



22nd December 2006

Mr Michael File
Team Leader Strategic Assessment
NSW Government
Department of Planning
23-33 Bridge Street
SYDNEY NSW 2000

BY COURIER

Dear Michael

**RE: COAL & ALLIED OPERATIONS PTY LTD– CATHERINE HILL BAY (CHB)
APPLICATION FOR THE SUBJECT LAND TO BE LISTED AS A
STATE SIGNIFICANT SITE**

We refer to your letter (Ref S06/00813) and our recent discussions with yourself and other representatives from the Department of Planning and now submit the following details in respect of the proposal to rezone and list the subject land as a State Significant Site (SSS) on Schedule 3 of State Environmental Planning Policy (Major Projects) 2005 (SEPP MP) to facilitate the development of Catherine Hill Bay.

This letter is also to formally request the Minister's authorisation to submit a Concept Plan for Catherine Hill Bay pursuant to section 75E, Part 3A of the *Environmental Planning and Assessment Act 1979* (the Act).

We also seek the Director General's environmental assessment requirements (DGRs) for the site pursuant to Section 75F of the Act.

The Site

The subject site is owned by Coal & Allied Operations Pty Ltd (Coal & Allied) at Catherine Hill Bay and is legally described as follows (see attached Cadastre Plan):

- i. Lot 202 DP 702669
- ii. Lot 2030 DP841175
- iii. Lot 6 DP 746077
- iv. Lot 5 DP 736170
- v. Lot 12 DP 854197
- vi. Lot 22 DP 593154
- vii. Lot 16 DP 755266

The Catherine Hill Bay site is approximately 580 ha in area, and includes all the land owned by Coal & Allied located east of Pacific Highway. The proposed Concept Plan applies to Catherine Hill Bay.



It is important to note that land west of Pacific Highway owned by Coal & Allied, known as Nords Wharf will be included in a similar, separate application.

The majority of the site is zoned 7(1) Conservation (Primary) Zone (approx 90% of the site) pursuant to the Lake Macquarie LEP 2004, despite a submission from Coal & Allied opposing this zoning.

The remaining 10% of the site's coastal frontage is zoned 7(4) Environmental (Coastline) and is subject to acquisition by the State Government under the Compulsory Acquisition Legislation. The land is located in the Lake Macquarie City Council local government area.

Background

The subject land is owned by Coal & Allied Operations Pty Ltd and is the subject of a Memorandum of Understanding (MOU) with the NSW State Government which identifies 50ha of developable land with a maximum yield of 300 lots to be subdivided. The balance of the site (530ha) will be dedicated to the NSW State Government (NSWG) for conservation purposes.

The MOU also encompasses four other sites in the Lower hunter and adjacent region which will be the subject of separate applications to the Department.

Coal & Allied have identified the areas suitable for development and for conservation using GIS data, vegetation mapping, regional context analysis, site inspections and preliminary ground truthing.

The land identified for conservation has regional ecological value that provides substantial areas of contiguous vegetation providing an important component of the north/south conservation corridor link on the Wallarah Peninsula.

The land identified for development is located in areas which are less physically constrained, adjoin existing townships and where vegetation is generally cleared and/or degraded. Importantly land within the sensitive coastal zone and coastal acquisition zone has been excluded from the developable area.

The lands that are the subject of this application were utilised by Coal & Allied for many years for coal mining and are now surplus to its core business needs.

The lease for underground and surface mining was relinquished in December 2003. There are a few structures formerly associated with the mining which remain on site together with a number of residential dwellings owned by Coal & Allied which are leased to private individuals.

The land owned by Coal & Allied will, when developed and or dedicated to NSWG, provide valuable social, economic and environmental outcomes for the Region as identified in the draft Lower Hunter Regional Conservation Plan released on 27th October 2006.

Catherine Hill Bay must be considered in a Regional context rather than a single site consistent with the terms of the MOU. The overall Coal & Allied land package in the Lower Hunter will achieve sustainable conservation outcomes, with 80% of the Coal & Allied landholdings to be dedicated to NSWG for environment protection. Catherine Hill Bay forms an important part of this environmental land offset package.

The proposed development and conservation lands meet the requirements of the Lower Hunter Regional Strategy and the Draft Regional Conservation Plan issued by the Department of Environment and Conservation.

All of the above considerations meet the criteria for a State Significant Site.

Project Cost

The project proposed will be a maximum of 300 dwellings with site infrastructure to accommodate all necessary services. Total development costs are anticipated to exceed \$50m.

