



# ILLAWARRA REGIONAL STRATEGY



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



October 2006



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## EXECUTIVE SUMMARY

UDIA NSW has reviewed the draft Strategy and commends the NSW Department of Planning for initiating the Government's regional planning reforms for the Illawarra. 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 Illawarra Regional Strategy is to guide the urban settlement and economic development of the region. The Strategy should reflect a whole of government approach to regional growth and development by defining an ambitious vision and providing innovation strategies to achieve the vision. The draft Strategy provides a conservative population growth estimate for the region that fails to account for current growth being experienced in the Illawarra and the potential of the region to support greater economic and social prosperity.

UDIA NSW contends that the Strategy should provide a desirable vision for the Illawarra and adopt a population target of 351,000 for 2031. A population increase of 70,000 persons reflects a realistic balance between historical growth rates and an appropriate recognition of regional capacity and potential.

Increasing population growth across the region will generate a corresponding demand for residential land. It is critical that the Illawarra Regional Strategy appropriately estimate population growth to ensure an adequate supply of residential land to meet the demand. Failure to adequately supply demand for the increasing demand will have dramatic implications for housing affordability, will cause infrastructure and service provision shortfalls and will be a deterrent to private sector investment in the region.

UDIA NSW contends that the draft Strategy understates demand and overstates supply for future dwellings. The solution is to bring online future land supply for masterplanned urban development as a matter of urgency. UDIA NSW agrees that West Dapto is the predominant source of land over the coming decades. It is imperative that the regulatory framework is not restrictive but supports and stimulates successful implementation.

The delivery of West Dapto will be dependent on the development industry and the market and therefore market forces should dictate the staging sequence for land release. The staging sequence is critical to ensuring that the market is stimulated to buy into West Dapto and so that the necessary infrastructure funding can be recovered.

Adept and capable developers have extensive experience in delivering residential lots to the market efficiently and can generate continuity in the lot production process which is critical to ensuring expedient recovery of infrastructure. The release of residential land should not be focussed on a single front, but should be distributed along multiple fronts.

The Illawarra is currently developing in fifteen greenfield locations, by 2011 the number of current developments still delivering lots will have reduced to four. By 2021 it will have reduced to just one. The Illawarra has consistently in the past developed on multiple fronts and UDIA NSW contends that this remain the case for the future growth of the region to be assured.

The draft Strategy acknowledges the changing household demographic and forecasts an occupancy rate of 2.3 persons per dwelling for the region by 2031. Based on this occupancy rate, UDIA NSW contends that to achieve a realistic population target of 351,000 persons by 2031, an additional 48,600 new dwellings will be required in the Illawarra over the next 25 years. Annual greenfield lot production must achieve at least 970 lots per annum for this period to achieve a 50:50 dwelling mix as forecast in the draft Strategy.

Private sector investment will be critical to the realisation of the Strategy through the provision of housing to support the forecast population growth. To bring this fundamental force to bear, public and private sectors must recognise their complementary abilities and understand the different frameworks within which each makes decisions.

UDIA NSW contends that open consultation must take place with key stakeholders in the development industry in relation to infrastructure costs, funding sources and the viability of development staging to ensure that the urban growth forecast in the Strategy can be delivered to the market by the development industry. This process must inform workable funding structures, which may include levies, to ensure affordability across the region, and in particular, in new release areas.

There is limited value in creating a unilateral strategy without the support or funding necessary from other departments such as Department of Education, Department of Health, Integral Energy and Sydney Water. UDIA NSW believes that greater coordination between the state government agencies needs to be undertaken to increase credibility and substance to the regional strategies.

Key infrastructure for housing and economic growth must be provided by government to advance the commencement of urban release areas. Government commitment to these items will give industry certainty to invest and will be the single greatest incentive to create momentum for the release of housing to meet the demand of the Illawarra.

The major drivers of economic growth and employment generation in the region have traditionally been the in the manufacturing and primary industry sectors but as the region reaches a critical point in its urban and economic development, innovative strategies must be developed to stimulate and diversify the regional economy. An aspiration of regional economic independence should be fostered through a facilitating policy framework that reflects an attractive business and investment location. UDIA NSW is therefore disappointed that the draft Strategy offers nothing innovative in relation to economic development and growth and goes no further beyond land use zoning to encourage potential emerging industries in the region.

The Illawarra region has a unique mix of environmental, social and economic factors that must be balanced for the long-term benefit of the community. Through appropriate residential development over the next 25 years, UDIA NSW contends that urban development as a percentage of landuse across the region can appropriately be increased to 10.2% (UDIA Mapping – Figure 12, Page 29) with a corresponding increase in biodiversity conservation through increased land holdings.

## RECOMMENDATIONS

UDIA NSW offers the following comments with regard to the draft Illawarra Regional Strategy. UDIA NSW recommends that:

1. The Illawarra Regional Strategy adopt a growth target of 70,000 people to achieve a regional population of 351,000 people by 2031.
2. The Illawarra Regional Strategy incorporate additional future urban release areas, such as Calderwood Valley, to meet demand for 48,600 new dwellings over 25 years that will be required to support the increased regional population.
3. The Illawarra Regional Strategy provide for a production target of at least 970 greenfield lots per year for the next 25 years.
4. The draft Illawarra Regional Strategy be amended to permit development outside the identified expansion areas subject to normal planning legislation and meeting the sustainability criteria of Appendix 1 of the Strategy.
5. An industry forum comprising key relevant stakeholders in the development industry be established to ensure that detailed consultation is undertaken by the NSW Government and local Councils on the preparation of workable funding structures that maintain housing affordability.
6. Plans for future developer charges in the Illawarra including Section 94, development servicing plans, and regional infrastructure levies include an analysis of the impact of housing affordability and market expectations as a key input into the quantum of the charges.
7. The NSW Department of Planning use the infrastructure schedule of this submission to coordinate and prioritise with state government departments to provide the infrastructure necessary to meet urban growth projections.
8. The NSW state government show confidence in the Illawarra by committing to provide the necessary infrastructure to expedite release of urban land for development including the West Dapto Release Area as a priority.
9. That the Illawarra and South Coast Employment Lands Strategy be released to the public so that the private sector investment can make informed decisions on business investment and employment generation.
10. The Illawarra Regional Strategy identify target employment sectors and require appropriate Councils to prepare land use strategies to provide an attractive and assured environment for investment.
11. The Draft Illawarra Regional Strategy Map be amended to extend the western boundary of the West Dapto footprint to promote further refinement during the West Dapto planning process.

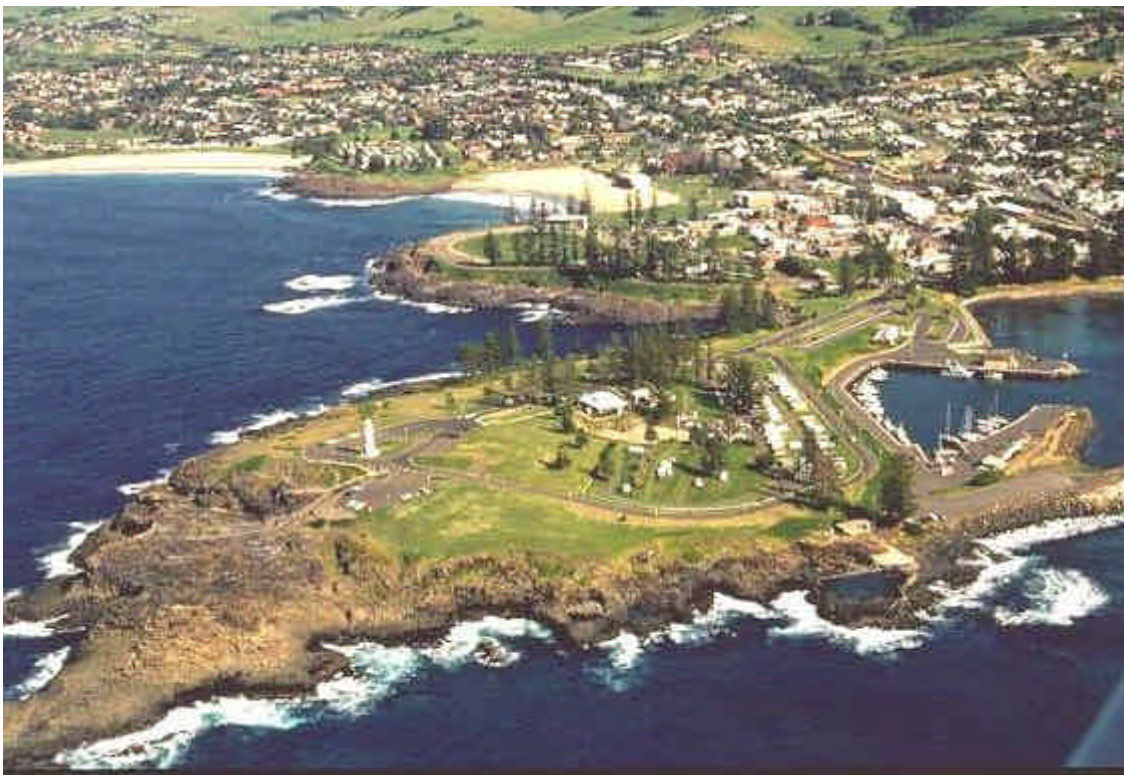
## 1. INTRODUCTION

The Urban Development Institute of Australia (UDIA) appreciates the opportunity to comment on the draft Illawarra Regional Strategy and commends the NSW Department of Planning for initiating the Government's regional planning reforms for the Illawarra.

