



LOWER HUNTER REGIONAL STRATEGY

Submission of the Urban Development Institute of Australia NSW to the Department of Planning



February 2006

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With the assistance of the UDIA NSW Executive and the Hunter Chapter Committee in consultation with its members.

SUMMARY

UDIA NSW has reviewed the draft strategy and commends the government in pursuing a holistic plan for the Lower Hunter region. Essentially, UDIA NSW's comments may be divided according to those of principle and those of a practical nature.

In principle, UDIA NSW believes that the primary function of the Lower Hunter Regional Strategy is to guide the urban settlement and economic development of the region. While recognition of biodiversity opportunities is a component of that task, it is felt that undue emphasis has been given to biodiversity conservation. Sustainability as defined by the Productivity Commission is the maintenance of stock capital. Capital consists of human capital (social), man-made capital (economic) and natural capital (water, biodiversity etc). The best mix of capital assets is undefined but implies trade-offs between capital types to achieve goals.

It is understood that 80% of the biodiversity contained in the Lower Hunter is protected in National Parks and public lands. This involved a trade in favour of natural capital reducing the economic capital potential and changing the value of the social capital that such areas possess. Alternatively, the creation of communities will involve a trade in favour of social and economic capital. It is disingenuous to present the argument that every increase in social and economic capital cannot be at the cost of natural capital, and vice-versa.

UDIA NSW contends that the regional strategy should approach the planning of the Lower Hunter from a position that accommodates projected population and economic growth without onerous or pragmatic political constraints or conditions. Essentially, UDIA NSW is looking for a strategy that identifies what industry and government can do to capitalise on the potential of the region, and accommodate the growing Lower Hunter community in terms of infrastructure, planning and governance, rather than first identifying constraints then filling in the gaps.

In practical terms, the UDIA NSW's addresses the following issues:

1. distinctiveness and regional independence;
2. population projections;
3. infrastructure provision;
4. impact of airport and RAAF base;
5. employment;
6. sustainability; and
7. funding and governance.

UDIA NSW maintains that the Newcastle and the Lower Hunter is economically independent of Sydney and has considerable potential to grow. The Lower Hunter Strategy should recognise the region's full potential and plan to accommodate it rather than making conservative assumptions and realising infrastructure constraints over time.

Similarly, the government's population projections, while reasonable, acknowledge a medium growth forecast over 30 years. Whether it is a low, medium or high forecast; the population of the region will reach the target; only the timeframe differs. Accordingly the plan should change its planning horizon and consider possibly a fifty year period. Underestimating the planning and infrastructure needs of the future presents its own intergenerational equity issues when potentially available land for the future is locked up to satisfy the political needs of the present.

The strategy should identify annual lot production forecasts to inform infrastructure funding. UDIA NSW believes that annual lot production will be a minimum of 3,000 lots for the next thirty years. Alternatively, the Institute recognises the need to better utilise infrastructure in

the existing urban footprint and supports the Department's shift toward greater urban consolidation.

UDIA NSW is concerned that infrastructure and funding has been divorced from the planning document. Notwithstanding, UDIA NSW observes that while the Department of Planning no longer considers itself qualified to discuss infrastructure it has not been reticent in seeking private investment. The report states that:

'any future development of greenfield sites outside areas identified as future urban or employment in the strategy will be required to fully or substantially contribute to additional regional infrastructure costs including any backlog, with the contribution to be determined after taking into account the regional strategy and any associated infrastructure plan and equity considerations.'

These statements should be removed from the document. UDIA NSW contends that a discussion of public and private infrastructure funding has to be undertaken concurrently with a fully documented understanding of what services are needed, their timing and an appreciation of the available financial models.

UDIA NSW notes that while the RAAF base and Newcastle airports are identified as employment centres. The activities of the base will limit the expansion of North Raymond Terrace, the airports' noise contours are not depicted on the plans and detailed discussions on how such major centres may distort the settlement patterns are omitted. Newcastle airport now has the ability to receive international flights having undergone recent \$8.25M expansion. Passenger movements increased by 336% in 2 years and it is currently handling 750,000 passengers per year. Furthermore, UDIA NSW believes that the impact of one of Australia's premier defence installations should be properly accounted for in the strategy.

Employment and sustainability have been discussed above to some degree and will be elaborated in this submission. UDIA NSW contends that the current supply of 900 hectares of employment land is inadequate for the next 25 years.

Governance is also of concern with the implementation of the strategy being the responsibility of councils through their LEP's. UDIA NSW believes that a coordinated approach is needed to address matters of staging and infrastructure provision. The Lower Hunter has generated considerable lot production in recent years and has at times exceeded that of Sydney. UDIA NSW would like to see the establishment of a Development Corporation, or a regional planning authority to coordinate the delivery of new settlements in the region. As a minimum, a Lower Hunter Urban and Infrastructure Program with whole-of-Government support is required.

