

Submission to the NSW Government

Draft Hunter Regional Plan

Draft Plan for Growing Hunter City

March 2016

EXECUTIVE SUMMARY

The Hunter is the seventh largest urban area in Australia and has the fastest growing population in NSW outside the Sydney Basin.

Between 2006 and 2013, the Hunter recorded the State's highest annual compound Gross Regional Product (GRP) growth rate (6.6% compared with 5.5% for the whole of NSW) and is Australia's largest regional economy.

By 2036, the Hunter will be a \$65 billion economy and home to an additional 117,850 people.

But who runs the Hunter . . . ? The answer: no one.

The absence of a properly designed and empowered governance structure has consigned regional planning to the "black hole" of policy when it comes to managing the Hunter's growth and infrastructure needs.

In 2011, the COAG Reform Council's review of strategic planning said:

"While the NSW planning system is strong on planning and policy content, it lacks the hard-edged accountability, performance and implementation measures to drive these policies"

The gap in region-wide planning for the Hunter has meant:

- Housing supply has been dropping steadily over the past decade and the cumulative shortfall now exceeds 12,000 homes. A continued failure to meet demand will leave the Hunter 30,000 homes short by 2024.
- Investors have been reluctant to undertake greenfield residential development on the urban fringes and sub-regional centres or infill residential developments in established urban areas due to uncertainty over the region's strategic direction and the delivery of critical enabling infrastructure.

A real commitment to removing bureaucratic hurdles, resolving the chronic housing shortage facing the Hunter and a new culture of accountability should be front-and-centre in a new regional plan.

The property industry is integral to the Hunter. We generate one in 10 jobs and create 9 percent of regional economic growth.

Our industry finances, owns and develops the places where Hunter residents work, live, shop and retire.

The Property Council wants the Hunter to succeed and hope our ideas on the best model for a regional plan are embraced.

CLEAR VISION

Recommendation 1: A concise regional vision – one that uses simple language that is easy to comprehend; one that can articulate regional aspirations and a pathway to achieving those.

A first reading of the Draft Hunter Regional Plan, released in November 2015, provided a strong sense of déjà vu. Like the 2006 Lower Hunter Regional Strategy - which lacked industry credibility and failed to deliver on housing targets - it contains a handful of aspirational goals accompanied by a long list of vague directions and lacks any strong tools for delivery.

“The NSW Government’s vision Statement for the Hunter region could have been written by the script writers of Utopia. It’s uninspiring waffle – all sizzle and no steak.”

Stephen Leathley, Planning Director, InSite Planning

The vision Statement is based on a flawed notion that the Hunter will magically “capture growth” in isolation of other Federal and State priorities, or without the support of implementation strategies that provide the certainty required for investor confidence.

Recommendation 2: Replace the term Hunter City with Greater Newcastle.

While the concept of a Metropolitan strategy is supported, the name Hunter City is contrived and shows a lack of empathy with the community.

Hunter City is not a real place and the term is seen as planning jargon.

GOOD GOVERNANCE MATTERS

Recommendation 3: Legislation to create the Hunter Commission – including a well-defined mandate, statutory powers and governance structure.

The Draft Hunter Regional Plan proposes a Coordination and Monitoring Committee with membership from the NSW Government and Councils to drive the delivery of actions and establish a reporting framework. Yet it provides no authority or resources for implementation.

A committee of Council officers and representatives of State agencies, chaired by the Department of Planning and lacking any delegated powers, will be nothing more than an information sharing group.

That's why the Property Council is advocating for a Hunter Commission – modelled on the Greater Sydney Commission - with authority to lead the delivery of jobs, housing, services and infrastructure.

The Hunter Commission's authority should be entrenched via legislation.

The legislation should define its main role as providing effective and efficient land use planning, preparing sub-regional strategies, reviewing planning strategies and policies and plan-making capability.

Legislation governing the Hunter Commission could explicitly state its prime task is to manage and implement the Hunter Regional Plan and Plan for Growing Greater Newcastle.

This would include metropolitan district plans, working to ensure local plans give effect to targets, and mandated deadlines.

It would also include statutory powers to undertake precinct plans, via rezoning's utilising dedicated plan-making functions, and select development assessment powers.

The Hunter Commission would also need the statutory licence to override State agencies or councils that impede the development and implementation of sub-regional and district plans.

The structure of the Hunter Commission should be designed to reflect the key objectives of the Commission – to bring best practice to the Hunter by integrating land use, transport and

infrastructure planning and collaborating with State agencies, and local and commonwealth governments.

