Dear Carolyn,

Re: Hunter SIC Draft Determination - PIA NSW Submission

This submission has been prepared by Members of the Hunter Branch of, and endorsed by the Convenor of the Policy Committee of, the Planning Institute of Australia NSW Division (PIA NSW). The Planning Institute of Australia (NSW) appreciates the opportunity to comment on the Hunter Special Infrastructure Contribution (‘Hunter SIC’), which is currently on exhibition by the Department of Planning and Environment (‘DPE’). Although, the formal submission period concluded on 25 February 2019, the DPE granted PIA NSW an extension until 22 March 2019 to provide a response.

In principle, PIA NSW supports the intent of the Hunter SIC, and recognises the importance of a fair and equitable mechanism to support the provision of infrastructure in the Hunter. Furthermore, PIA NSW commends DPE for providing consultation opportunities to enable PIA to provide a considered response on the Hunter SIC.

Clearly defined purpose and delivery for the Hunter SIC

We understand that the requirement of the SIC originates from Direction 26 of the Hunter Regional Plan 2036 (‘Regional Plan’) as a contribution funding mechanism to support growth areas. The Regional Plan defines the ‘Special Infrastructure Contribution’ as ‘a financial contribution paid during the development process to help fund regional infrastructure required to support development in the region over the next 20 years’\(^1\).

Throughout the consultation period there have been a number of discussions around nexus to development. PIA is of the view that a clearly defined purpose of what the SIC is trying to achieve will assist in providing the industry more certainty and also guide the infrastructure list.

The infrastructure list

Substantial discussion to date has identified that the infrastructure list (‘Schedule 2’) contained in Hunter SIC does not have a strong nexus to Urban Release Areas (‘URA’); where the funds are likely to be captured\(^2\). PIA is of the view that the infrastructure that will be benefited by funds collected through green field development should have a tangible nexus to the development. It appears that the current infrastructure list does not provide for this. Should the purpose of the SIC be more clearly defined this would assist in identifying an appropriate infrastructure list.

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\(^1\) Department of Planning and Environment (2016). *Hunter Regional Plan*. Page 79.

Increased transparency and accountability
Since the release of the draft Hunter SIC in 2011, approximately $14 million in contributions have been collected for the provision of infrastructure to support growth. More transparency and accountability is required to inform where, when and how the funds collected as part of the SIC will eventually be spent. There needs to be a mechanism that ensures funds collected in the Hunter are spent in the Hunter.

The Environmental Planning and Assessment Act 1979 (‘EPA Act’) legislates that all adopted strategic plans have a mandated review period and a similar review should be provided for as part of the SIC. The SIC would benefit from a publically available annual report, which details the contribution collected in the previous reporting period, including any works in kind and where any funds were spent. Increased transparency and accountability is essential to the efficient and successful implementation of the Hunter SIC.

PIA would recommend that DPE, in issuing the final determination, produce a plain English explanation of how the credits work.

Approach to contribution collection
PIA is of the view that the SIC must be equitable, feasible and proportional. PIA notes that the current SIC only relates to green field development. Regardless of location, all new development increases demand for infrastructure, as well as placing increased pressure on regional roads. Given the current infrastructure list appears to be regionally focussed, the exemption for complying and infill development should be reviewed and subject to a SIC levy.

Ensuring growth infrastructure is provided throughout the Hunter
To date contributions made under the draft Hunter SIC 2011 have been made by either a monetary contribution, works-in-kind or by an agreement. However, if the development seeks to make a contribution via works-in-kind or a planning agreement, the contribution must be consistent with the infrastructure list. To date, works-in-kind and planning agreements have delivered direct infrastructure assets to benefit the provision of growth throughout the Hunter. Reducing the application of these pathways to the current infrastructure list may reduce works-in-kind arrangements. PIA NSW recommend that the DPE provide an option in the Hunter SIC where works-in-kind can be done in lieu of a monetary contribution even if the works-in-kind is not specifically on the infrastructure list. PIA note that this has the potential to reduce the amount of funds collected to provide infrastructure that is on the list. Accordingly, PIA consider that if a potential works in kind project can be demonstrated to clearly result in a regional benefit then the works can be in lieu of a contribution. If no clear regional benefit can be demonstrated then works in kind would not apply.

We recognise the considerable work that has been undertaken by the DPE. PIA NSW generally supports the implementation of the SIC to enable and support the growth of the Hunter Region in accordance with the priority Directions contained in the Regional Plan. Although, prior to enacting the Hunter SIC, PIA recommends revisiting the key concepts contained within this submission.

If you have any queries concerning this submission, please do not hesitate to contact the undersigned PIA Hunter Convenor (c/- nswmanager@planning.org.au).

Yours sincerely,
Tim Browne
PIA Hunter Convenor