RECOMMENDATIONS

UDIA NSW advocates that the Draft Lower Hunter Regional Strategy should:

1. acknowledge the region's economic independence and full potential by adopting a proactive planning policy that facilitates growth;
2. extend its planning horizon to avoid premature infrastructure and land supply constraints;
3. identify annual lot production forecasts to inform infrastructure funding. UDIA NSW believes that annual lot production will be a minimum of 3,000 lots for the next thirty years. Simultaneously, the Institute recognises the need to better utilise infrastructure in the existing urban footprint and supports the Department's shift toward greater urban consolidation;
4. incorporate sufficient investigation areas to accommodate a high growth scenario over an extended planning horizon, as forecast dwelling yields from the identified release areas are optimistic due to physical and market constraints. A contingency of at least 50% should be applied when determining land supply needs in the Lower Hunter;
5. increase the zoning of employment lands above the 900 hectares presently identified;
6. document the impact of the RAAF base and a rapidly expanding Newcastle airport on the settlement strategy, economic growth and employment;
7. reduce its undue emphasis on biodiversity protection which has the potential to compromise the delivery of affordable, well planned communities;
8. account for the Regional Conservation Plan. Adoption of the draft Lower Hunter Regional Strategy should thus be deferred until they are considered concurrently;
9. identify infrastructure needs to facilitate the delivery of new communities;
10. discuss public and private infrastructure funding concurrently within the context of a fully documented understanding of what services are needed, their timing and an appreciation of the available financial models; and
11. recommend the establishment of a Development Corporation, or a regional planning authority to coordinate the delivery of new settlements in the region. As a minimum, a Lower Hunter Urban and Infrastructure Program with whole-of-Government support is required.

1. UDIA-NSW

1.1 Who We Are

The Urban Development Institute of Australia (UDIA) is Australia's peak representative body for all segments of the urban development industry. The UDIA is the voice of development, across Australia.

Our mission is to promote innovation and best practice for sustainable environments and communities.

The UDIA was established in New South Wales in 1963 and operates as a non-profit institute for the benefit of its member's throughout Australia, with divisions in New South Wales, Queensland, South Australia, Victoria and Western Australia.

UDIA NSW is a progressive organisation driven by its members. Our President, Council, Chapters and Committees, Executive Director and staff ensure that we give members and sponsors maximum value for their investment.

UDIA NSW's goals are to:

- Promote high standards for the urban development industry;
- Promote respect for the inherited and natural environment while creating quality, dynamic built environments;
- Ensure the skills which make up the membership of the Institute will be applied to principles of good planning, efficient land utilisation and sustainability of resources for future generations;
- Institute a continuing education and research program to support and assist the industry and for the benefit of others associated with urban development; and
- Promote greater understanding in the community on the role and achievements of the urban development industry.

1.2 What We Do

UDIA NSW engages in a range of activities which include:

- **Advocacy** - Lobbying government so that urban development can be undertaken positively and creatively for the widest benefit;
- **Learning** - Keeping members and associates up to date on critical industry issues and best practice through seminars, conferences and communications. Our regular UDIA journal;
- **Innovation** - Encouraging innovation and excellence through the annual *UDIA NSW Awards for Excellence* and giving exposure to the best in contemporary development throughout the year; and
- **Better Business** – Providing opportunities for business networking and learning.

2. INTRODUCTION

2.1 Draft Lower Hunter Regional Strategy Exhibition

On 4 November 2005, the NSW State Government released for exhibition a plan to guide and regulate the development of the Lower Hunter. The ability of industry to respond to the Draft Lower Hunter Regional Strategy (LHRS) has been constrained by the intervening festive season and the unavailability of studies and documents that support the draft strategy. Accordingly, the submission is an abridged account of UDIA NSW's position and UDIA reserves the right to offer additional comment as further detail is revealed by the NSW Government.

UDIA NSW welcomes the opportunity to comment on the draft Lower Hunter Regional Strategy and while these comments are often critical they should be interpreted as contributing to a robust debate in the interests of a prosperous and vital region.

The urban development industry is responsible for delivering the strategy. Accordingly, UDIA NSW believes that it can offer practical and insightful observations and solutions to assist the government in realising a suitably ambitious plan for the Lower Hunter.



3. INDEPENDENCE

The Lower Hunter represents a diversity of activities and includes a major regional city, a rapidly growing civilian airport, a defence establishment, a deep water port surrounded by extensive rural areas and an expansive nature reserve system.

The importance of an effective strategy ensuring an integrated approach to the future development of the Lower Hunter Region cannot be overstated. The region possesses singular attributes including:

- a deep water port operated well below capacity;
- a capacity to expand employment and residential land;
- a skilled workforce particularly in manufacturing;
- an increasing acceptance as a transport hub;
- an electrified heavy rail line;
- a rapidly expanding civilian airport;
- Commonwealth investment in the RAAF base;
- a sustainable rural industry;
- outstanding biodiversity and environment protected in a extensive reserve system; and a
- reliable water supply.

Progress Economics (2004) reported that the demand for land in the Lower Hunter is driven primarily by the Hunter Region Economy, which is independent of Sydney and accounts for around 84 percent of the demand¹. That is, 84 percent of the demand arises from persons employed in the Lower Hunter.

