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28/02/2018

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

**RE: HUNTER REGION SPECIAL INFRASTRUCTURE CONTRIBUTION -
CONSULTATION AND FEEDBACK**

Thank you for the opportunity to engage in feedback on the Hunter Special Infrastructure Contribution (SIC) Proposed Approach Paper released 15th December 2017. We provide the following feedback based on our project knowledge related to 178 hectares of zoned industrial land fronting an RMS classified road.

The proposed development is located in the south west corner of the intersection of the Sydney-Newcastle Freeway (M1) and John Renshaw Drive, Black Hill. The development site is adjoined by another IN2 zoned site in separate ownership. The two sites are shown on the attached drawing 239590-CENG-100, details are as follows;

Site 1. Lot 1131 DP1057179 (Western Site)

LGA = Cessnock City Council

Site Area = 300ha

Recently rezoned (April 2017)

Zoning = Part IN2 (178ha), Part E4 (84ha) and Part E2 (38ha).

Rezoning includes reference to Traffic and Transport Report aa006169 prepared by Hyder dated September 2013

DA Lodged with CCC

Acknowledged as a yellow coded polygon in Hunter Water Corporations Growth Plan representing initial connections expected within 0-5 years

Greater Newcastle Metropolitan Plan Catalyst Area

Adjoining Site 2. Lot 30 DP870411 (Eastern Site)

LGA = Newcastle City Council

Site Area = 183ha

Zoning = Part IN2 (166ha) and Part E2 (17ha).

Industrial subdivision and access Part 3A concept plan approved

Acknowledged as a yellow coded polygon in Hunter Water Corporations Growth Plan representing initial connections expected within 0-5 years

Greater Newcastle Metropolitan Plan Catalyst Area

Our commentary on the Hunter SIC proposed approach paper is as follows;

1. Purpose of the Contribution

We support the Department of Planning and Environment's (DP&E) introductory statement that it *"acknowledges that infrastructure investment across the region will help to create new jobs, housing, and services such as new schools, roads, health and emergency services"*. We understand that the above community outcomes form the purpose of the SIC.

2. Timing of Monetary Contributions

Part 3 of the approach paper states *"The timing of monetary payments is linked to when development consents are granted. Payment of the industrial SIC is required before issue of the subdivision certificate or construction certificate, whichever is earlier."*

A requirement to pay SIC as early as CC would negatively impact development feasibility due to the time required to recover cost through sales. We also note that the need for occupants of the development to use SIC funded infrastructure would not come until long after Subdivision Certificate as lots need to be sold, developed and occupied prior to infrastructure use.

Due to the critical nature of employment land to support the regional economy and population growth, we propose that the industrial SIC is not applied at subdivision stage but is applied to the building development on subdivided lots. This is the approach to Section 94 contributions currently employed by Cessnock City Council.

3. Net Developable Area (NDA)

Part 3 of the approach paper outlines that new subdivision roads are to be included in the calculation of NDA. We note that road area will not create need for State infrastructure and the additional SIC attributed to inclusion of road area will negatively impact development feasibility.

This has been reflected in the draft document where it proposed to excludes areas such as easements for services and Asset protection Zones and watercourses. We support the application of the removing these areas from the NDA, as they do not

have a nexus between the delivery of demand generating infrastructure and the development.

We understand that there are a number of current Hunter Developments do not include road area in the NDA calculation via schedule 6 of their VPA. **We propose that this methodology is adopted and road area is excluded from the NDA calculation.**

4. Nexus and Apportionment

We have reviewed the Infrastructure Delivery List on page 10 of the SIC proposed approach paper and see very little nexus for any of the delivery infrastructure to Black Hill. The Greater Newcastle Metropolitan Plan (GNMP) identifies a number of employment areas as catalyst developments for growth and sustainability of the Hunter Region. The subject Black Hill Industrial Precinct is an identified Catalyst area as can be seen in figure 4 and 12 of the GNMP. The precinct requires enabling infrastructure including water, sewer, power and intersections to John Renshaw Drive (Classified State Road). **We propose that the John Renshaw Drive Upgrades could be included in the SIC infrastructure delivery list to assist in unlocking the Black Hill catalyst employment Precinct.** Detail related to the intersections as follows;

Western Access - The E2 zone fronting John Renshaw Drive has a corridor of IN2 directly adjacent the access to the Mining operation to the north which indicates that the intent of rezoning is to create a four-leg intersection in this location.

Eastern Access - Based on the traffic assessment the site requires dual access. The IN2 zone extends to John Renshaw drive at the eastern boundary (shared with Site 2). This area will be used to create the secondary access.

The Eastern Access carries the additional benefit of servicing both sites. This approach manages the traffic flows outlined in the adopted traffic & transport reports. We have shown an indicative concept of both intersections on the attached drawings 239590-ESK-101 and 102. These plans are preliminary only and extent of the intersection treatment is subject to refinement during the design process. Our preliminary estimate of construction costs for the intersections is as follows;

Western Intersection - \$7.15 Million excl GST

Easter Intersection - \$4.07 Million Excl GST



5. Conclusion

We understand that the SIC policy is intended to compliment the Greater Newcastle Metropolitan Plan and the Hunter Regional Plan 2036. We note that Goal 4 of the Hunter Regional Plan (Greater Housing Choice and Jobs) directly links development of residential and employment land and that A SIC policy that supports development of employment land fits under Regional Plan Goal 4, Direction 26 (Deliver Infrastructure to Support Growth and Communities). The Hunter Regional Plan 2036 contemplates a direct link between residential development and employment lands illustrating the importance of a balanced approach to delivering both types of development. We consider that the proposed SIC rate of \$38,232 per ha NDA will be detrimental to development feasibility of employment land in the Hunter. To achieve the Policy purpose of *“infrastructure investment to create new jobs, housing supply and services”* \$38,232 per ha can only be maintained if nexus based infrastructure is delivered through the SIC with seed funding such as a low-interest loan scheme.

We recommend the following for Special Infrastructure Contributions related to employment land;

- **Timing of payment is delayed until building construction**
- **Road area is removed from the NDA calculation**
- **The contribution rate is reduced markedly or nexus based infrastructure is delivered with seed funding (low-interest loan scheme) for all developments. Specifically, the John Renshaw Drive Upgrades for the GNMP Black Hill C\catalyst employment area.**

Yours Faithfully



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