There is an expectation within the urban development industry that the Illawarra Regional Strategy should be a document that defines an ambitious vision for the region and provides innovative initiatives tailored specifically to achieve desired outcomes. It should be a Strategy that reflects a whole of government approach to regional growth and development and not a generic template for use across the regional centres of NSW.

UDIA NSW has prepared a submission on the draft Strategy on the basis of this expectation and as the leading industry body for all sectors of the development industry, believes it can offer practical and insightful observations and solutions to assist the government in realising a suitably ambitious plan for the Illawarra.

While some of the comments included in this submission are critical, they should be interpreted as contributing to a robust debate in the interests of achieving optimum outcomes including a balanced realisation of environmental, social and economic objectives.



## 2. POPULATION GROWTH – POTENTIAL AND DISTRIBUTION

The draft Strategy forecasts the future population of the Illawarra region to reach 328,600 in 2031, an increase of 47,000 people from the current population of 281,000 over the next 25 years. This growth represents an increase of 0.68% (1880 persons) based on first year growth, or 0.63% per annum compounded over the 25 year life of the Strategy.

There are a number of factors that will influence population growth in the region over the life of the Strategy, factors that will also influence the demand for housing and services and therefore the success of the Strategy in adequately providing a framework to support growth. A Strategy that underestimates population growth will lead to declining household affordability, infrastructure and service shortfalls and will be a deterrent to private sector investment in the region.

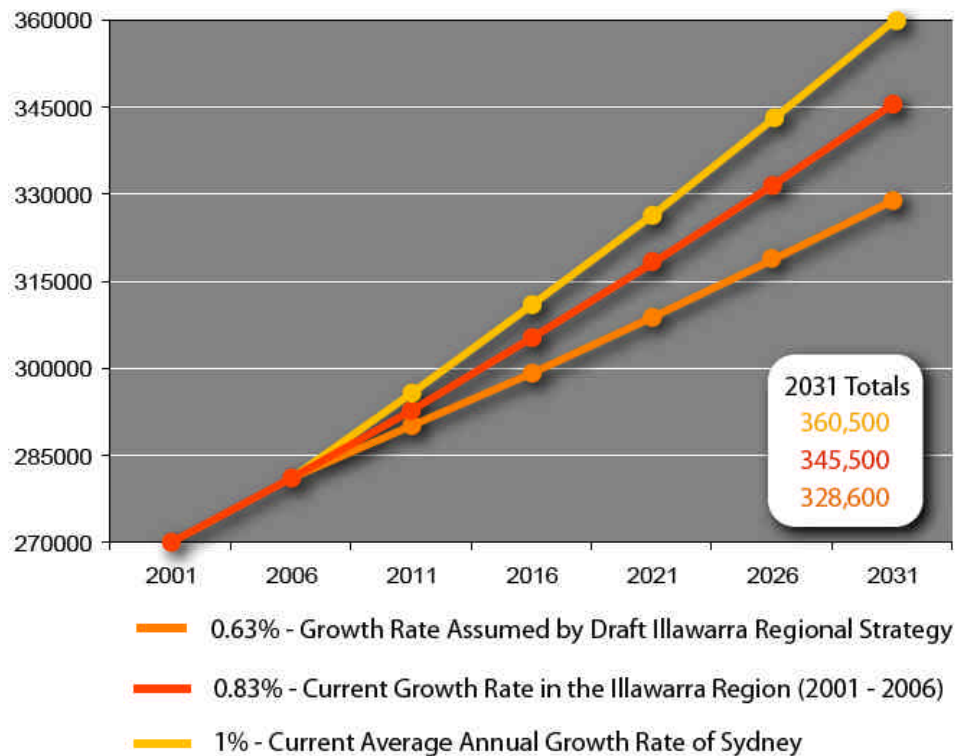
UDIA NSW understands that the population growth figures in the draft Strategy are derived from the Department of Planning's Transport and Population Data Centre (TPDC) and produced in 2004. UDIA NSW contends that the projections made by the TPDC in 2004 are conservative and the Centre's history of underestimating growth is cause for concern. There is no doubt the region will reach the 328,600 people mark forecast in the draft Strategy, only the timeframe will change. Underestimating growth will have serious implications for housing affordability and service demand, particularly given the ageing regional population.

The 2001 census determined the population of the Illawarra to be 269,600, reflecting a growth in population of 11,400 to the current population, a linear annual growth rate of 0.85% per annum. According to the draft Strategy, the region is experiencing moderate growth but contains forecasts for population growth below what is currently being experienced without justification. There is no indication in the draft Strategy or the Wollongong City Centre Plan that growth rates in the region will fall below current rates and in fact the Wollongong City Centre Plan predicts a population increase of 52,000 for only the Wollongong LGA over the 25 year period to 2031. This is well beyond the population forecast in the draft Regional Strategy of 47,600 over 25 years for the whole Illawarra.

There are a number of growth scenarios for the region that could impact significantly on the demand for housing in the Illawarra and the demand for infrastructure and services. Metropolitan Sydney over the past decade has been experiencing a growth rate at an average of 1%p.a. and is likely to continue given the restricted availability of residential land in the city as a result of Federal and State Government policy. The State Government is however pursuing ambitious lot production targets for the South West Growth Centre that may result in a wider distribution of growth in the Greater Metropolitan Region, including the Illawarra and the Lower Hunter.

Figure 1 overleaf illustrates three different growth scenarios for the future of the Illawarra that should be given serious consideration by the NSW Government. The first scenario is the growth rate assumed in the draft Strategy compounded over 25 years (0.63%), the second scenario is the growth rate currently being experienced in the region compounded over the life of the draft Strategy (0.83%), and the third scenario uses the current average annual growth of metropolitan Sydney (1.0%).

**FIGURE 1**



UDIA NSW contends that the draft Strategy underestimates population growth for the Illawarra and therefore fails to provide a solution for urban development to meet the real future growth potential of the Illawarra. The population of the Illawarra will reach 328,600, only the timeframe varies.

UDIA NSW contends that the Strategy should provide a desirable vision for the Illawarra and adopt a population target of 351,000 for 2031. A population increase of 70,000 persons reflects a realistic balance between historical growth rates and an appropriate recognition of regional capacity and potential.

**RECOMMENDATION 1**

*The Illawarra Regional Strategy adopt a growth target of 70,000 people to achieve a regional population of 351,000 people by 2031.*

### 3. LAND SUPPLY AND DEMAND

#### Demand

Increasing population across the region will generate a corresponding demand for residential land. It is critical that the Illawarra Regional Strategy appropriately estimate population growth to ensure an adequate supply of residential land to meet the demand. As highlighted earlier, UDIA NSW contends that the draft Strategy underestimates population growth projections for the future of the region.

Household occupancy rates are a factor that will further affect the demand for housing and land in the region. Occupancy rates have been falling and are expected to fall over the next 25 years as a result of an ageing population and changing family demographics. The draft Strategy assumes an occupancy rate of 2.3 persons per household. This rate should be compared with 2031 projected occupancy rates of 2.2 in the ACT and 2.1 in the Lower Hunter Regional Strategy. Figure 2 below shows the impact of different occupancy rates for the growth scenario adopted by the draft Strategy. The table shows that by 2031 an occupancy rate of 2.1 in the Illawarra would require an additional 13,600 at the draft Strategy's population growth rate.

**Figure 2**

0.63% - Growth Rate Assumed by Draft Illawarra Regional Strategy

Persons Per Dwelling	2031 Population	Number of Dwellings
2.3	328,600	142,900
2.2	328,600	149,400
2.1	328,600	156,500

The current growth rate of the Illawarra over the past 5 years has been an average of 0.85% p.a. and there has been no justification in the draft Strategy as to why the current rate of growth will not continue into the future. When applied over the life of the Strategy this rate is compounded to 0.83%. Figure 3 below illustrates the impact of various occupancy rates for when the current growth rate is applied over the life of the Strategy.

**Figure 3**

0.83% - Current Growth Rate in the Illawarra (2001 - 2006)

Persons Per Dwelling	2031 Population	Number of Dwellings
2.3	345,500	150,200
2.2	345,500	157,000
2.1	345,500	164,500

If the current growth rate continues for the life of the Strategy, which in the absence of any rationale for significant change is likely to continue, there will be a demand for an additional 7,300 dwellings in the region. If the occupancy rate in the Illawarra mirrors that of the Lower Hunter and current population growth rates continue, an additional 21,600 dwellings will be required.

