter Commission should have the responsibility for overseeing the preparation, monitoring and delivering the Hunter GIP. Integrated infrastructure planning will only work if the information is available publically on a full disclosure basis. It is critical that these plans are closely aligned to agency capital works programs and have the detail available to appropriately set regional infrastructure charges. With the oversight of the Hunter Commission, the Hunter GIP can be flexible to assess and make necessary changes as the market evolves.

The Plan should integrate Transport for NSW's network and corridor strategies.

The opportunity to coordinate housing and jobs growth around transport networks should not be lost. The Draft Plan refers to the preparation of network and corridor strategies by Transport for NSW but does not refer to them to coordinate a vision or identify growth for the region. The Department should take a leadership role by using the Draft Plan to determine appropriate locations for growth rather than a reactive role relying on strategic planning prepared by Transport for NSW - with the result being that Transport for NSW is by default the State's planning authority.

INFRASTRUCTURE

The Hunter Expressway should be recognised as a public transportation priority and more urban development considered along its corridor.

UDIA NSW is concerned that the Draft Plan seems to recommend that the \$2 billion Hunter Expressway investment be primarily used for freight and that urban development be predominantly excluded along its corridor. Indeed, the Roads and Maritime Services (RMS) website now refers to the Hunter Expressway as “significant for the region's continued economic development to provide a more direct and efficient freight route between the Upper Hunter and the Port of Newcastle”ⁱⁱ

The main focus on the Hunter Expressway as a freight route appears to be a lost opportunity in utilising this investment to facilitate future development and the economic benefits that flow from housing development. The Hunter Expressway, a 40 kilometre expressway link, provides significant improvements in travel time and safety for motorists travelling between Newcastle and the Central and Upper Hunter subregions. The Hunter Expressway was clearly designed to provide benefits to the residents and motorist of the Hunter that move between the Lower and Upper Hunter. The Draft Plan appears to neglect this objective.

The Department's website identifies that \$212 million of state money was invested in the project. Half of this investment was incorporated into the draft Lower Hunter Special Infrastructure Contribution (SIC),ⁱⁱⁱ to provide the opportunity for the State to recoup the cost of the development via residential development. UDIA NSW objected to that inclusion at the time, and we maintain our recommendation that the draft Hunter SIC be revisited (see below). It must be stated that the Draft Plan's strategy of avoiding additional residents using the road erodes even further any dubious nexus with the Hunter Expressway and the SIC, and raises significant concerns around any attempt to levy developments for the use of the expressway.

If the Draft Plan envisions that the New England Hwy should be the priority pathway with which to move residents within the Hunter, then the regional strategic plan should include a plan to invest in that corridor to enhance employment and education opportunities, develop destinations along the route and provide better public transport.

That said, **UDIA NSW maintains that urban development along the Hunter Expressway should be elevated in priority along that corridor** where it can be

INFRASTRUCTURE

demonstrated that such sites meet specific strategy criteria that result in the delivery of affordable land.

SPECIAL INFRASTRUCTURE CONTRIBUTIONS (SIC)

The Draft Hunter SIC should be reviewed.

UDIA NSW welcomes government investment in the Hunter Region, such as the Hunter Expressway and the ongoing Newcastle inner-city revitalisation, which underscore and contribute to the Region's growth. However, for at least the past 8 years, the Hunter has suffered an annual average housing short-fall of approximately 1,100 lots per annum.

One of the key blockages to housing supply is the quantum of State and Local Government fees, levies and charges paid by developers. Figures compiled by UDIA NSW demonstrate that these costs combined total approximately 30% of the price of the finished product.

One levy that is particularly inequitable and burdensome is the SIC, both in its payment as well as in the inconsistent and unpredictable time-consuming negotiation process developers must undertake in which to comply. In the Hunter, the impact of the SIC is greater on a per-lot basis than in metropolitan Sydney.

UDIA NSW maintains its strong recommendation that the SIC in its current form should be removed. While the SIC remains in effect, however, UDIA NSW recommends:

- The Lower Hunter SIC should be reduced to reflect the average SIC cost per lot in the Sydney region of 2.5%.
- The final Plan should include a GIP that ties the SIC to each infrastructure agency's strategic plans.
- SIC-derived project spending should be transparent, have a clear nexus to works required to facilitate development, and result in timely delivery of infrastructure.

INFRASTRUCTURE

INFRASTRUCTURE LOAN SCHEME

An Infrastructure Loan Scheme Should Be Established to Help Fund Enabling Infrastructure Projects for Regional Land Developments

There is a current critical shortage of finance available to regional developers, in an era where foreign banks have exited the Australian finance market, lenders have a reduced appetite for risk and developers have a greater reliance on equity funding.

One alternative that should be considered is a Regional Infrastructure Investment Loan Scheme, to provide finance for enabling critical infrastructure for regional developments.

Funding for enabling infrastructure is a major blockage to the supply of residential land in the Hunter:

- Delivery of infrastructure is a housing supply blockage, as stated in the Discussion Paper.
- Regional funding is more difficult to obtain in comparison to metropolitan areas, due in part to lower sale rates and reduced sales revenue that affect returns on investment.
- Traditional bank finance is not available for land banking.
- Financing is difficult to access for construction due to strict lender requirements, such as 100% debt covered by pre-sales, and personal guarantees.
- Current funding models clearly don't work. Section 94, the SIC and the Hunter Water Regional Infrastructure Policy create peak debt challenges for Hunter developments that often make projects unviable.
- Hunter developers have been increasingly required to self-fund growth infrastructure.
- As a result, the Hunter has experienced difficulty in delivering affordable residential land to the market.
- The cost to fund growth infrastructure is ultimately passed on to home buyers.

