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Our Reference: OUT-1927/18



26 February 2018

Executive Director
Infrastructure and Delivery
Department of Planning and Environment
GPO Box 39
Sydney NSW 2001

Dear Sir/Madam,

Submission to Draft Hunter Region Special Infrastructure Contribution

Thank you for the opportunity to provide feedback on the draft Hunter Region Special Infrastructure Contribution (SIC).

Upper Hunter Shire Council has reviewed the Department's Proposed Approach for Consultation document and provides the following comments for your consideration:

1. Whilst Council acknowledges the need for investment in regional infrastructure to support a growing population, it does not agree with levying contributions on all greenfield developments to fund such infrastructure. Any contributions payable under a SIC scheme or plan would simply add to the cost of development and therefore have a negative impact on housing affordability. Obviously, this would be at odds with the NSW Government's plan to improve housing affordability across the State.

It is Council's view that public infrastructure should be funded by the State and Federal Governments using revenue from traditional sources such as taxation.

2. Council is concerned that the Hunter Region SIC will be expanded in the future to include other forms of development whilst the proposed contribution rates will increase (above indexation) to help fund the ever increasing cost of public infrastructure.
3. Whilst the proposed contribution rate of \$658 per lot or dwelling in a greenfield development in the Upper Hunter would seem reasonable and relatively affordable, given the low rates of growth and development in the Upper Hunter, it is unlikely that funds of any significance will be generated through the contributions collected. We would therefore question the benefit of applying a SIC to the Upper Hunter.

That said, any special infrastructure contribution rates applied to the Upper Hunter would need to be kept low in view of the relatively low land values and population growth rates of the area.

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4. In relation to the proposed greenfield industrial contribution rate, it would seem unreasonable to apply the same rate of \$38,232 per hectare of net developable area to all service catchment areas given the significant differences in land values and demand for developable land between the Lower Hunter, Mid-Coast and Upper Hunter. The proposed contribution rate is likely to discourage industrial development and put the Upper Hunter at an economic disadvantage in comparison to neighbouring regional and rural areas that are not subject to a SIC.
5. At this stage, it is unclear whether contributions collected from a service catchment will only be used to fund infrastructure within that catchment. Council is of the view that development within the Upper Hunter and Mid Coast Service Catchment Areas should not be subsidising regional infrastructure in the Lower Hunter. It is important that 100 per cent of the contributions collected in the Upper Hunter are spent in the Upper Hunter. This needs to be made clear.
6. It is noted that the list of infrastructure to be funded by the SIC (Table 2 of the Proposed Approach for Consultation) does not identify any specific infrastructure for the Upper Hunter other than the provision of health facilities. It is suggested that additional, specific infrastructure projects be considered for the Upper Hunter and that more detailed information be provided regarding the types of health facilities likely to be funded.
7. Finally, Council would like to see more information concerning the monitoring, evaluation and reporting program for the SIC to ensure transparency and accountability in the way contributions are managed and applied. This is absolutely critical to ensure the confidence of the community and local Councils in the SIC and the way it is administered.

We thank you for your consideration of this submission.

Yours faithfully



Steve Pryor
INTERIM GENERAL MANAGER