There are a number of factors that could lead to increased population growth in the region in the next 25 years. Delays in development of the Sydney South West Growth Centre, increased demand for regional coastal living, rising rate of immigration to meet skills shortages and relative housing affordability compared to Sydney would all contribute to an increase rather than a decrease in demand. Sydney has been growing at an average of approximately 1% for the past decade and if this growth rate is experienced in the Illawarra, there will be demand for an additional 13,600 dwellings at 2.3 persons per dwelling and 28,500 dwellings at 2.1 persons per dwelling.

**Figure 4**

**1% - Current Average Annual Growth Rate of Sydney**

Persons Per Dwelling	2031 Population	Number of Dwellings
2.3	360,000	156,500
2.2	360,000	163,600
2.1	360,000	171,400

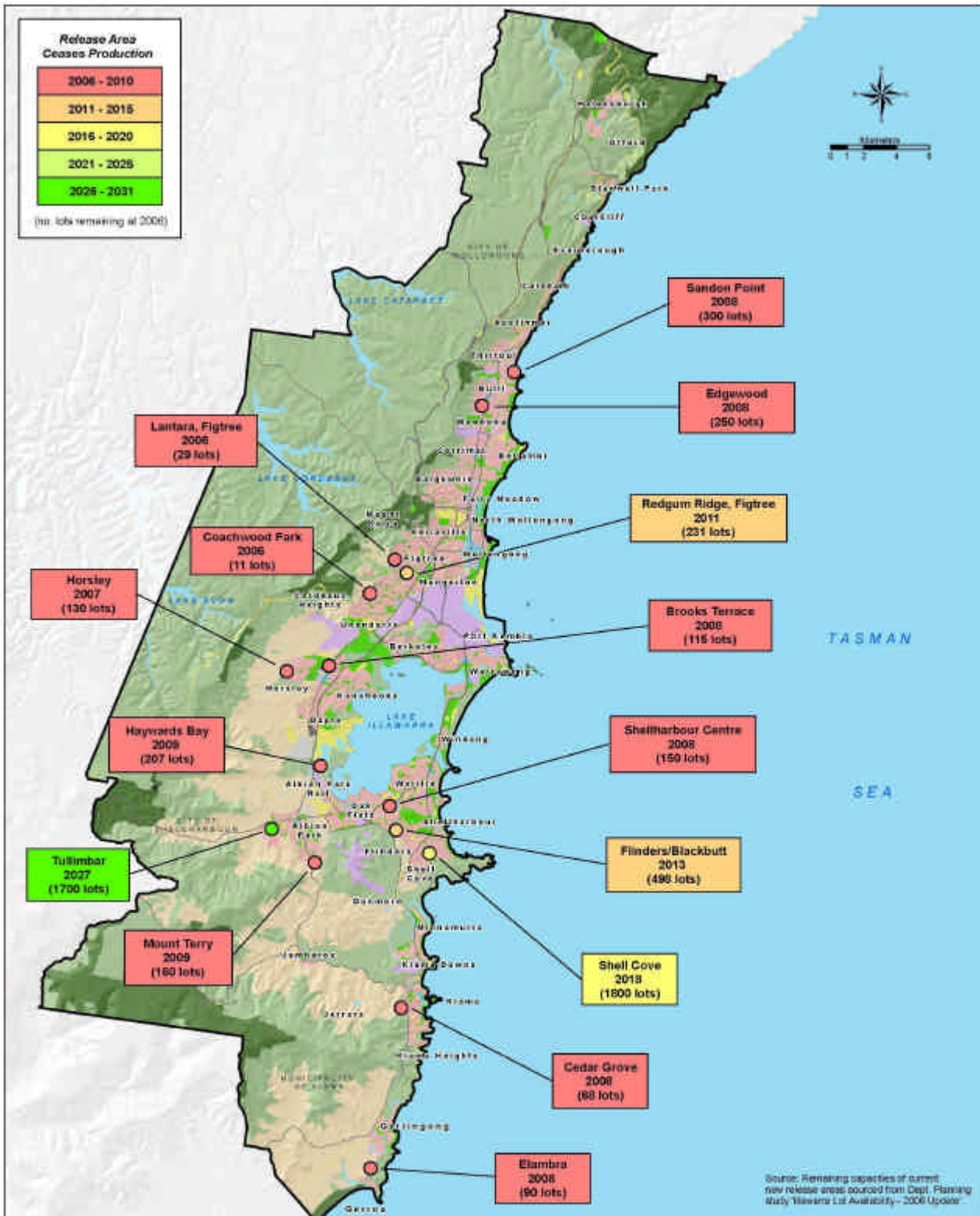

The importance of ensuring the supply of residential land meets realistic and reasoned demand forecasts is one of the critical elements of the Illawarra Regional Strategy. Failure to adequately supply land for the increasing demand will have dramatic implications for housing affordability, will cause infrastructure and service provision shortfalls and will be a deterrent to private sector investment in the region.

UDIA NSW contends that to achieve a realistic population target of 351,000 persons by 2031, there will be a corresponding demand for 48,600 new dwellings in the Illawarra over the next 25 years assuming an occupancy rate in 2031 of 2.3 persons per dwelling. To ensure this demand is met, annual greenfield lot production must achieve at least 970 lots per annum for this period to achieve a 50:50 dwelling mix as forecast in the draft Strategy.

**Supply**


Greenfield development occurs on multiple fronts throughout the Illawarra. Figure 5 overleaf shows that greenfield development in the Illawarra is currently delivering in fifteen locations. By 2011 the number of current developments still delivering lots will have reduced to four. By 2021 it will have reduced to just one.

The previous sections identified significantly greater demand for residential housing based on population growth and household occupancy rates. It is crucial that supply meet this demand.

**Figure 5 - Current Residential Release Areas**

ILLAWARRA REGION



Map Produced by Cardno Forbes Rigby  
2006 10/10/06 2006  
Copyright © 2006 Cardno Forbes Rigby  
1811/2006/Residential/ReleaseAreas.mxd

UDIA NSW is concerned that the residential housing capacity (supply) provisions of the draft Strategy are inconsistent and confusing. Early statistics in the draft Strategy quote a population increase of 47,600 over 25 years, with the main urban expansion at West Dapto which is expected to yield 19,350 dwellings (page 3). These figures are maintained through the section on Population & Housing (page 6) and Housing & Settlement (page 20). But the draft Illawarra Regional Strategy Map on page 11 confuses the issue. The map states “47,600 more people; 38,000 new homes... 25 year plan” but in the margin notes state that “West Dapto... deliver approximately 19,000 new dwellings over the next 30 to 40 years” (page 11). Wollongong Council has previously identified that “the West Dapto Release Area will provide in the order of 19,000 dwellings over a 40 year time frame” (report to Wollongong Council Environment & Planning Committee 3 April 2006 Item 3). The draft Regional Strategy refers to a surplus supply of 4,000 dwellings in 2031, and includes the entire supply capacity of the West Dapto Release Area in this calculation, implying that 19,350 dwellings will be delivered in West Dapto by 2031 to generate this surplus.

The implications of the various timeframes for West Dapto are tabulated below.

**Figure 6 – West Dapto Release Area Lot Supply (total 19,000 lots)**

<b>Delivery Scenario</b>	<b>Delivery timeframe</b>	<b>Supply Rate (lots per year)</b>	<b>Yield over Strategy 25 Year Timeframe</b>
Draft Illawarra Regional Strategy – assuming 20 year timeframe from 2011	20 years	950	19,000
Draft Illawarra Regional Strategy – assuming 25 year timeframe from 2006	25 years	760	19,000
Draft Illawarra Regional Strategy Map – assuming 30 year timeframe from 2006	30 years	633	15,825
Draft Illawarra Regional Strategy Map – assuming 40 year timeframe from 2006	40 years	475	11,875
Wollongong Council draft LEP – assuming 40 year timeframe from 2006	40 years	475	11,875
Wollongong Council draft LEP – assuming 40 year timeframe from 2011	40 years	475	9,500

The table above makes clear two important points.

1. Supply Rate for Future Release Areas

West Dapto would be required to provide 760 lots per year for each and every year from 2006 to 2031 to meet the targets of the draft Strategy. If West Dapto has a ramp-up period of 5 years, the supply rate increases to 950 lots per year.

Rates of supply of lots to the market are subject to project location, competition, price points and other factors. The 5,000 lot North Lake development in Brisbane was able to deliver 450 lots per annum for a single year during the boom of FY 2003 through multiple development fronts. Anecdotal evidence from developers suggests similar maximum supply rates. Historical supply rates by successful developers throughout Australia shows that the supply rate assumed by the draft Strategy for West Dapto cannot be met through a single development front.