Relevant Planning Requirements

The following planning instruments and strategies are the most relevant to the future development of the 50 Ha of land at CHB:

- Lower Hunter Regional Strategy
- SEPP Major Projects
- SEPP 71 - Coastal Protection
- SEPP 44 - Koala Habitat Protection
- Hunter Region Environmental Plan 1989
- Hunter Region Environmental Plan – Heritage 1989
- Lake Macquarie Council Lifestyle 2020 – Strategy for our Future
- Lake Macquarie LEP 2004
- SEPP 1 Development Standards
- SEPP 4 Development without Consent
- SEPP 6 Number of Storeys in a Building
- SEPP 11 Traffic Generating Developments
- SEPP 14 Coastal Wetlands
- SEPP 55 Remediation of Land
- SEPP 64 Advertising and Signage
- SEPP Building Sustainability Index

Stakeholder Consultation

Over the past 12 months Coal & Allied has undertaken extensive consultation with the Department of Planning (DOP) and Department of Environment and Conservation (DEC) relative to its surplus land holdings in the Lower Hunter. Catherine Hill Bay forms part of that total land holding. Negotiations with the Minister for Planning, DOP, and DEC together with the results of the GIS constraints mapping has resulted in the 50ha being identified as being suitable for residential development. The developable and conservation land is shown in the attached aerial photography and plans.

Community Consultation

An initial meeting was held on 17 November 2006 at the Catherine Hill Bay Surf Club. The vast majority of people who attended this meeting were short term “weekend” owners who were generally not supportive of the future development of Catherine Hill Bay. Subsequent meetings have been held with long term landowners who do not

support the short term owners views expressed at the public meeting. Long term permanent residents are generally supportive of the revitalisation of the existing township, which no longer provides essential services to the local community.

A meeting was convened with the Officers of the Progress Association on 14 December 2006, when a proposed way forward was agreed, that is to work with Coal & Allied on the conservation land transfer and development project to achieve community input to design. The preferred way forward resolution was put to the Progress Association meeting on 15 December 2006 and passed regardless of a number of dissenters. A further meeting with the President of the Progress Association has been scheduled for 17 January 2007.

The Mayor of Lake Macquarie Council attended the public meeting held at the CHB Surf Club and was also present at a meeting at the surf club attended by the Minister for Planning when the proposed development area was discussed.

Further community consultation meetings are proposed. The current agreement with the Progress Association is for C&A to prepare development options for the 50ha for further discussions with the community at future meetings early in 2007.

Concept Plan Outline

It is anticipated that Coal & Allied will submit a Concept Plan by the middle of January 2007 subsequent to receipt of the Minister's authorisation. Possible planning principles for the site are outlined below. While these principles are not 'Concept Plan' proposals, they illustrate the broad intentions for the site and will only be the starting point for future environmental analysis and master planning to inform the future Concept Plan proposal. They involve:

- Protection of heritage. Provide for development that is integrated with the natural landscape and conservation values attributed to the existing township. Recognise the historical aspects of the existing main village and Middle Camp.
- Engage the community. Major concerns of the community will be considered when considering the conceptual layouts capable of generating the agreed lot yields consistent with the MOU.
- Dedication of conservation land. Provision of 530ha of land including beach, headland, bushland, creek land, etc as 'conservation lands' as an extension of the Wallarah National Park to the north.

The concept design will propose a series of principles for maintaining and enhancing the historical and landscape setting of Middle Camp. Vegetation along ridges is retained to reinforce the existing bushland backdrop to the Camp. Proposed new development to the west and north is separated from the Camp by generous vegetated buffer zones. New development to the east of Flowers Road is clearly separated from the existing Middle Camp by a riparian zone and its associated vegetation. The character of new housing will respect the existing Middle Camp with complimentary design addressing proportion, size, building elements and materials.

The new park to the north of Middle Camp is a formalisation of the existing open space and vegetation patterns and creates a gateway into the area from the north. The existing creek running along the northern edge of the proposed development and through the gateway park is to be remediated and incorporated into the design as a water feature retaining as much of its natural quality as feasible.

In general, riparian zones and tributaries will be protected by managing surface water through a series of swales located within the streets and open spaces across the sites. The creek system is integrated into the public open space network and significantly contributes to its character and setting.

The street layout follows the land contours, which creates a layering of trees and houses ensuring houses will be hidden below the tree canopy when seen from a distance. The layering of trees is provided by the street trees and significant mid-block planting. Edge streets, located between conservation areas and development, contribute to the APZ.

A high proportion of the proposed lots will have desirable aspects to parks, creeks, and bushland while some special lots have ocean views.

The overall design integrates as many of the isolated buildings across the site as possible. Existing scattered houses within the Coal & Allied land are incorporated in the proposed layout and subdivision pattern. The existing church on Flowers Road retains its bush outlook along a new view corridor and street alignment through the proposed development to the west.

The proposed boundaries for the development areas will result in the following approximate areas:

A	=	3.9ha
B+C	=	21.5ha
D	=	5.9ha
E	=	18.6ha

The residential lot yield for each area will depend on the outcome of more detailed environmental assessment studies which will be commissioned immediately the DGRs are issued. The maximum yield for all areas will be 300 lots.