About 12 percent of demand is made up of retirees migrating from Sydney and only four percent of the demand is attributable to persons employed in Sydney but who commute from their places of residence in the Lower Hunter.

Newcastle airport now has the ability to receive international flights having undergone a recent \$8.25M expansion. Passenger movements increased by 336% in 2 years and it is currently handling 750,000 passengers per year. Furthermore, UDIA NSW believes that the impact of one of Australia's premier defence installations should be properly accounted for in the strategy.

These qualities present a solid economic foundation for the region. A successful strategy must recognise these elements and build on those attributes that give this region an advantage. This cannot occur without a sympathetic governance and effective infrastructure investment.

Essentially, the LHRS is an opportunity to recognise and consolidate the Lower Hunter's strengths. UDIA NSW is therefore disappointed that the Government's draft strategy is focussed almost exclusively on identifying the constraints with conservative yields forecast for the remaining 'gaps.' The document appears to be built around existing Local Environment Plans (LEP) and effectively abdicates the State Government's role in presenting a cohesive vision for the region; particularly in terms of implementation.

¹ Progress Economics (2004) An analysis of the Project Demand and Supply of Land in the Lower Hunter from 2004/05 – 2013/14, prepared on behalf of UDIA NSW.

UDIA NSW contends that the Draft Lower Hunter Regional Strategy lacks both vision and ambition and ultimately fails the Lower Hunter community. The following sections outline how the strategy could be improved to better serve the community.

RECOMMENDATION 1

The Lower Hunter Regional Strategy should acknowledge the region's economic independence and full potential by adopting a proactive planning policy that facilitates growth.

4. POPULATION POTENTIAL

The draft strategy estimates the population of the Lower Hunter in 2004 to have been 505,000 and to be growing at the rate of 4,000 people per year. Using this trend the strategy forecasts future growth will average 5,000 people per year for the next 25 years up to the year 2031.

These population projections are conservative and reflect a continuation of historical trends as shown in Figure 1- Historical Demographic Growth. This graph is titled “Annual population increase, Lower Hunter Region, year ending June 1962 to 2004” and is presented on page 4 of the draft LHRS document.

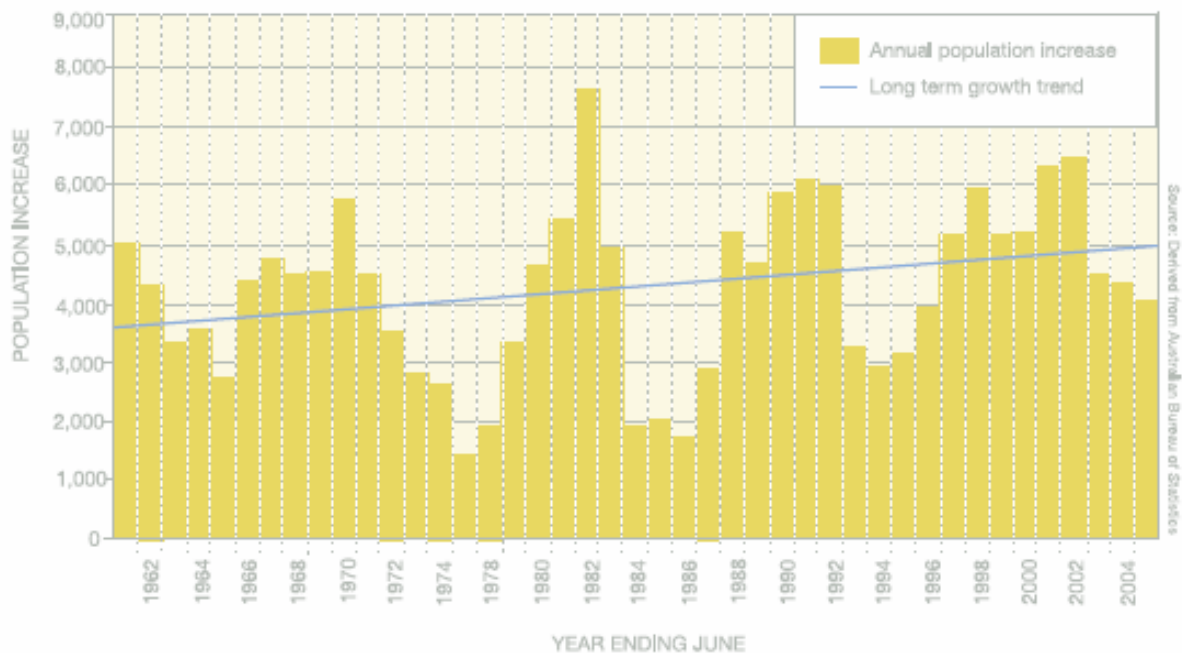


Fig 1- Historical Demographic Growth

This diagram clearly shows the estimated growth rate of 4,000 per annum is based on an average figure extending back to 1962. In fact the trend line has growth exceeding 4,000 every year from 1973 and shows current growth at 5000 per annum and rising. It is worth noting that six of the past 10 years have seen growth in excess of 5,000 and that growth has exceeded 6,000 in two of the past five years.