2. Total Yield from Future Release Areas within 25 year timeframe of the Illawarra Regional Strategy

In order to ensure the rate of supply in West Dapto is maximised, the Regional Strategy must provide for the development of multiple fronts within the release area with lot production initiated in circumstances that provide favourable conditions to minimising lead times. UDIA NSW contends that such circumstances are most likely to be achieved when developers have access to a critical mass of land and can stimulate market interest in the release area.

UDIA NSW believes that favourable conditions as above mentioned could provide for an annual production rate in West Dapto of 633 lots. Pursuant to UDIA NSW projections provided earlier, other sources of greenfield supply will be required to meet demand.

UDIA NSW contends that the draft Strategy understates demand and overstates supply for future dwellings. The solution is to bring online future land supply for masterplanned urban development as a matter of urgency. UDIA NSW agrees that West Dapto is the predominant source of land over the coming decades. It is therefore imperative that the regulatory framework is not restrictive but supports and stimulates successful implementation.

The delivery of West Dapto will be dependent on the development industry and the market and therefore market forces should dictate the staging sequence for land release. The staging sequence is critical to ensuring that the market is stimulated to buy into West Dapto and so that the necessary infrastructure funding can be recovered. To ensure the quickest return on infrastructure and to ensure that the supply of residential land is not being unnecessarily delayed due to fragmentation issues, inflated vendor expectations etc, the staging should be initiated by developers with a critical mass of land.



Adept and capable developers have extensive experience in delivering residential lots to the market efficiently and can generate continuity in the lot production process which is critical to ensuring expedient recovery of infrastructure. These principles must be adopted across the Illawarra to avoid supply shortfalls and to maintain housing choice and affordability. The release of residential land should not be focussed on a single front, but should be distributed along multiple separated fronts.

The development industry will play a key role in the success of West Dapto and should be an important participant in a West Dapto stakeholder forum of developers,

agencies, and utility service providers. These initiatives will promote the commencement of the prime land release area for the future growth of the Illawarra.

The “Current New Release Areas” on page 20 of the draft Strategy is identified as capable of supplying 6,550 dwellings over 25 years. Figure 5 (Page 11) illustrates information collected by the Department of Planning Regional Office and supplemented by UDIA research and identifies 5,739 dwellings available in current new release areas. The Strategy should clarify the basis of the 6,550 dwellings so that the intent of the Strategy is understood by industry and therefore can be implemented effectively.

The “Infill on Vacant Land” on page 20 of the draft Strategy is identified as capable of supplying 4,900 dwellings over 25 years. UDIA presumes that this category is for greenfield sites within the existing urban footprint that are yet to be zoned for residential purposes. UDIA has shown the location of such lands in Figure 12 (Page 29) of this submission but we are unclear how a total yield of 4,900 is to be achieved. Once again, the Strategy should clarify the location and density of the infill on vacant land so that the intent of the Strategy is understood by industry and can be implemented effectively.

Supply of land will be a crucial factor in generating employment, economic growth and providing for the future population of the Illawarra. West Dapto and other release areas will need to be expedited to meet demand and the objectives of the Illawarra Regional Strategy.

### **Additional Urban Release Areas**

UDIA NSW has demonstrated in this submission that;

- population growth forecasts for the region over the next 25 years are conservative growth is highly likely to continue at current rates, potentially higher;
- the increased population beyond what has been forecast in the draft Strategy will create an additional demand for housing;
- West Dapto will and should be the primary and most significant supply of residential land in the region, however additional land in the Illawarra must be included in urban release areas in the Strategy if the demand for housing is to be met; and
- there has traditionally been development on multiple fronts in the Illawarra providing housing choice and a geographic diversity of supply for the market and this should remain the case in the future.

Calderwood is a particular release area that attracts attention in the draft Strategy. UDIA NSW contends that Calderwood should be included in the Strategy as a release area to provide a geographic diversity of supply for the region, ensuring greater housing choice for future residents.

It would demonstrate poor planning to defer investigation of a release area in a 25 year strategic planning document until deemed necessary to meet demand, particularly based on the supply and demand analysis of the draft Strategy.

Calderwood should be included in the Strategy as a future urban release area subject to the same masterplanning and approval processes as other sites.

The NSW Government should also indicate its intent for lands currently embargoed on the Bulli Colliery site in the Wollongong LGA. An opportunity exists for the site to be rehabilitated and a range of future uses to be investigated but this process has been vetoed by the Roads and Traffic Authority. If the RTA intends to use the land for a future road corridor it should seek a reservation on the land and commit to a process of acquisition. UDIA NSW contends that this site should be recognised in the draft Strategy for its potential to support a range of residential and employment uses.

Additional lands within the Illawarra with urban development potential will be required to support housing to achieve appropriate regional growth targets. UDIA NSW contends that lands on the Shellharbour rural fringe, Tallawarra, South Bulli Colliery, Excelsior Colliery, Bulli Brickworks, and Farmborough Heights should be identified in the draft Strategy as future urban release areas.

### **Housing Mix**

The dwelling mix in the Illawarra has gone through a significant transition over the last two decades due to both social and demographic changes and as a result of a change in policy direction at Local and State government level. UDIA NSW supports the shift to 50:50 to promote the efficient use of limited land stock, particularly in the geographically confined region of the Illawarra. However the shift to 50:50 will require a transition period to allow the market and the local economy to adjust.

UDIA NSW contends that whilst a 50:50 dwelling mix is supported, market forces will continue to demand detached dwellings and the supply of housing must accommodate this demand and allow for a transition toward medium and high density development. It is therefore critical that an adequate supply of greenfield residential land is balanced with urban consolidation and urban renewal incentives.

### **RECOMMENDATION 2**

*The Illawarra Regional Strategy incorporate additional urban release areas, such as Calderwood Valley, to meet demand for 48,600 new dwellings over 25 years that will be required to support the increased regional population.*

### **RECOMMENDATION 3**

*The Illawarra Regional Strategy provide for a production target of at least 970 greenfield lots per year for the next 25 years.*

### **RECOMMENDATION 4**

*The Illawarra Regional Strategy permit development outside the identified expansion areas subject to normal planning legislation and meeting the sustainability criteria of Appendix 1 of the Strategy.*

#### 4. DEVELOPER CONTRIBUTIONS AND INFRASTRUCTURE LEVIES

UDIA NSW supports the principle of urban release areas being led by the private sector. The urban development industry has significant experience in delivering complex projects within highly competitive commercial frameworks and is therefore well equipped to provide for the efficient delivery of infrastructure and facilities, and therefore value for the community.

Private sector investment will be critical to the realisation of the Strategy through the provision of housing to support the forecast population growth. To bring this fundamental force to bear, public and private sectors must recognise their complementary abilities and understand the different frameworks within which each makes decisions.

There is an increasing reliance over the past decade on the development industry to fund and construct infrastructure necessary to bring new home sites to the market. The cost of an increasing scope of both regional and local infrastructure is now being demanded from the development industry and passed on to new homebuyers. Whilst it is commonly agreed urban development creates an additional demand for infrastructure, it must be funded in a context that does not compromise housing affordability to the point where the industry cannot deliver a commercially viable product to the market. The public sector must also recognise that urban development in the Illawarra is a key driver for employment and economic activity and that growth in the region depends on reasonable housing affordability.

Wollongong Council and the Department of Planning have set a concerning precedent with the levies proposed in the Wollongong CBD Strategy that UDIA NSW believes will serve as a significant disincentive to private sector investment. UDIA NSW recognises that modern governments are averse to debt. Financing from general revenue using borrowed funds was the widespread practice when borrowing costs to government were very low and prior to the influence of global financial markets. Nevertheless, UDIA believes there is some scope for the use of limited long term debt to help finance discrete major infrastructure activities.

UDIA NSW maintains that Government investment in the public domain is required to encourage private investment. This demonstration of confidence in the region will create investor confidence in the region, driving economic growth and improving prosperity.

The statement within the draft Strategy that *“all major development proposals will be required to fully or substantially contribute to additional regional infrastructure costs, with the contribution to be determined after taking account of the Regional Strategy and any associated infrastructure plan and equity considerations”* is a concern for the urban development industry. As highlighted above, the public sector must realise the competitive commercial frameworks that the developers work within to deliver the outcomes of the Regional Strategy. If the NSW Government is genuinely concerned with housing affordability, a more consultative approach with the development industry on the issue of infrastructure funding and provision must be undertaken.

UDIA NSW understands that urban expansion in the region as earmarked by the draft Strategy will create an additional demand for both local and regional infrastructure. Both local Councils and the Department must understand the task faced by the development industry to supply new homes to support growth in the

context of a highly competitive marketplace, consumer anxiety about interest rates, and declining housing affordability. The urban development industry has extensive experience in delivering complex projects within highly competitive commercial frameworks and is therefore well equipped to provide highly constructive input into determining the most efficient and effective means of infrastructure financing and provision.

UDIA NSW contends that open consultation must take place with key stakeholders in the development industry in relation to infrastructure costs, funding sources and the viability of development staging to ensure that the urban growth forecast in the Strategy can be delivered to the market by the development industry. This process must inform workable funding structures, which may include levies, to ensure affordability across the region, and in particular, in new urban release areas.