Proposed Structure

The governing body should:

- report to the Minister for Planning
- be led by an Independent Chair

The governing body should consist of:

- senior executives from;
 - NSW Treasury
 - Department of Premier & Cabinet
 - Department of Planning & Environment
 - Roads & Maritime Services
 - Department of Industry
 - Infrastructure NSW
 - Transport for NSW
 - Hunter Development Corporation
- three nominees of the Hunter Joint Organisation of Councils, each responsible for a sub-region within the Hunter;
 - Western Hunter
 - Northern Tops
 - Hunter's North-East Coast
- five nominees of the Hunter Joint Organisation of Councils, each responsible for a district within Greater Newcastle;
 - Inner Newcastle
 - Northern Lake Macquarie
 - Inner West
 - Maitland – New England Highway Corridor
 - Northern Gateways

Where a Hunter Regional Plan and a Plan for Growing Greater Newcastle action is given priority status, the respective agency involved in its delivery should attend Hunter Commission meetings.

The Hunter Commission should be supported by an operational team led by an experienced Chief Executive Officer.

The Hunter Commission should also be able to establish supporting groups or committees for special purposes or over particular areas.

COHERENT INFRASTRUCTURE PROVISION

Recommendation 4: Embed within the plans a 20 year Integrated Infrastructure Schedule – with 5 year snapshots – and hand control and coordination to the Hunter Commission.

The Draft Plan for Growing Greater Newcastle is commended for taking a metropolitan planning approach to the urban conurbation extending from Swansea and Toronto in the south, to Raymond Terrace in the north, and from Newcastle Harbour in the east, to Lochinvar in the west.

The plan says this approach will make the most efficient use of infrastructure and resources, but nowhere does it say how this will happen, by when or by whom.

The lack of authority and accountability in the previous plan meant the promise of an Urban Development Program (UDP) was not delivered, trashing the feasibility of greenfield residential sites where the lead developer was required to cash flow enabling infrastructure. The current plan makes the same promise again, but allocates no responsibility or milestone dates for achievement.

It suggests there is sufficient land supply available over the life of the plan from new releases or areas identified for future development to deliver approximately 42,000 dwellings, with the balance of 18,000 dwellings coming from infill development.

Yet the majority of new release areas are located on the fringes of Greater Newcastle, remote from jobs and services, with recent history demonstrating that yields cannot be achieved which make development economical. Furthermore, there is no detail on where the infill development will occur.

By contrast, the Plan for Growing Sydney is specific about where consolidation and infill development will occur, down to the centres level, including timeframes and targets.

This builds on the successful application of development sequencing data and transparency around infrastructure delivery schedules which provides investment certainty to the market.

The Hunter Regional Plan and Plan for Growing Greater Newcastle must be the basis for infrastructure investment by all State agencies and utilities operating in the Hunter.

The greatest failure of the previous regional plan was to not link infrastructure provision with land use planning in a strategic sense.

It meant various agencies and utilities became de facto planning authorities when their independent delivery of infrastructure created demand-side drivers for housing.

These infrastructure providers must become accountable to the regional plan and the NSW Government's vision for the Hunter.

Centralised coordination of enabling infrastructure by the Hunter Commission would:

- remove the Hunter's greatest supply-side constraint on new housing
- put downward pressure on housing prices

Recommendation 5: Charge the Hunter Commission with implementing a transparent, consistent and supportive developer contributions scheme.

A smarter approach to developer contributions is required to deliver investor certainty.

The draft Hunter Special Infrastructure Contribution (SIC) policy has acted as a new tax on greenfield residential development since 2011.

Despite the SIC policy remaining in draft form and unadopted, State planners continue to apply the SIC as if it were Government policy.

Application of the SIC is:

- wildly inconsistent across the Hunter
- provides no clear nexus to timely infrastructure provision
- distorts the housing market
- makes land development uneconomic

Action 1.6.3 of the plan says The NSW Government will investigate special infrastructure contributions currently applying to the Lower Hunter. This Statement is emblematic of the plan's failings.

Responsibility for completing this task is not allocated and milestone dates for achievement are not offered.

A CHAMPION FOR STRATEGIC PLANNING

Recommendation 6: Mandated deadlines should be set for the delivery of sub-regional and district plans – including regular reviews of the Hunter Regional Plan and Plan for Growing Greater Newcastle.

The hierarchy of strategic plans are essential in illustrating to communities and investors how the Hunter will evolve over the next 20 years and beyond.

They help outline employment and housing targets, baseline infrastructure requirements, articulate environmental aspirations and other strategic priorities specific to each sub-region and district.