In his recent paper entitled “Reforging the Hunter – Options for the Lower Hunter Region in the 21st Century”, demographer Bernard Salt identified a number of social change based scenarios that would be likely to result in growth rates significantly higher than historical trends would suggest². He recommended that the region should plan to accommodate a high growth scenario of 357,000 rather than the 125,000 people identified in the draft strategy.

² Salt, B (2005) Reforging the Hunter – Options for the Lower Hunter Region in the 21st Century, prepared on behalf of NSW Urban taskforce, UDIA NSW, NTHC and the PCA.

Salt states:

“We consider that it would be prudent to at least make planning provision for a ‘fast growth’ population outlook around 862,000, and ultimately for an even higher figure for this region”

Similarly, the Hunter Valley Research Foundation has identified a high growth scenario whereby the Hunter population may be 730,000 by 2026, based on the projection methodology. Given that the population growth will continue to be concentrated in the Lower Hunter, particularly the coastal LGAs, this would see the region grow significantly more than the Draft Strategy’s projected growth rate.

Salt’s population forecasts are based on a 50 year plan and he suggests that this is the correct time scale for meaningful outcomes. UDIA NSW therefore contends that the issue is not necessarily the growth rate but the population target. The Lower Hunter will achieve population growth of 125,000, only the timeframe varies. Failure to recognise that social change will continue to change the region well beyond the time horizon of the draft strategy will inhibit the potential of the region due to avoidable land supply and infrastructure constraints.

RECOMMENDATION 2

The Lower Hunter Regional Strategy should extend its planning horizon to avoid premature infrastructure and land supply constraints.

5. FORECAST DWELLING YIELD

5.1 Lot Production

UDIA NSW recognises that initially most new dwellings in the Lower Hunter will be developed in Greenfield sites with dwelling production in urban renewal areas increasing proportionally over time. The Draft Regional Strategy predicts that 95,000 new dwellings will be required by 2031.

The aging population and falling occupancy rate implies that by 2031 many services in the existing urban footprint will be underutilised. To that effect, UDIA NSW supports the urban renewal target of 50% by 2031. In discussions with the Department of Planning it is understood that this split will be approached gradually and reached only toward the 2031 planning horizon.

Accordingly, considerable emphasis will be on lot production in the short to medium term. This will require considerable planning and investment in infrastructure. To assist this process, annual lot production will need to be quantified.

Lot production in the Lower Hunter has been growing dramatically in response to considerable demand. UDIA NSW estimates are as follows:

Year	Number of Lots
1991-92	1726
1992-93	1892
1993-94	2656
1994-95	2855
1995-96	2092
1996-97	2357
1997-98	2125
1998-99	2058
1999-00	2623
2000-01	1826
2001-02	2158
2002-03	3253
2003-04	3904

Fig 2 - Lot production in the Lower Hunter: 1991-92 to 2003-04

The Lower Hunter has witnessed a sharp increase in lot production between 2000/01 and 2003/04. The rise from 1,800 lots to 3,900 lots represents an increase of more than 100% increase in production (see figure 1).

UDIA-NSW estimates that if the total number of lots produced annually increased in accordance with average projections, a total of about 78,000 lots could be produced over the next 20 years. Current supply is almost exhausted in Newcastle and Port Stephens local government authorities and therefore supply is shifting to Lake Macquarie, Maitland and Cessnock. However, figure 3 illustrates a slackening of supply in the face of continued demand from 2012/13 onward which is a concern for affordability and industry sustainability.