### **RECOMMENDATION 5**

*An industry forum comprising key relevant stakeholders in the development industry be established to ensure that detailed consultation is undertaken by the NSW Government and local Councils on the preparation of workable funding structures that maintain housing affordability.*

### **RECOMMENDATION 6**

*Plans for future developer charges in the Illawarra including Section 94, development servicing plans, and regional infrastructure levies include an analysis of the impact of housing affordability and market expectations as a key input into the quantum of the charges.*



## 5. INFRASTRUCTURE

Transport and utility services infrastructure will be essential to the successful delivery of urban development and employment. The NSW government's draft State Plan lists as key strategies:

- Implement the NSW Infrastructure Strategy on time and on budget.
- Zone and service more land in greenfield areas and protect employment land in existing areas.

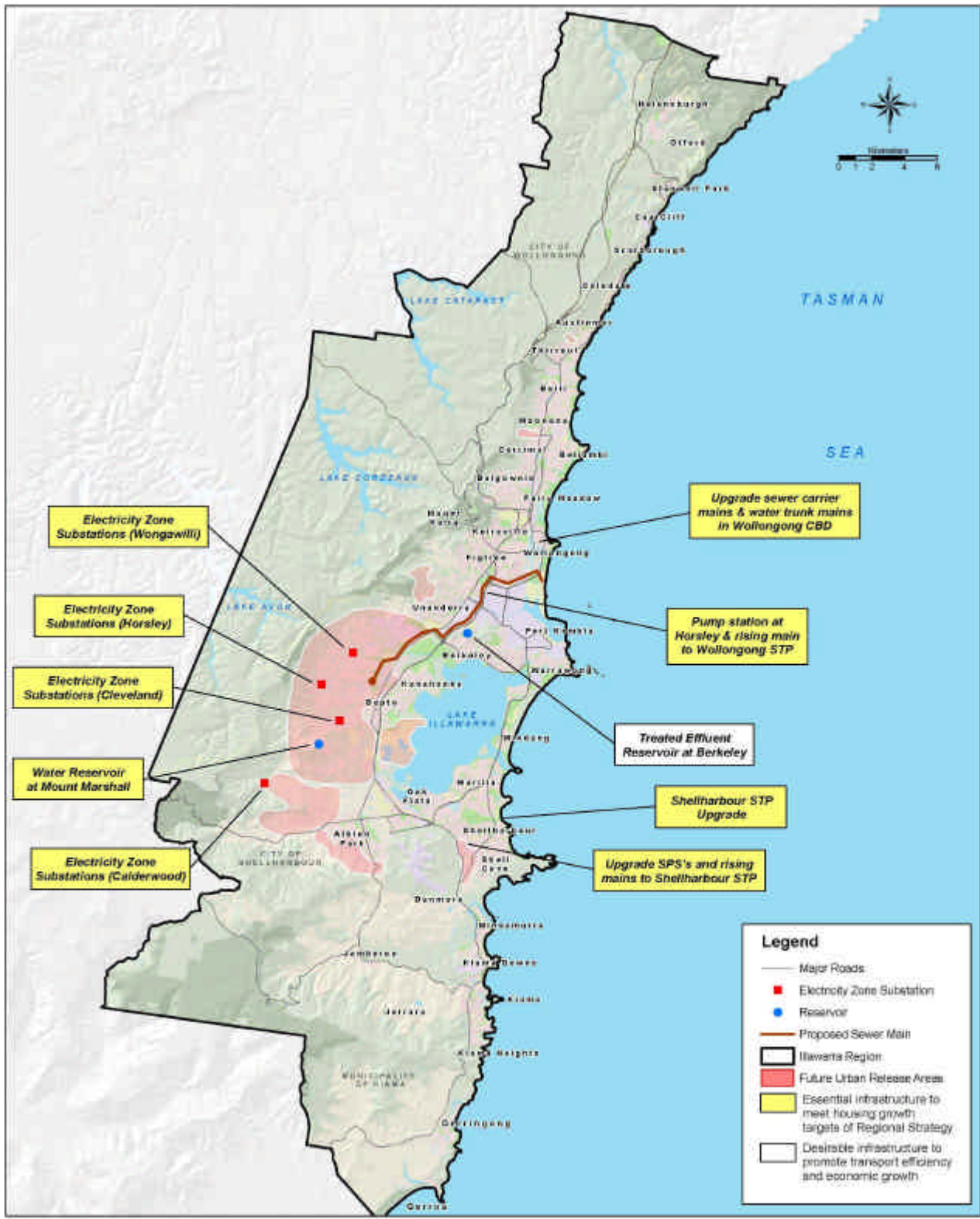
While these are commendable strategies, the NSW State Infrastructure Strategy informs that *"many of the projects in this strategy have been planned or announced previously – the new direction is about delivering, and most importantly funding our plans"*. The Infrastructure Strategy has therefore been developed largely independent of the Strategy for releasing land for housing and employment. This is evident in the State Infrastructure Strategy which lists an impressive schedule of infrastructure works which generally do not contribute to the release of residential land. The infrastructure works for the Illawarra are replicated in Appendix 2 of the draft Illawarra Regional Strategy and again do not contribute to the delivery of housing in the proposed release areas or employment lands.

There is limited value in creating a unilateral strategy without the support or funding necessary from other departments such as Department of Education, Department of Health, Integral Energy and Sydney Water. UDIA NSW believes that greater coordination between the state government agencies needs to be undertaken to increase credibility and substance to the regional strategies.

UDIA NSW has prepared a plan of infrastructure items that must be budgeted and delivered by the NSW government to promote urban development and employment lands. The plan, defined in the tables overleaf and mapped in Figures 8 and 10, includes some of the infrastructure items of the NSW Infrastructure Strategy, but importantly includes other works that are essential to achieve the goals of the draft Illawarra Regional Strategy in relation to urban growth.

**Figure 7 – Utility Services Strategic Infrastructure**

<b>Item</b>	<b>Timing</b>	<b>Reason</b>
<b>SEWER</b>		
Shellharbour STP Upgrade	2006 – 2010	Complete the upgrades already under construction to increase capacity to 80,000 people.
Pump station at Horsley & rising main to Wollongong STP	2006 – 2010	New main necessary to serve the West Dapto Release Area
Upgrade SPS's and rising mains to Shellharbour STP	2006 – 2010	Facilitate urban growth at Tullimbar and Shellharbour Rural Fringe LEP lands.
Upgrade sewer carrier mains in Wollongong CBD	2011 – 2015	Upgrades & duplication at key locations to facilitate Wollongong City Centre Plan
Treated effluent reservoir at Berkeley	2016 – 2020	Progress the recycling initiative of Wollongong STP and make treated effluent available for Kembla Grange employment lands & residential customers.
<b>WATER</b>		
Water reservoir at Mt Marshall	2011 – 2015	To serve urban and employment lands in West Dapto and Calderwood release areas
Upgrade water trunk mains in Wollongong CBD	2006 – 2010	Upgrades & duplications at key locations to facilitate Wollongong City Centre Plan
<b>ELECTRICITY</b>		
Electricity Zone Substations (Horsley)	2006 – 2010	To serve West Dapto Release Area
Electricity Zone Substations (Calderwood)	2011 – 2015	To serve Calderwood Release Area
Electricity Zone Substations (Wongawilli)	2011 – 2015	To serve West Dapto Release Area
<i>Electricity Zone Substations (Cleveland)</i>	2016 – 2020	To serve West Dapto Release Area