An alternative regional approach is required to fund infrastructure to act as a catalyst to development in the Hunter and other regional areas of NSW.

A Regional Infrastructure Fund should be established and financed through the Waratah Bond Scheme. This would help remove the single biggest impediment to housing

INFRASTRUCTURE

delivery. The fund would provide loans to build lead-in infrastructure that is fully repaid via a bond style (plus provision for uncertainty) interest rate.

A Regional Infrastructure Investment Loan Scheme would allow service providers or developers to apply for funding of critical infrastructure where it can be demonstrated that the investment will be a catalyst for the delivery of affordable land. The fund would be repaid on a pro-rata basis.

Potential key terms for the fund include:

- Loans are secured by land with lender covenants over each lot
- As each lot is settled the loan relating to that lot would be fully repaid
- Interest is calculated monthly on the outstanding balance and included in lot payment
- Maximum loan term is 10 years
- Rates are set at the 10-year State Government bond yield.
- The Government could raise monies for the fund from the bond market as part of the Waratah Bond scheme.

UDIA NSW believes this system would overcome many of the issues of frontloading infrastructure payments and increase the economic feasibility of developments, particularly in greenfield estates, resulting in better delivery of housing in the Hunter.

ECONOMIC ANALYSIS

ECONOMIC ANALYSIS

The Plan Needs a More Robust Focus on the Hunter Economy

The Hunter Regional Plan should provide more direction on how planning decisions about where and how the region grows can facilitate the changes required to maintain prosperity.

The Plan should acknowledge the resources investment cycle and better examine how local and State planning decisions in the region can best respond. This could include plans for infrastructure investment and better utilisation of already funded projects.

The Plan should set out how the growth of other industries is to be supported in the region, including the developing tourism industry, and how Newcastle can compete with other regional metropolitan centres in Australia and Asia to deliver the Premier's vision to make the Hunter the "best regional city in the Asia-Pacific"^{iv}.

The plan should identify and prioritise economic development opportunities and diversification. It should identify where governments, including local government, can facilitate growth in areas such as aged-care and health, arts and education, recreational services and the building industries.

The plans should be consistent with other relevant State and Federal economic and infrastructure plans, including the Australian Infrastructure Plan which identifies a number of infrastructure and growth priorities related to Newcastle and the Hunter.

BIODIVERSITY CONSERVATION

BIODIVERSITY

The Plan Should Include a Coordinated Approach to Upfront Planning for Biodiversity Conservation

Environmental legislation and policies are a crucial factor in the delivery and creation of new urban landscapes and centres, and in the revitalisation of existing centres. UDIA NSW supports sustainable urban growth in NSW as well as the conservation of biological diversity, together with the streamlining and modernisation of the state's biodiversity legislation.

We acknowledge that the Government has taken a proactive step in tackling biodiversity reform by considering the findings of the 2014 Independent Biodiversity Legislation Review Panel.

UDIA NSW is fully supportive of comprehensive reform of the existing biodiversity legislation, and has been pleased to have the opportunity to comment on the draft biodiversity reforms currently being developed. UDIA NSW and the development industry have provided feedback on a number of matters which are of concern, and we welcome continued involvement in the reform process.


UDIA NSW is convinced that it is vital for the future of NSW that an appropriate balance between development and conservation be achieved, and is committed to achieving that balanced outcome. UDIA NSW supports the concepts of biodiversity conservation and sustainable development. However, one cannot be achieved without the other.

The Hunter enjoys a unique ecology and because of that, the NSW state approach to finding offsets doesn't always fit. Areas of unique ecology should be identified and planning should reflect those determined areas.

The Draft Plan proposes a strategic approach to the conservation of biodiversity that assesses landscapes on a regional and subregional scale. Such an approach is supported as long as it delivers clear guidance to local government, industry and the community. Strategic plans could be used to provide the community and industry with a framework for greater transparency and consistency of decision making. This would be enhanced if strategic plans had statutory effect, as referred to above. The Draft Plan

BIODIVERSITY CONSERVATION

should incorporate landscape assessments in subregional plans and streamline the planning processes by integrating biodiversity assessments when identifying locations that are appropriate for growth. As it is now part of the Planning and Environment cluster, the Department of Planning is well positioned to be able to provide a coordinated approach to upfront planning for biodiversity conservation in the final Plan.



Should you have any questions please contact UDIA NSW Hunter Regional Manager
Elizabeth York via eyork@udia-nsw.com.au

Published March 2016

Urban Development Institute of Australia NSW

66 King Street, Sydney, 2000

Tel 02 9262 1214

www.udiansw.com.au



FOOTNOTES

- ⁱ https://www.industry.nsw.gov.au/__data/assets/pdf_file/0006/67704/4.-Hunter_Regional-Economic-Profile_Feb2015.pdf
- ⁱⁱ <http://www.rms.nsw.gov.au/projects/hunter/index.html> 9 March 2013
- ⁱⁱⁱ <http://www.planning.nsw.gov.au/~media/Files/DPE/Other/draft-lower-hunter-lower-hunter-sic-state-and-regional-roads-2011-state-and-regional-roads-2011.ashx>
- ^{iv} See <http://www.theherald.com.au/story/3531285/how-great-can-we-make-this-city-baird/>