Given the past drift in completing strategic plans, there needs to be mandated deadlines for completing them in the future.

This should include:

- sub-regional and district plans being complete by 1 April 2017
- quarterly reporting on progress against objectives and targets
- annual reporting against actions
- annual recommendations for land use and infrastructure planning to inform local and State planning priorities and budgets
- five-year reviews of the Hunter Regional Plan and Plan for Growing Greater Newcastle

Recommendation 7: Sub-regional and district plans should be confined to six key elements – housing targets, employment targets, funded infrastructure schedules, strategic centres, specific strategic priorities, and open space and environmental priorities.

Sub-regional and district plans should be streamlined to focus on the most critical elements that translate higher-order policy objectives into actionable strategies.

They will also benefit from:

- being developed using the Urban Feasibility Model to test the commerciality of proposed plans, targets and allocation of housing
- having a fully-funded, hardwired, infrastructure delivery schedule
- giving primacy to the game-changers specific to each sub-region and district

Ideal sub-regional and district plans would comprise the following elements:

- global housing and employment targets allocated to each LGA with 20 years of capacity built into subsequent local plans
- funded infrastructure schedule including both economic (ie: transport) and social (ie: schools) infrastructure
- specific strategic priorities for each sub-region and district
- open space and environmental priorities

MEETING THE GROWTH CHALLENGE

Recommendation 8: Monitor investment in strategic centres against agreed reporting timelines.

The Draft Plan for Growing Greater Newcastle identifies the acceleration of urban renewal, particularly in strategic centres and around transport gateways, as being crucial in delivering a large share of future housing and employment.

These centres will sensibly bring together jobs, housing and transport and help governments receive a dividend from its substantial investment in infrastructure.

The Hunter Commission should be able to intervene and facilitate progress on stalled strategic centres – including the capacity to override State or local authorities impeding delivery.

A PATHWAY FOR INVESTMENT

Recommendation 9: Provide statutory powers to the Hunter Commission to create rezonings or precinct plans – and give it select development assessment powers.

The Hunter Commission will need to be able to give effect to its mandate through executing land use changes.

This should include access to statutory powers that allow it to create precinct plans for major urban renewal areas and strategic centres.

It will also require ongoing capacity to undertake rezonings or amendments to precinct plans as market conditions or circumstances demand.

These though will need to be matched by improved efficiencies in the development assessment of projects that follow.

We recommend that, particularly absent any broader reform of the planning system, the following assessment pathways should be established:

- exempt, complying and new code assessment streams should be available for projects that are consistent with underlying strategies created by the Hunter Commission
- for projects that straddle council boundaries (i.e.: strategic centres dissected by more than one local government area), projects are automatically referred to the Hunter Commission for assessment and determination
- for merit-based proposals that meet set criteria, proponents should have the option of seeking assessment from the Hunter Commission
- these criteria would define a public interest benefit test, that includes economic, social and/or environmental outcomes

PERFORMANCE MATTERS

Recommendation 10: The Hunter Commission should provide transparent reporting on progress against critical targets and objectives – and have the capacity to intervene where underperformance occurs.

The Hunter Commission should monitor and report on progress in delivering the actions and main goals in the Hunter Regional Plan and Plan for Growing Greater Newcastle.

This includes annualised reporting and a review of both plans every five years.

It should test against key metrics including job creation, office space capacity, jobs to dwelling ratios in strategic centres, housing mix, open space, and air and water quality.

It should also leverage the availability of more “real-time” data through the creation of an e-planning portal to test progress on housing approvals against targets.

The idea is not to generate burdensome reporting requirements and reports – but to introduce a new level of transparency and accountability on critical metrics using available data.

We would also suggest the performance monitoring should be used to help set annualised priorities for the Hunter Commission.

For example, if the share of new housing close to strategic centres falls, the Commission should be tasked with assessing why and remedying the causes.

And there should be no discretion over the release of information. Some current elements of performance monitoring are subject to ministerial discretion on timing. This should not be repeated with those areas where the Hunter Commission is responsible.

Where consistent under-performance occurs – and the Commission deems that councils are failing to give effect to targets and policy directions – intervention is required.

The Hunter Commission should be able to leverage section 118 of the existing EP&A Act if, for example, a council:

- is failing to meet targets
- refuses to act on advice or directions to remove impediments to delivery

This would give the Hunter Commission the capacity to act as a planning administrator and assessment panel in the local government area.

It is a power that would hopefully be used selectively, if at all; but is required to act as a deterrent to recalcitrant councils.



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