**Figure 8 - Utility Services Infrastructure**

**ILLAWARRA REGION**

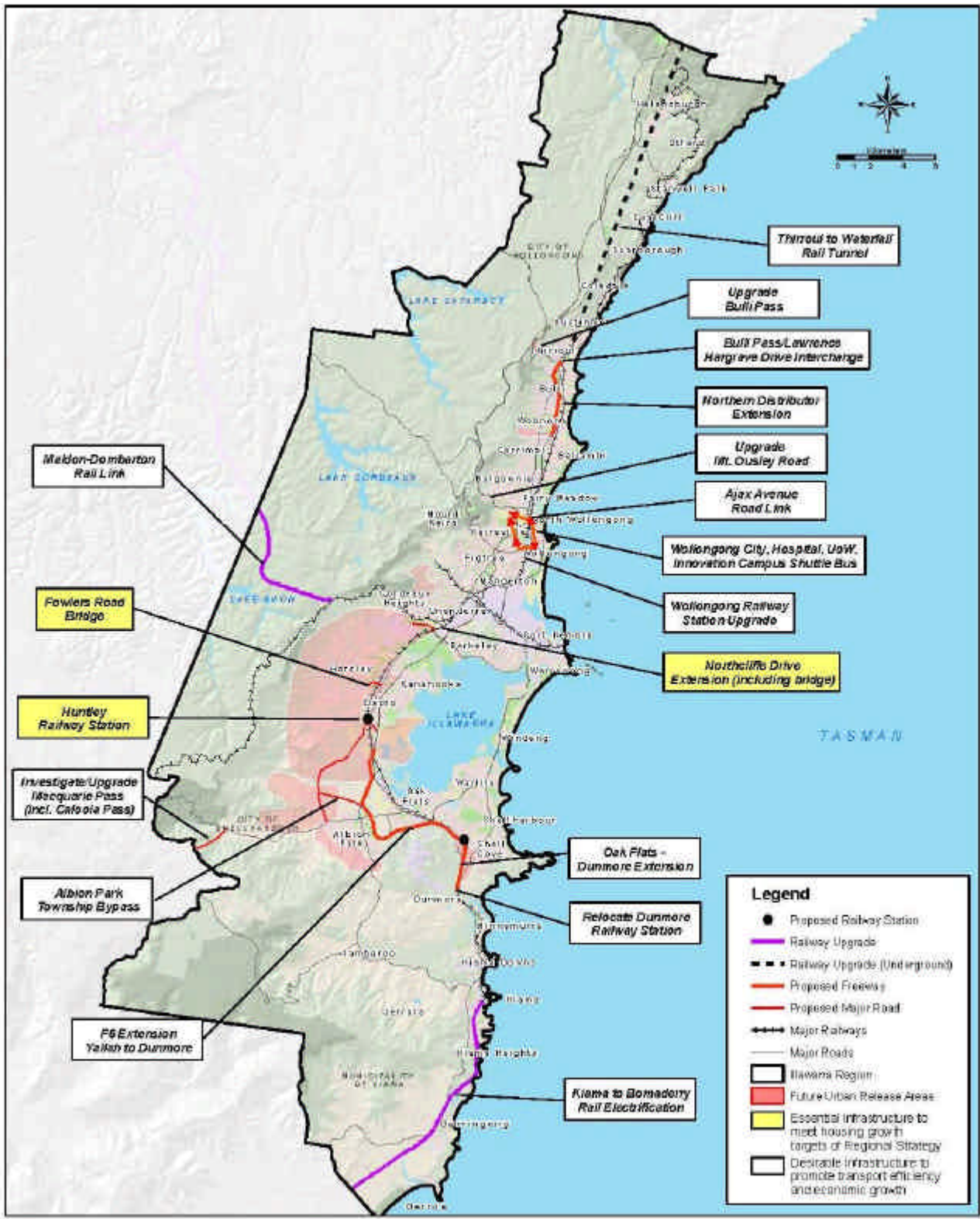



Cardno  
Forbes Rigby  
Shaping the future

Map Produced by Cardno Forbes Rigby  
Date: 19 October 2006  
Drawing Title: Illawarra Regional Strategy  
Drawing Ref: 1000001  
UDIA, Illawarra Region, Shellharbour and

**Figure 9 – Transport Strategic Infrastructure**

<b>Item</b>	<b>Timing</b>	<b>Reason</b>
<b>ROADS</b>		
Fowlers Road extension	2006 – 2010	Facilitate flood-free access to West Dapto Release Area
Northcliffe Drive extension	2011 – 2015	Facilitate flood-free access to West Dapto Release Area & employment lands
Albion Park township Bypass	2006-2010	Divert traffic around Albion Park town centre
Oak Flats / Dunmore extension	2006 – 2010	Finish northern end of North Kiama Bypass
Upgrade Mt Ousley Road	2026 – 2030	Promote efficient transport logistics to Sydney
Northern Distributor Extension	2006 - 2010	Upgrade transport link to Wollongong northern suburbs
Upgrade Bulli Pass	2016 – 2020	Reduce travel times for Wollongong northern travellers to Sydney
Bulli Pass/ Lawrence Hargrave Drive Interchange	2016 – 2020	Reduce travel times for Wollongong northern travellers to Sydney
Ajax Avenue Road Link	2011 – 2015	Promote sustainable travel habits between key locations in Wollongong CBD
Wollongong City Hospital UoW Innovation Campus Shuttle Bus	2011 – 2015	Promote sustainable travel habits between key locations in Wollongong CBD
F6 extension at Yallah	2016 – 2020	Divert additional traffic from new release areas at West Dapto & Calderwood around Albion Park Rail
Investigate Upgrade Macquarie Pass (incl. Caloola Pass)	2026 - 2030	Promote efficient transport logistics to Southern Highlands
<b>RAIL</b>		
Huntley Railway Station	2016 – 2020	Promote rail travel for West Dapto & Calderwood Release Areas
Relocate Dunmore Railway Station	2006 – 2010	Promote rail travel for Shell Cove & Flinders suburbs nearing completion
Thirroul to Waterfall Rail Tunnel	2021 – 2025	Promote rail travel for Illawarra / Sydney commuters.
Maldon Dombarton Rail Link	2026 – 2030	Promote rail freight travel to support Port Kembla expansion
Kiama to Bomaderry Rail electrification	2011 – 2015	Promote rail travel from South Coast



**Figure 10 - Transport Strategic Infrastructure**

**ILLAWARRA REGION**



Rep Prepared by Cardno Forbes Fligg  
Date: 20/06/2006  
Contract No: 06/05 - 06/06 - 06/07/06/08/09  
Drawing No: 10000-01  
Title: TRANSPORT INFRASTRUCTURE

Key infrastructure for housing and economic growth must be provided by government to advance the commencement of urban release areas. Government commitment to these items will give industry certainty to invest and will be the single greatest incentive to create momentum for the release of housing to meet the demand of the Illawarra.

#### **RECOMMENDATION 7**

*The NSW Department of Planning use the infrastructure schedule of this submission to coordinate and prioritise with state government departments to provide the infrastructure necessary to meet urban growth projections.*

#### **RECOMMENDATION 8**

*The NSW state government show confidence in the Illawarra by committing to provide the necessary infrastructure to expedite release of urban land for development including the West Dapto Release Area as a priority.*

## 6. ECONOMIC DEVELOPMENT AND EMPLOYMENT GROWTH

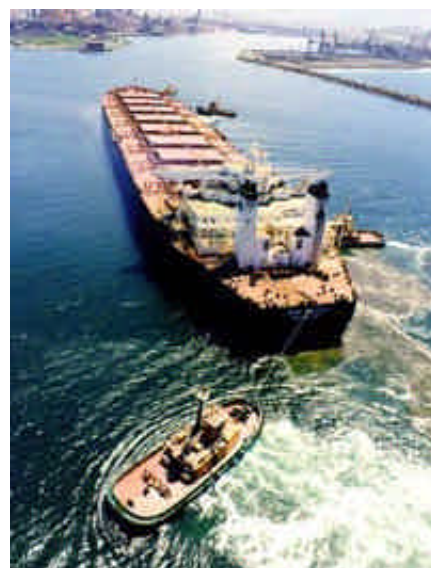
The most significant influence on economic development in the Illawarra during and beyond the life of the Regional Strategy will be population growth. It is therefore critical for the future prosperity of the region to ensure that the demand for residential land generated by population growth is catered for by the adequate supply of residential land.

The draft Strategy identifies the need for an additional 30,000 jobs in support of a population growth of 47,600 over the next 25 years. This will require the securing of additional employment lands to those currently available as the draft Strategy correctly identifies but will also require an innovative approach to attracting new businesses to the region.

One of the principal challenges for the region in regard to employment generation will be the containment of the regional labour force and a corresponding reduction in the commuter rate. In order to achieve these goals, the region must offer attractive investment opportunities for businesses and employers and go beyond simply securing and protecting additional employment lands. Failing to ensure an adequate supply of residential land will result in lost opportunities for the region to capitalise on the economic benefits of an increased population.

The major drivers of economic growth and employment generation in the region have traditionally been in the manufacturing and primary industry sectors but as the region reaches a critical point in its urban and economic development, innovative strategies must be developed to stimulate and diversify the regional economy. An aspiration of regional economic independence should be assumed and fostered through a facilitating policy framework that reflects an attractive business and investment location.

The draft Strategy refers to the Illawarra and South Coast Employment Strategy for guidance on planning principles for employment lands in the region yet this Strategy has not been released to the industry that will be ultimately responsible for delivering the objectives the Strategy seeks to achieve. Releasing the Strategy should be undertaken as a matter of priority to provide certainty and direction for business investors, something that has been noticeably absent in the past. UDIA NSW cites recent experiences of business investors in the Kemblawarra industrial lands precinct as an example of misdirection given to the industry by Wollongong Council and the Department of Planning, resulting in costly rezoning delays and ultimately a lost opportunity for the area to be consolidated as a genuine heavy industrial precinct. It is hoped that this would be an isolated occurrence and the direction within the Employment Lands Strategy will provide the necessary decision-making direction for Councils and the Department in relation to employment lands.