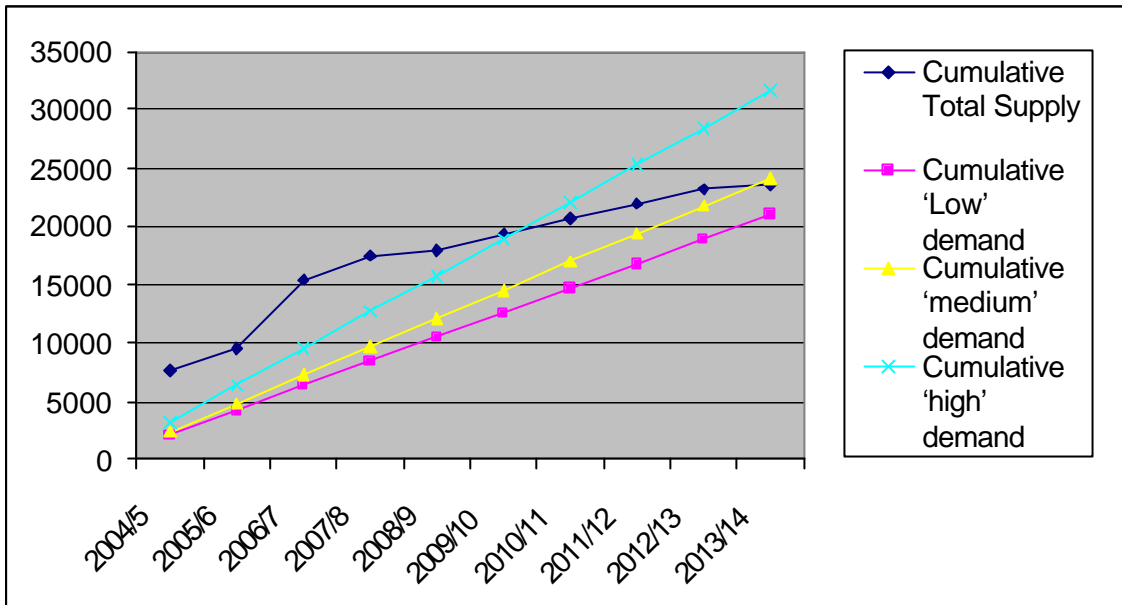


Fig 3 - UDIA NSW Projected Supply and Demand

UDIA NSW therefore contends that the Lower Hunter Regional Strategy should identify annual lot production forecasts to inform infrastructure funding. UDIA NSW believes that annual lot production should be a minimum of 3,000 lots for the next thirty years.

RECOMMENDATION 3

That the Lower Hunter Regional Strategy should identify annual lot production forecasts to inform infrastructure funding. UDIA NSW believes that annual lot production should be a minimum of 3,000 lots for the next thirty years. Alternatively, the Institute recognises the need to better utilise infrastructure in the existing urban footprint and supports the Department's shift toward greater urban consolidation.

5.2 Impact of Densities and Constraints on yield

UDIA NSW believes that the predicted urban densities implicit in the strategy are unlikely to be realised, as they are not responsive to the Lower Hunter property market. Furthermore, physical constraints such as asset protection zones (APZ), fragmented land ownership, riparian corridors, vegetation conservation, mine subsidence and threatened species protection will have a profound impact on the settlement pattern.

Recent experience of UDIA NSW members in the Hunter suggests that a contingency factor of at least 50% should be considered when determining land supply needs. Accordingly described release areas are unlikely to produce the Government's forecast dwelling yield.

The following table shows actual lot yields achieved in some current Hunter projects:

Estate	Location	Area (ha)	Lot yield	Yield Lots / ha
Seaside Village	Fern Bay	205	950	3.8
North Lakes	Cameron Park	182	1200	6.6
Blue Gum Vista	Fletcher	120	700	5.8
Bellbird Heights	Cessnock	120	700	5.8

The Northlakes Estate at Cameron Park in Lake Macquarie provides a perfect example of the need to adopt a contingency of at least 50% when determining land supply needs. Northlakes is typical of greenfield sites within the Lower Hunter. It incorporates undulating country with a number of small creek lines, a reasonable vegetation cover, isolated areas with grades between 15% and 20% and the remainder varying between 5% and 15%.

The Northlakes Estate is a greenfield site with an area of approximately 325ha. However following the investigative studies the area rezoned by Lake Macquarie City Council for residential development was only 207ha with the remaining 118ha being zoned for Environmental Protection.

The DCP and section 94 plans prepared by Council for the development of the remaining 207ha assumed that the development would yield approximately 1,600 residential lots. However, with the constraints placed on the development by the former Department of Land and Water Conservation and then further complicated by Asset Protection Zones required by the Rural Fire Service a further 25ha of residentially zoned land was unavailable for residential development. The actual lot yield was reduced to just over 1200 lots giving a yield of 6.6 lots per ha. Due to the topography and the constraints imposed on development form by Lake Macquarie City Councils DCP No 1, it would be virtually impossible to increase this lot yield in any substantial way.

The draft Lower Hunter Strategy identifies 16,000 new dwellings to be built on already zoned land. This figure is considered to be ambitious as most commercially viable residential land has been identified and developed as a result of the recent property boom. In fact some of this land has only been developed because the price people have been willing to pay for residential lots has increased by up to 100% during the recent property boom thus allowing the very high development costs to be absorbed with little or no reduction in the developer's margin.



The balance of zoned land, not identified for development, is generally small and fragmented and has substantial development constraints. The increased cost of development cannot be passed onto the consumer as the price would be unacceptable in a market that provides choice. This explains why residentially zoned land has remained undeveloped and why it will not come onto the market in, at least, the short term.

In order to fully verify the Government's release rationale, the industry needs specific details regarding the location of this residential land to determine if in fact it is commercially viable to develop.

Further concerns exist with respect to market acceptance and therefore the take up rate of medium density housing. The strategy is based on an average 5% increase in medium density across the region. As this level of medium density is unproven in the Lower Hunter, its success cannot be assured at least in the short term.

In terms of population and residential land there are ultimately four areas of uncertainty contained within the draft strategy. These are:

- population growth rates and timing;
- achievable densities;
- market acceptance on the demand side; and
- commercial viability on the supply side.

