



28 February 2018

Executive Director
Infrastructure & Delivery
NSW 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 rezoning of 405 hectares of residential employment land currently under rezoning with direct access to the Hunter Expressway (HEX) and Main/Cessnock Road.

The proposed development is the former Kurri Hydro Aluminium Smelter site serviced by the HEX Hart Road interchange and Main/Cessnock Road, details are as follows;

- The site is comprised of multiple lots as shown on the attached rezoning masterplan
- LGA = Cessnock City Council
- Currently under Rezoning. Gateway approval achieved 23rd March 2016
- Employment Site Area = 215ha
 - Part IN1 (87ha)
 - Part IN3 (90ha)
 - Part B7 (38ha)
- Residential Site Area = 190ha
 - Part R1/R3 (176ha)
 - Part RE1 (14ha)
 - Part B1 (0.5ha)
- Rezoning documentation includes Traffic and Transport Report AA006291 prepared by Hyder dated March 2015
- Employment land acknowledged as a yellow coded polygon in Hunter Water Corporation Growth Plan representing initial connections expected within 0-5 years
- Residential land acknowledged as an orange coded polygon in Hunter Water Corporation Growth Plan representing initial connections expected within 5-10 years
- Residential land acknowledged as a “Priority Release Housing Area” in Figure 1 of the Greater Newcastle Metropolitan Plan
- Employment Land Leverages freight capacity of HEX in line with Greater Newcastle Metropolitan Plan and Regional Plan 2036.
- Potential to create an intermodal facility via connection to South Maitland Rail.

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 be realised 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.

To assist housing affordability via improved development feasibility we propose that payment of the residential SIC is made on settlement of lots.

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. We also note that the Sydney Growth Centres definition of NDA does not include public roads in their definition.

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

Employment Land

We have reviewed the Infrastructure Delivery Schedule on page 10 of the SIC proposed approach paper and see very little nexus for any of the delivery infrastructure to the subject site. The site requires enabling infrastructure including water, sewer, power and interchange upgrades to the Hunter Expressway (Classified State Road).

The site is currently serviced by the HEX/Hart Road interchange at Loxford which only has east facing on/off ramps. The development requires upgrade of the interchange to include west facing on/off ramps as outlined in Hyder traffic report AA006219. We estimate the cost of the upgrades to be **\$10.2M excl GST**.

We propose that the HEX Hart Road Interchange be included in the SIC infrastructure delivery list to assist in unlocking the Kurri employment precinct and maximising the HEX freight potential in keeping with the Greater Newcastle Metropolitan Plan and The Regional Plan 2036.

Residential Land

We have reviewed the Infrastructure Delivery Schedule on page 10 of the SIC proposed approach paper and note the inclusion of the following infrastructure;

- Upgrade of Cessnock Road between Cessnock and Kurri Kurri
- Upgrade of Main Road (Cessnock)

We advise that at a SIC rate of \$10,664 can only be serviced by the proposed masterplan development if the two items listed above include intersection works, development frontage upgrades and flood free access to service the development.

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. 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. Furthermore, the Greater Newcastle Metropolitan Plan includes Outcome 3 (Deliver Housing Close to Jobs and Services) promoting a sustainable link between housing and employment land.

We consider that the development needs of the Kurri Hydro smelter site are regionally significant and worthy of priority consideration on the following basis;

- The site and its outcomes are heavily prioritised in the Greater Newcastle Metropolitan Plan and the Hunter Regional Plan 2036
- The site is acknowledged as short-term development in the Hunter Water Growth Plan
- The site assists in maximising the benefit of the State Government Infrastructure expenditure on the Hunter Expressway and as such makes a strong business case for augmentation.

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. The same logic and is true for residential land at a rate of \$10,664 per lot.

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 Hunter Expressway Hart Road Interchange West facing on/off ramps for the Kurri Hydro Smelter Site redevelopment.

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

- Timing of payment is delayed until lot settlement
- The contribution rate is reduced markedly or nexus-based infrastructure is delivered with seed funding (low-interest loan scheme) for all developments. Specifically, inclusion of intersection, development frontage upgrades and flood free access on Main/Cessnock road for the Kurri Hydro Smelter Site residential development.

Yours sincerely



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