UDIA NSW commends that NSW Government for its investment in the upgrade of the port of Port Kembla, enabling the diversification of the Port's

trade base and assuring the strategic future of port operations. It is noted that this investment has been accompanied by a land use strategy that has guided the preparation of a LEP and DCP designed to facilitate port related development and provide an attractive and assured environment for port related investors. UDIA NSW recommends that this approach to economic development be adopted as a matter of course for targeted employment sectors in the region. It is concerning that the draft Strategy does not go beyond simply ensuring the adequate supply of employment lands in its actions to foster economic development and growth in the Illawarra.

The draft Strategy identifies a surplus of vacant employment land in the Wollongong LGA but the extent to which this land can contribute to regional economic development and employment generation given the lack of incentives in the draft Strategy is questionable. UDIA NSW contends that a significant percentage of this land is either constrained or privately owned and has been so for an extended period. Simply maintaining the zoning of this land will not provide incentives for investment and economic development.



UDIA NSW is disappointed that the Strategy offers nothing innovative in relation to economic development and growth and goes no further beyond land use zoning to stimulate and foster potential emerging industries in the region. The draft Strategy does not provide any incentives to develop land that is already zoned for employment purposes. In fact the draft Wollongong CBD Plan and accompanying

levies serve as a disincentive in an area seeking to attract employment. The proposed levies as a percentage charge in the *Commercial Core Zone* are three times higher than Sydney's Central City area. It is disingenuous to suggest that development feasibilities in a regional city can reasonably sustain levies at three times that of Australia's only global city centre.

As the traditional economic and employment base of the Illawarra continues to shift, appropriate consideration should be given to the contribution of the traditional employment sources to contribute to future employment generation. The draft Strategy makes significant mention of manufacturing, which is undoubtedly a major strength and critical element of the regional economy. However no discussion is given on how manufacturing will contribute to future employment growth and whether large and underutilised manufacturing land holdings in the region could be used to support related employment sectors.

The draft Strategy would benefit from discussion on how industries relating to education, human services, hospitality and in particular, tourism, will be fostered and encouraged to develop in the region. The potential of these sectors to contribute to regional economic growth through the expansion and diversification of the employment base is significant and warrants more attention from the NSW Government.

The Illawarra exhibits stunning natural attributes and a broad capacity to use these attributes to the advantage of the regional economy. The Shell Cove Marina is an example of a major tourism investment (\$500 million) that will contribute significantly to the region through employment generation and tourism attraction. The draft Strategy would benefit from discussion on tourism as a major emerging industry with the capacity to provide both tangible and intangible benefits for the region.

#### **RECOMMENDATION 9**

*That the Illawarra and South Coast Employment Lands Strategy be released to the public so that the private sector investment can make informed decisions on business investment and employment generation.*

#### **RECOMMENDATION 10**

*The Illawarra Regional Strategy identify target employment sectors and require appropriate Councils to prepare land use strategies to provide an attractive and assured environment for investment.*

## 7. NATURAL ENVIRONMENT

The biodiversity of the Illawarra region is one of its most important attributes and contributes significantly to the appeal of the region as a residential and tourist destination. With the Illawarra escarpment providing a stunning backdrop for the urban areas of the coastal plain, UDIA NSW appreciates that the biodiversity is a fundamental natural resource that defines the region's sense of place

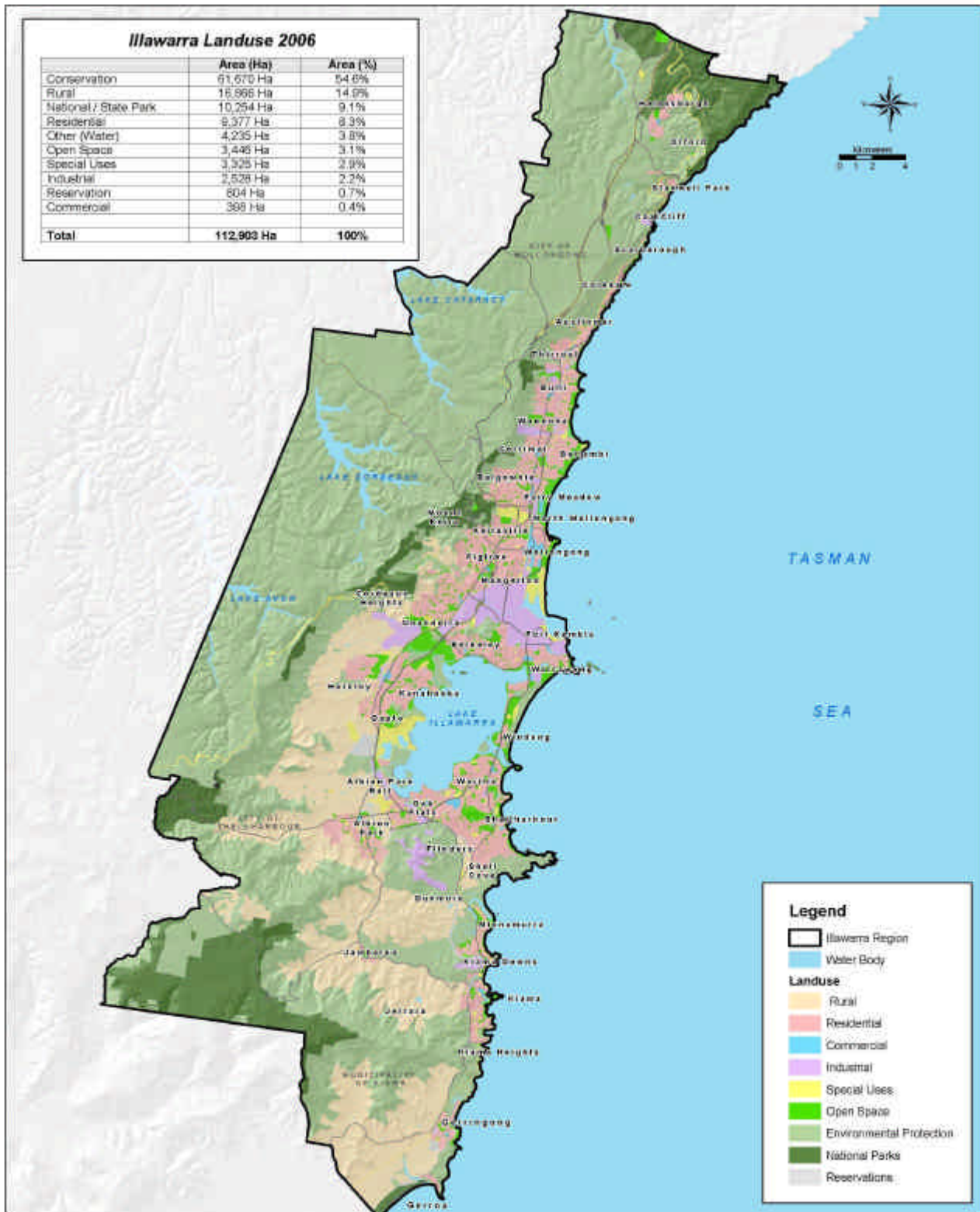
UDIA NSW advocates for the creation of sustainable communities to meet increasing housing needs, balancing the interplay between environmental, social and economic factors. Sustainability as defined by the Productivity Commission is the maintenance of stock capital. Capital consists of human capital (social), man-made capital (economic) and natural (water, biodiversity etc). The best mix of capital assets is undefined but implies trade-offs between capital types to achieve goals.