The aggregation of these factors will limit supply and reduce affordability. This emphasises the need to ensure the supply of suitable residential land is not unnecessarily limited by either this strategy or the implementation of an uninformed conservation plan.

The inclusion of "Out of Centre" criteria within this strategy recognises that the demand for residential land may exceed identified supply. UDIA NSW welcomes the flexibility of this approach but, as there is a reasonable chance of increased demand for land, believes that additional investigation areas should be identified.

UDIA NSW therefore maintains that the forecast dwelling yield from the identified release areas is optimistic and that the Strategy should incorporate sufficient investigation areas to accommodate a high growth scenario over an extended planning horizon.

RECOMMENDATION 4

That the Lower Hunter Regional Strategy should incorporate sufficient investigation areas to accommodate a high growth scenario over an extended planning horizon, as forecast dwelling yields from the identified release areas are optimistic due to physical and market constraints. A contingency of at least 50% should be applied when determining land supply needs in the Lower Hunter.

6. EMPLOYMENT AND INDUSTRIAL LAND

The draft strategy identifies the need for an additional 50,000 jobs in support of a population growth of 125,000 over the next 25 years. The region may be well positioned to provide these jobs given the wide range of employment development sites that exist across the region. Typically, these sites are adjacent to major transport routes and are offered at lower cost than metropolitan equivalents.

Although this land is an asset that will attract employment activity to the region it is naive to suggest, as the draft strategy does, that the current supply of 900 hectares is adequate for the next 25 years.

The take up of industrial land is complex with factors such as location, size and site coverage, allowable land use, transport, power and energy, adjoining land uses, proximity to residential areas all strongly influencing suitability. These factors combine to categorise industry into sectors with each sector having a set of common needs.

The draft strategy should match the amount of industrial land against the needs of each sector to identify where specific types of industrial land supply are insufficient to meet current and future needs. Where identified, the strategy must release appropriate industrial land or risk stifling economic development.

In fact, the draft Strategy fails to deliver initiatives to enhance and foster the economic growth of the region. In doing so, the Strategy assumes that sufficient jobs will automatically be generated to stabilise regional unemployment at existing levels. The 25 year life of this plan provides little opportunity for emerging industries to develop.



For example, UDIA NSW notes that while the RAAF base and Newcastle airports are identified as employment centres and their activities will limit the expansion of North Raymond Terrace, the airport's associated noise contours are not depicted on the plans and detailed discussions on how such major centres may distort the settlement patterns are omitted. Newcastle airport now has the ability to receive international flights having undergone recent \$8.25M expansion. Passenger movements increased by 336% in 2 years and it is currently handling 750,000 passengers per year. Furthermore, UDIA NSW believes that the impact of one of Australia's premier defence installations should be properly accounted for in the strategy.

Similarly, the Newcastle Port is currently underutilised. Botany Bay and Port Kembla have recently received a significant injection of capital from the State Government and their strategic future has been assured. The Regional Strategy is an opportunity for the Government to assess Newcastle Port's position within that plan and determine the ultimate growth and employment potential of such a vital piece of infrastructure.

Essentially, the Lower Hunter is characterised as an economically independent region with little job migration outside the region. This is a significant attribute that must be continued if the region is to maintain its identity. It is recognised that significant job growth will be in the tertiary sector and therefore require little in the way of traditional 'industrial land'. However, the region must be positioned to ensure it remains self sufficient with respect to employment.

Consideration should be given to providing employment generation as a catalyst for population growth. Without this approach the region risks a continuation of the current ageing trend which will inevitably change the character of the region. The strategy would therefore benefit by providing clear linkages to regional economic growth.

RECOMMENDATION 5

That the Lower Hunter Regional Strategy should increase the zoning of employment lands above the 900 hectares presently identified.

RECOMMENDATION 6

That the Lower Hunter Regional Strategy should document the impact of the RAAF base and a rapidly expanding Newcastle airport on the settlement strategy, economic growth and employment.

7. BIODIVERSITY

The natural environment and landscape of the Lower Hunter significantly contributes to the appeal of the region as a residential destination. UDIA NSW appreciates that the biodiversity is a fundamental natural resource that defines the region's sense of place.

The Lower Hunter Regional Strategy anticipates the release of the Regional Conservation Plan. Considering the disproportionate emphasis that the DLHRS places on biodiversity protection UDIA NSW contends that this is ill-considered and not good planning. UDIA NSW requests the immediate release of the Regional Conservation Plan and that adoption of the draft Lower Hunter Regional Strategy be deferred until the two documents can be considered concurrently.

Concerns over population predictions and achievable densities means that the true impact of the LHRS on the growth of this region over the next 25 years can only be understood in the context of the Regional Conservation Plan.

The draft strategy is based on a 'no net loss of biodiversity' approach with provisions for offsets and banking schemes the details of which have not been released. UDIA NSW believes that the primary function of the Lower Hunter Regional Strategy is to guide the urban settlement and economic development of the region. While recognition of biodiversity opportunities is a component of that task, it is felt that undue emphasis has been given to biodiversity conservation. Sustainability as defined by the Productivity Commission is the maintenance of stock capital. Capital consists of human capital (social), man-made capital (economic) and natural capital (water, biodiversity etc). The best mix of capital assets is undefined but implies trade-offs between capital types to achieve goals.