Servicing the development will be considered from two differing perspectives. Firstly the provision of full, or at least partial, sustainability to address water, sewer, recycled water and power. Secondly, the provision of infrastructure to provide full servicing of residential lots.

State & Regional Significance

The protection and management of corridors is a key focus of the Lower Hunter Strategy and the companion Draft Regional Conservation Plan. The CHB site has been recognised for its State and Regional significance based on its inclusion in the Lower Hunter Regional Strategy for development and conservation with the conservation land to be dedicated to NSWG to complete important conservation corridors included in the Draft Regional Conservation Plan.

The Wallarah peninsula is to be protected to provide a natural break between the Central Coast and the Lower Hunter. The proposed dedication of a substantial

percentage (91.4%) of the CHB site owned by Coal & Allied to the NSW Government for conservation provides a significant contribution to the creation of the conservation corridor on the Wallarah Peninsula.

Development of three hundred lots will also help revitalise a declining community that the long term owners of property in Catherine Hill Bay will appreciate. Over the years the school and the local shop has closed as the existing township has changed from permanent to a mix of permanent and “weekend” residents.

The suitability of the Site

The land identified for future residential development is considered to be an acceptable extension of the existing township and is largely within cleared areas. This land is less physically constrained in terms of topography and there are no known threatened ecological communities listed under TSC Act 1995 on the part of the site that is proposed to be developed. Preliminary constraints analysis indicates that Catherine Hill Bay will easily permit the provision of a range of dwelling houses, which would be consistent with the character of the existing dwelling. Safe access is available along Flowers Drive and Montefiore Road via the Pacific Highway.

Recommended Zonings

It is proposed that the zoning for the developable land will be residential 2(a) – low density residential development with restrictions/constraints/design requirements to compliment the existing townships. The heritage attributes of the existing township will be a driving force behind the proposed design guidelines to be agreed as part of the Concept Plan detail development.

Section 94 Contributions

Coal & Allied will investigate two separate options in respect of the perceived necessary infrastructure, these being:

1. Consideration of total or partial sustainability in respect of water, sewerage, power.
2. Contributing to the provision of all on site infrastructure in conjunction with Rosecorp.

It is considered that either option together with the significant contribution of conservation land should more than satisfy Section 94 contributions and developer agreement requirements that would normally be considered as part of a development approval.

Conclusion

The above and attached information together with documents previously provided to DOP, provides preliminary information to enable the Minister for Planning to make a decision in relation to the potential State Significance of the land owned by Coal & Allied at Catherine Hill Bay.

The Catherine Hill Bay land forms part of the land included for consideration by the NSW Government in a MOU which proposes 80% of Coal & Allied land holdings in the Lower Hunter be dedicated to the State for conservation and the balance be zoned for development.

The total development area of Catherine Hill Bay (50 ha) represents 8.6% of the total Coal & Allied land holdings east of Pacific Highway. The balance of remaining land (91.4%) being dedicated for inclusion in the Wallarah conservation corridor. This is a significant contribution by Coal & Allied and a significant opportunity for the Government to secure valuable conservation corridor links in public ownership for future generations.

The site is considered to meet the criteria for a State Significant Site both as an individual parcel and as an integral part of the overall Coal & Allied land package that will achieve substantial conservation outcomes through land dedication as set out in the MOU between Coal & Allied and the NSW State Government.

The site displays the following criteria:

1. The total development cost will exceed \$50m
2. The site is of regional importance with the dedication of 530 ha of conservation land to include as a significant part of the important Wallarah Peninsula green corridor, which provides a natural break between the Central Coast and the Lower Hunter. This environmental gain is a once in a generation opportunity that will provide an enduring legacy for the community.
3. Alternative planning consent arrangements are necessary because of the potential perceived conflict for Lake Macquarie Council which has continued to refuse development approval in the Catherine Hill Bay area. The CHB land also forms an important part of an environmental land offset package for the Lower Hunter by Coal & Allied which spans four local government areas. Four separate consent arrangements are unlikely to enable an appropriate conservation and land use framework to be achieved in a timely, effective and efficient manner.
4. Sensitive development within "heritage" precincts
5. Protection of sensitive coastal areas of CHB.
6. Protection of riparian zones and waterways.
7. Provision of housing to help achieve the Lower Hunter Strategy dwelling targets to cater for the predicted population growth for the Region over the next 25 years.

In summary, the listing of the site on Schedule 3 of SEPP MP will facilitate the orderly use, development and conservation of a regionally important site of environmental and social significance to the state.

We trust the information contained in this letter is sufficient to secure early authorisation to proceed with the preparation of a Concept Plan and rezone and list the subject land as a State Significant Site. Please do not hesitate to contact either Keith Dedden (0400 702 579 <keith.dedden@rtca.riotinto.com.au> or Scott Frazer 0418 408 129 <sfrazer@catylis.com> if you require any further information.

Yours sincerely

Keith Dedden
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