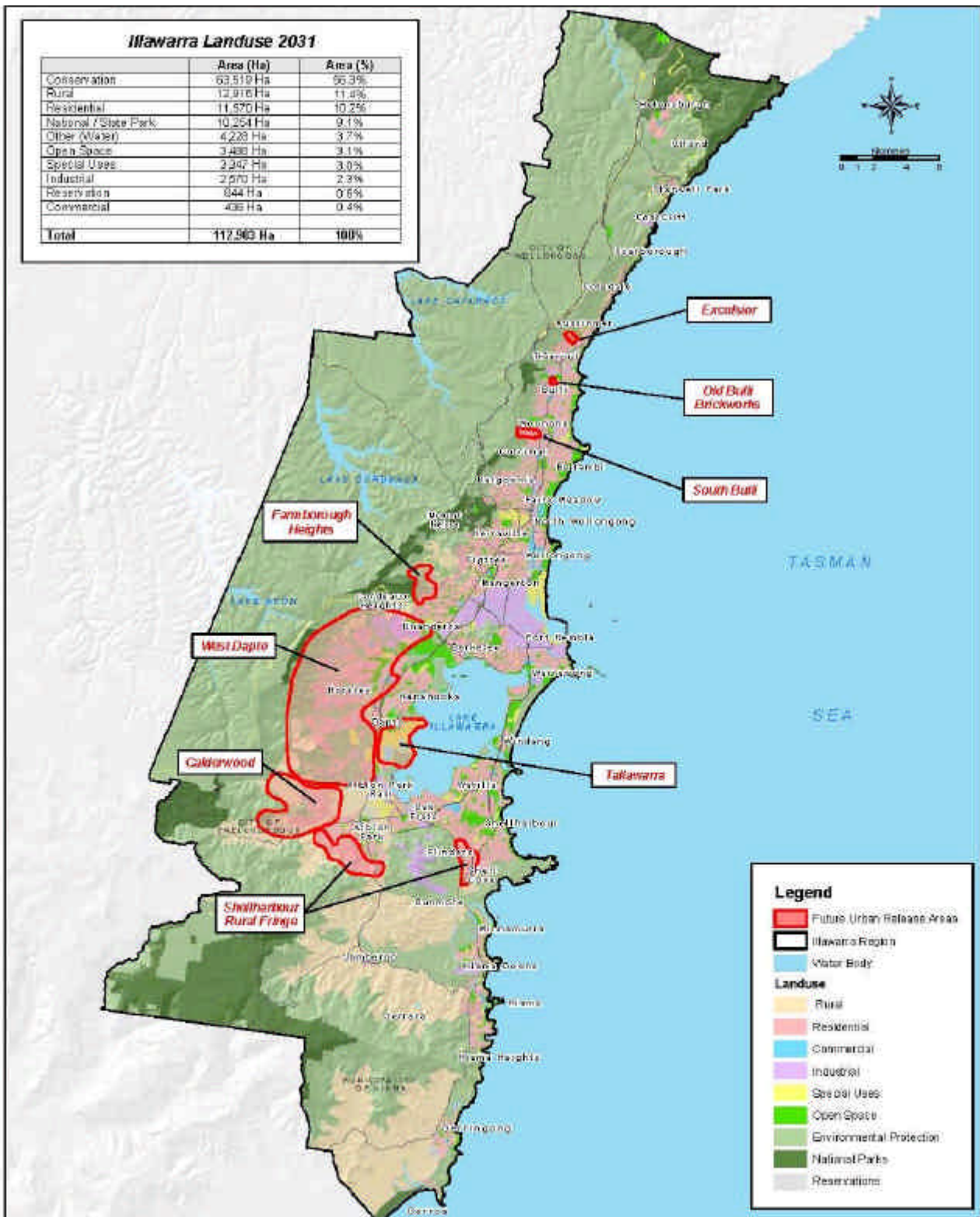
The Illawarra region has a unique mix of environmental, social and economic factors that must be balanced for the long-term benefit of the community. The topography and biodiversity of the region is such that future population growth and corresponding urban development must take place within the relatively constrained confines, and therefore new release areas must be used as efficiently as possible.

UDIA NSW has mapped current landuse of the Illawarra as shown overleaf in Figure 11 with different landuses provided as a percentage of the total area of the region. The figure identifies biodiversity conservation as the overwhelmingly dominant land use, accounting for more than half of the land in the region. This figure does not include land held within National Parks and State Forests which accounts for an additional 9.1% of land in the Illawarra. Residential uses currently account for only 8.3% of the land in the region.

UDIA NSW supports the revised *Threatened Species Conservation Amendment (Biodiversity Banking) Bill 2006* in principle to provide some scope for flexibility as a tool allowing for land constrained by flora and fauna issues to be developed because of clear economic and or social advantage. However in the context of the dialogue within the draft Strategy that approaches the growth of the region from a position of no net loss of biodiversity, UDIA NSW maintains that the Regional Strategy should be concerned with good planning and not driven by conservation priorities

Through appropriate residential development over the next 25 years, UDIA NSW contends that urban development as a percentage of landuse across the region can appropriately be increased to 10.2% with a corresponding increase in biodiversity conservation through increased land holdings. This is demonstrated in Figure 12 and is an outcome that UDIA NSW contends must be achieved to meet the demand for housing across the region.





**Figure 12 - Illawarra Landuse 2031**  
(Based on UDIA recommendation for future release areas)

**ILLAWARRA REGION**

The redevelopment of degraded lands has the potential to provide environmental, social and economic benefits for the region and should be emphasised in the draft Strategy. The urban development process can fund the rehabilitation works on disused quarries and mine sites across the region. The environmental rehabilitation that will be incorporated into residential development will be an important benefit to complement the social and economic factors.

It will be important that land within future release areas be used as efficiently as possible to reduce the need for future encroachment into conservation lands. In this regard the West Dapto Release Area footprint shown in the draft Illawarra Regional Strategy Map (pages 10 & 11) is defined in relatively precise terms. The western boundary of West Dapto area presumably follows property boundaries and may be interpreted as a western limit on the release area. The West Dapto Release Area has not been put on public exhibition and therefore it is premature for the draft Strategy to identify boundaries of the residential footprint to such a level of detail.

UDIA NSW will review the West Dapto Local Environmental Study when it is placed on exhibition for the balance achieved between efficient use of land and utility servicing against environmental conservation. In the meantime the Strategy should not prejudice the outcome by adopting a footprint that is yet to be available for public comment.

#### **Recommendation 11**

*The Draft Illawarra Regional Strategy Map be amended to extend the western boundary of the West Dapto footprint further west to promote further refinement during the West Dapto planning process.*

## 8. CONCLUSION

The function of the Illawarra Regional Strategy is to guide the urban settlement and economic development of the region. There is an expectation within the urban development industry that the Illawarra Regional Strategy should be a document that defines an ambitious vision for the region and provides innovative initiatives tailored specifically to achieve desired outcomes. It should be a Strategy that reflects a whole of government approach to regional growth and development and not a generic template for use across the regional centres of NSW. It is therefore disappointing that the NSW Government's draft Strategy falls short of this expectation and fails to demonstrate genuine ambition for the future of the region. UDIA NSW is willing to assist government in realising and implementing a regional strategy that capitalises on the full potential of the Illawarra.

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

1. The Illawarra Regional Strategy adopt a growth target of 70,000 people to achieve a regional population of 351,000 people by 2031.
2. The Illawarra Regional Strategy incorporate additional future urban release areas, such as Calderwood Valley, to meet demand for 48,600 new dwellings over 25 years that will be required to support the increased regional population.
3. The Illawarra Regional Strategy provide for a production target of at least 970 greenfield lots per year for the next 25 years.
4. The Illawarra Regional Strategy be amended to permit development outside the identified expansion areas subject to normal planning legislation and meeting the sustainability criteria of Appendix 1 of the Strategy.
5. An industry forum comprising key relevant stakeholders in the development industry be established to ensure that detailed consultation is undertaken by the NSW Government and local Councils on the preparation of workable funding structures that maintain housing affordability.
6. Plans for future developer charges in the Illawarra including Section 94, development servicing plans, and regional infrastructure levies include an analysis of the impact of housing affordability and market expectations as a key input into the quantum of the charges.
7. The NSW Department of Planning use the infrastructure schedule of this submission to coordinate and prioritise with state government departments to provide the infrastructure necessary to meet urban growth projections.
8. The NSW state government show confidence in the Illawarra by committing to provide the necessary infrastructure to expedite release of urban land for development including the West Dapto Release Area as a priority.

9. That the Illawarra and South Coast Employment Lands Strategy be released to the public so that the private sector investment can make informed decisions on business investment and employment generation.
10. The Illawarra Regional Strategy identify target employment sectors and require appropriate Councils to prepare land use strategies to provide and attractive and assured environment for investment.
11. The Draft Illawarra Regional Strategy Map be amended to extend the western boundary of the West Dapto footprint to promote further refinement during the West Dapto planning process.

## 9. ABOUT THE UDIA

### UDIA Mission

UDIA is the voice of development. We represent the industry which develops new communities and proudly advocate for its interests. We pursue access to land for development, encourage the creation of a positive regulatory environment, and seek to moderate the burden of taxes and charges on our customers. We believe in affordable, sustainable, and liveable communities.

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

### The UDIA NSW Code of Ethics

#### *A UDIA member shall:*

- ✍ Demonstrate ethical principles and observe the highest standards of integrity and honesty in all professional and personal dealings.
- ✍ Uphold and promote the reputation of the Urban Development Institute of Australia (NSW) and not misuse the authority of office for personal gain.
- ✍ Respect the confidentiality of information given to the member in the course of the Institute's work.
- ✍ Engage in continued learning to maintain and improve professional skills and competence within the industry and promote innovation and excellence in practice.
- ✍ Strive to achieve sustainable development.
- ✍ Respect for the rights of consumers and maintain the public's confidence and trust in the urban development industry.

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's Goals

- 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
- Promote greater understanding in the community on the role and achievements of the urban development industry.

## **UDIA's Activities**

### *Advocacy*

Lobbying government so that urban development can be undertaken positively and creatively for the widest benefit

### *Learning*

Keeping members and others up to date on critical industry issues and best practice through seminars, conferences and communications. Our regular UDIA journal, The Developers Digest, is a quality publication for those serious about their business and profession. We also communicate the latest news and views through our e-newsletter, The Developers Update.

### *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.

### *Better Business*

Providing opportunities for business networking and learning. The UDIA NSW programme includes a full calendar of events with technical seminars, site visits and business luncheons as well as our annual State Conference and the year's climax event, the annual Awards for Excellence Gala.