It is understood that 80% of the biodiversity contained in the Lower Hunter is protected in National Parks and public lands. This involved a trade in favour of natural capital reducing the economic capital potential and changing the value of the social capital that such areas possess. Alternatively, the creation of communities will involve a trade in favour of social and economic capital. It is disingenuous to present the argument that every increase in social and economic capital cannot be at the cost of natural capital, and vice-versa.

UDIA NSW contends that the regional strategy should approach the planning of the Lower Hunter from a position that accommodates projected population and economic growth without onerous or pragmatic political constraints or conditions. Essentially, UDIA NSW is looking for a strategy that identifies what industry and government can do to capitalise on the potential of the region, and accommodate the growing Lower Hunter community in terms of infrastructure, planning and governance, rather than first identifying constraints then filling in the gaps.



Notwithstanding, UDIA NSW supports the Department of Environment and Conservation's Biodiversity Banking proposal in principle to provide some degree of certainty to urban developers. Biodiversity offsets should be used as a tool allowing for land constrained by flora and fauna issues to be developed because of clear economic and or social advantage.

The combination of a Regional Conservation Plan together with the LHRS in its present form will limit the opportunity to assess potential development against environmental, economic and social criteria, preferring to limit development opportunity through the implementation of a conservation plan and a reliance on existing rural zones.

UDIA NSW is concerned that the adherence to a strict no net loss of high biodiversity approach may force emerging release areas into locations where residential development is not viable and produce ineffective settlement patterns. UDIA NSW maintains that the Regional Strategy should be concerned with good planning, not be driven by conservation priorities. The primary purpose of the regional strategy is to create a place for communities to exist. The principle activities of those communities are habitation, recreation and employment. If the ability to undertake these activities is lost in an effort to create some perceived ecological balance the strategy will fail to meet its objectives.

RECOMMENDATION 7

That the Lower Hunter Regional Strategy should reduce its undue emphasis on biodiversity protection which has the potential to compromise the delivery of affordable, well planned communities.

RECOMMENDATION 8

That the Lower Hunter Regional Strategy should account for Regional Conservation Plan and adoption of the draft Lower Hunter Regional Strategy be deferred until they are considered concurrently.

8. INFRASTRUCTURE

UDIA NSW supports the coordinated release of greenfield land with high quality neighbourhood design and effective use of infrastructure. While the Lower Hunter has developed trunk infrastructure, improved and extended services will be needed to support the long term future of the region.

The LHRS demands infrastructure delivery to facilitate the construction of:

- a revitalised Newcastle CBD and six other centres;
- seven major urban release areas as a mix of new and expanded centres; and
- twenty minor urban release areas generally building on existing centres.

Significant investment is therefore needed with respect to the provision of:

- utilities,
- transport,
- open space and
- communications.

UDIA NSW is concerned that infrastructure and funding has been divorced from the planning document. Notwithstanding, UDIA NSW observes that while the Department of Planning no longer considers itself qualified to discuss infrastructure it has not been reticent in seeking private investment. The report states that:

'any future development of greenfield sites outside areas identified as future urban or employment in the strategy will be required to fully or substantially contribute to additional regional infrastructure costs including any backlog, with the contribution to be determined after taking into account the regional strategy and any associated infrastructure plan and equity considerations.'

Employment and freight facilities in the vicinity of the Newcastle Airport and a potential intermodal freight facility are proposed under the plan. These will require significant connecting infrastructure in the form of road and potentially rail. The size and location of these land use zones cannot be determined until the nature of government commitment to these projects is known.

Similarly, the port will maintain its industrial use. This currently under-utilised facility is of state and national significance. It would seem unusual for an asset of this quality to exist without a clear plan for its future. There is no doubt that the optimal use of the port and related lands will require significant investment in infrastructure. The obvious question is will the development of Newcastle's port be consistent with the development of ports in Sydney and Port Kembla and who will fund this?

Accordingly, all statements regarding infrastructure funding should be removed from the document. UDIA NSW contends that a discussion of public and private infrastructure funding has to be undertaken concurrently with a fully documented understanding of what services are needed, their timing and an appreciation of the available financial models.

Greenfield development on the urban fringe is characterised by the delivery of utilities, communications and open space at the time of construction. However, transport is not part of this development process, often being delivered after development is complete and demand is established. The provision of public transport needs to be considered separately from the physical infrastructure provided at the time of development.

Given this level of uncertainty, the Regional Strategy would be greatly improved by the preparation of a supplementary gap analysis and infrastructure program. The infrastructure program would link to the opening of new release areas to provide for certainty of land supply and affordability. It follows that the Lower Hunter regional Strategy would be the best place to bring to together future regional infrastructure projects and Treasury budget allocations.

