

INQUIRY INTO REGIONAL PLANNING PROCESSES IN NSW

Name: Name suppressed
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Partially Confidential

I am writing this submission to emphasise to the Committee the some times incredible costs that a developer faces in trying to get a project approved in regional areas relative to similar sized projects in metropolitan locations.

With fear of stating the obvious, the current planning process does not recognize the difference between the value of regional land versus land located in capital cities. If you are trying to get land rezoned in Sydney, for example, you pretty much will spend the same amount of money with consultants for the various statutory reports that are required as you would to get land rezoned in regional areas. The downside to this is that you will not get the same value for the land in regional areas as you would in Sydney. Therefore, the costs as a proportion of the outcome can some times become prohibitive for regional developers. This can have a genuine impact on the ability to undertake a regional project.

Further to this example, is the recent increase in charges for services in these regional areas. For example, Essential Energy has now decided to charge developers c\$80K for the purchase and installation of substations which the developer then hands back to Essential Energy. Outside of the fact that this is ridiculous as the developer never gets paid back for the cost of the installation from Essential Energy when they then hand them over EE, it can have a real impact on the viability of a project.

While \$80K to a developer in Sydney may not seem expensive when they are selling land for \$400K+ per residential lot, it is a lot of money for a developer when they are only getting \$140K+ per lot. Again, the proportion as a cost of development and revenue is way out of whack. EE should not be allowed to charge such high prices in regional areas. It can lead to the very real chance of making developments in regional areas unprofitable or at the very minimum non-commercial. (As a side note, it is not only substations that have gone up in price. Since July 1 2015, EE has increased substantially the prices of all its goods and services. This hurts developers in regional areas and comes across purely as a cash grab as the NSW Government gets ready to sell off its power assets.)

If the NSW Government is serious about encouraging regional development it needs to reduce the amount of red tape required in these areas plus look at the costs of doing developments in these areas versus the cost of doing similar developments in capital cities as a percentage of overall revenue. This analysis will show that currently, the cost of doing a regional development as a proportion of revenue is a lot higher than it is in Sydney. Until this changes, development in regional areas is very difficult and in some instances, prohibitive.