RECOMMENDATION 9

That the Lower Hunter Regional Strategy should identify infrastructure needs to facilitate the delivery of new communities.

RECOMMENDATION 10

That the Lower Hunter Regional Strategy should discuss public and private infrastructure funding concurrently within the context of a fully documented understanding of what services are needed, their timing and an appreciation of the available financial models.

9. IMPLEMENTATION

The implementation of the strategy is to be the responsibility of councils through their LEP's. UDIA NSW believes that a coordinated approach is needed to address matters of staging and infrastructure provision. The Lower Hunter has generated considerable lot production in recent years and has at times exceeded that of Sydney. UDIA NSW would like to see the establishment of a Development Corporation, or a regional planning authority to coordinate the delivery of new settlements in the region. As a minimum, a Lower Hunter Urban and Infrastructure Program with whole-of-Government support is required.

Although there is a requirement to bring LEP's in line with the regional strategy, the LEP still remains the fundamental control mechanism for development in the region. This approach suggests that decisions affecting development will be made at the local level. This is in contrast to the Growth Centres approach that has been adopted to implement Sydney's Metro Strategy.

The Strategy lacks an identifiable regional owner with authority and responsibility. As such, it is difficult to see how separate Lower Hunter councils will effectively deal with state based agencies to achieve a regional rather than local outcome. This is especially relevant given that each state authority considers their own area of responsibility in isolation of all others.

Accordingly, UDIA NSW would ideally seek the establishment of a Regional Development Authority responsible to the Minister, to:

- ensure consistency of approach between the regional strategy and Local Government;
- ensure consistency of approach between individual councils; and
- monitor performance of the Lower Hunter Regional Strategy against clearly stated performance objectives.



The Regional Development Authority would also be useful in overcoming potential problems that may exist because of lags between adopting/reviewing the strategy and amending LEP's. The draft strategy makes reference to the following documents which have not been released:

- Regional Conservation Plan;
- a possible Regional Infrastructure Plan; and the
- State Infrastructure Plan.

In addition to these unreleased documents the strategy identifies the following unknown processes.

- development contributions to support infrastructure; and
- biodiversity banking.

Furthermore, the strategy provides for five yearly reviews but fails to set clearly defined objectives against which progress can be measured nor does it document a process for review.

UDIA NSW therefore requests that the Government release all outstanding plans and process details as soon as possible. The release of this information should be supported by the release of background reports and studies used to formulate the current draft strategy.

RECOMMENDATION 11

That the Lower Hunter Regional Strategy should recommend the establishment of a Development Corporation, or a regional planning authority to coordinate the delivery of new settlements in the region. As a minimum, a Lower Hunter Urban and Infrastructure Program with whole-of-Government support is required.

10. CONCLUSION

The primary function of the Lower Hunter Regional Strategy is to guide the urban settlement and economic development of the region. The LHRS is an opportunity to recognise and consolidate on the Lower Hunter's strengths. UDIA NSW is therefore disappointed that the Government's draft strategy is focussed almost exclusively on identifying the constraints with conservative yields forecast for the remaining 'gaps.' The document appears to be built around existing Local Environment Plans (LEP) and effectively abdicates the State Government's role in presenting a cohesive vision for the region; particularly in terms of implementation. UDIA NSW is willing to assist government in realising and implementing a regional strategy that capitalises on the full potential of the Lower Hunter.

Within the spirit of this offer UDIA NSW offers the following recommendations:

UDIA NSW advocates that the Draft Lower Hunter Regional Strategy should:

1. acknowledge the region's economic independence and full potential by adopting a proactive planning policy that facilitates growth;
2. extend its planning horizon to avoid premature infrastructure and land supply constraints;
3. identify annual lot production forecasts to inform infrastructure funding. UDIA NSW believes that annual lot production will be a minimum of 3,000 lots for the next thirty years. Simultaneously, the Institute recognises the need to better utilise infrastructure in the existing urban footprint and supports the Department's shift toward greater urban consolidation;
4. incorporate sufficient investigation areas to accommodate a high growth scenario over an extended planning horizon, as forecast dwelling yields from the identified release areas are optimistic due to physical and market constraints. A contingency of at least 50% should be applied when determining land supply needs in the Lower Hunter;
5. increase the zoning of employment lands above the 900 hectares presently identified; and
6. document the impact of the RAAF base and a rapidly expanding Newcastle airport on the settlement strategy, economic growth and employment;
7. reduce its emphasis on biodiversity protection which has the potential to compromise the delivery of affordable, well planned communities;
8. account for the Regional Conservation Plan. Adoption of the draft Lower Hunter Regional Strategy should thus be deferred until they are considered concurrently.
9. identify infrastructure needs to facilitate the delivery of new communities;
10. discuss public and private infrastructure funding concurrently within the context of a fully documented understanding of what services are needed, their timing and an appreciation of the available financial models; and
11. recommend the establishment of a Development Corporation, or a regional planning authority to coordinate the delivery of new settlements in the region. As a minimum, a Lower Hunter Urban and Infrastructure Program with whole-of-Government support is required.