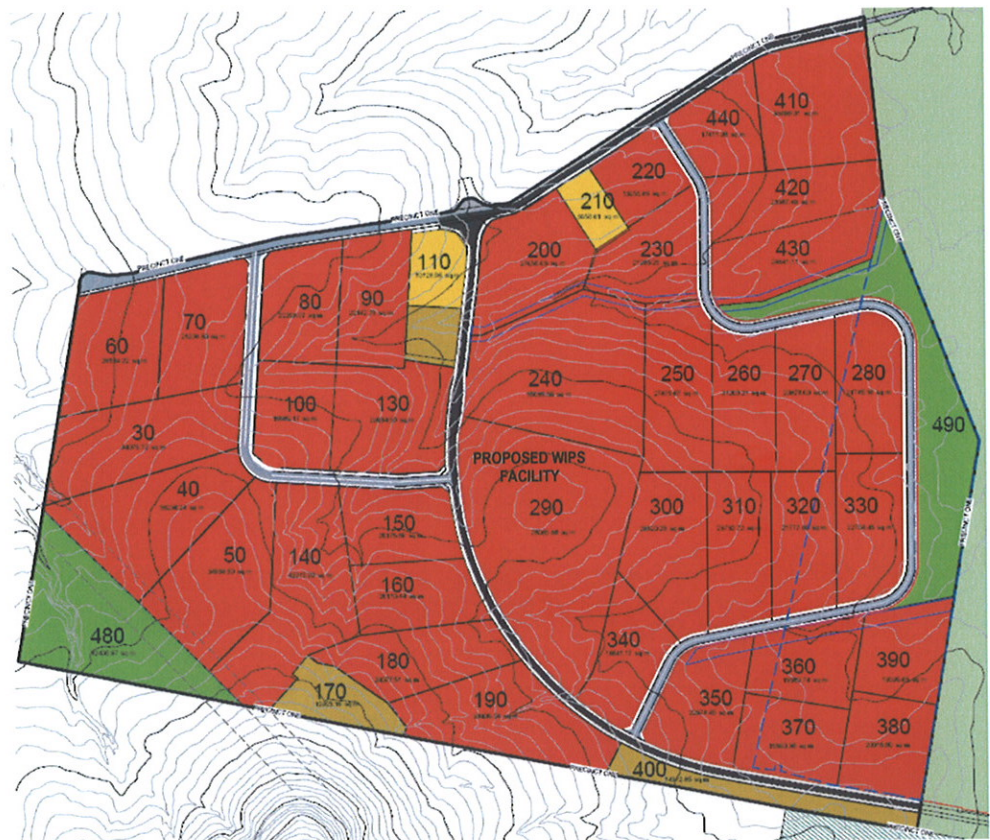




NSW GOVERNMENT
Department of Planning

MAJOR PROJECT ASSESSMENT
Hunter Economic Zone – Precinct
1 Subdivision, Associated
Infrastructure and Wall and Floor
Manufacturing Facility (WIPS)



**Director-General's Environmental
Assessment Report
Section 75I of the *Environmental Planning and
Assessment Act 1979***

February 2009

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EXECUTIVE SUMMARY

The proposed Hunter Economic Zone was born out of an identified need to provide additional employment opportunities in the Cessnock local government area, and to utilise and build upon the skills and resources which are available in the region. The original proposal to develop the HEZ estate revolved around large tracts of land being able to cater to major industrial and major employment generating development. The rezoning of the subject land as part of the Cessnock LEP 1989 (Amendment No. 60) in March 2002 was instigated as a result of the lack of large-scale employment land opportunities in the Lower Hunter Region.

HEZ Nominees Pty Ltd has proposed to develop Precinct 1 of the greater HEZ estate together with associated infrastructure including the proposed Station Street extension to provide access to the north and the Pelaw Main Bypass as part of a concept application. The Proponent also proposes to construct and operate a wall and floor manufacturing plant, known as the WIPS facility, which is the subject of a related project application.

The Precinct 1 subdivision layout, however, is typical of a standard industrial subdivision with the majority of proposed allotments being between 2.0 to 2.8 hectares in size, which is considered to be in direct contrast with the original objectives of the HEZ estate, that sought to cater for major industrial and employment generating facilities that would require larger lots and significant retained bushland as buffer zones. The existing approvals for the HEZ site, such as the Assumed Concurrence issued by the former Department of Environment and Conservation (DEC) in March 2005, and the approval of the taking of an action by the former Department of the Environment and Water Resources (DEWR) under the *Environment Protection and Biodiversity Conservation Act 1999* were provided on this understanding.

The HEZ site, including lands zoned 4(h) Hunter Economic Zone and 7(b) Environmental Protection (Conservation), contain four endangered ecological communities (EEC), six threatened flora species, 24 threatened fauna species, and a number of other significant and/or undescribed species. The HEZ site has been identified, by the Proponent's ecological consultants, as one of the most ecologically significant parcels of remnant bushland on the floor of the Hunter Valley.

Following a detailed assessment of the Environmental Assessments, the submissions received during the public exhibition period and the Proponent's Response to Submissions, the Department was not satisfied that the impacts of the concept plan could be appropriately mitigated or managed to acceptable levels as proposed and therefore was required to negotiate with the Proponent to reduce the area proposed for development and provide an additional biodiversity offset to compensate for the impact on flora and fauna. The Department has also recommended additional conservation related measures as part of the recommended conditions of approval. The Department considers that the WIPS facility can be constructed and operated subject to a number of recommended conditions of project approval.

Due to insufficient information provided within the current applications, related to the proposed subdivision of Precinct 1, the lack of detail provided for the Station Street extension and the Pelaw Main Bypass, further approvals would be required subject to further investigation and environmental assessment.

The Department has recommended that the Minister for Planning limit the approval of the concept plan as recommended in the conditions of concept approval and approve the construction and operation of the WIPS facility, subject to recommended conditions of project approval.

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1. BACKGROUND

1.1 Development of the HEZ

The Hunter Economic Zone (HEZ) concept was identified from the need to provide additional employment opportunities in the Cessnock area and to utilise and build upon the skills and resources which are available in the region. The site was identified in the early 1990s as potentially having economic importance for major employment generating development. Since that time, a number of investigations have been undertaken to develop a planning framework which delivers a balanced approach to the development of the area taking into consideration the opportunity to generate employment, whilst also establishing a system of environmental protection, management and conservation.

Numerous investigations and studies over the years resulted in the land being rezoned by Cessnock City Council in 2002 to permit major industrial development. Rezoning of the HEZ land was undertaken as part of Amendment No. 60 to *Cessnock Local Environmental Plan 1989* (Cessnock LEP).

1.2 Concept and Project Application

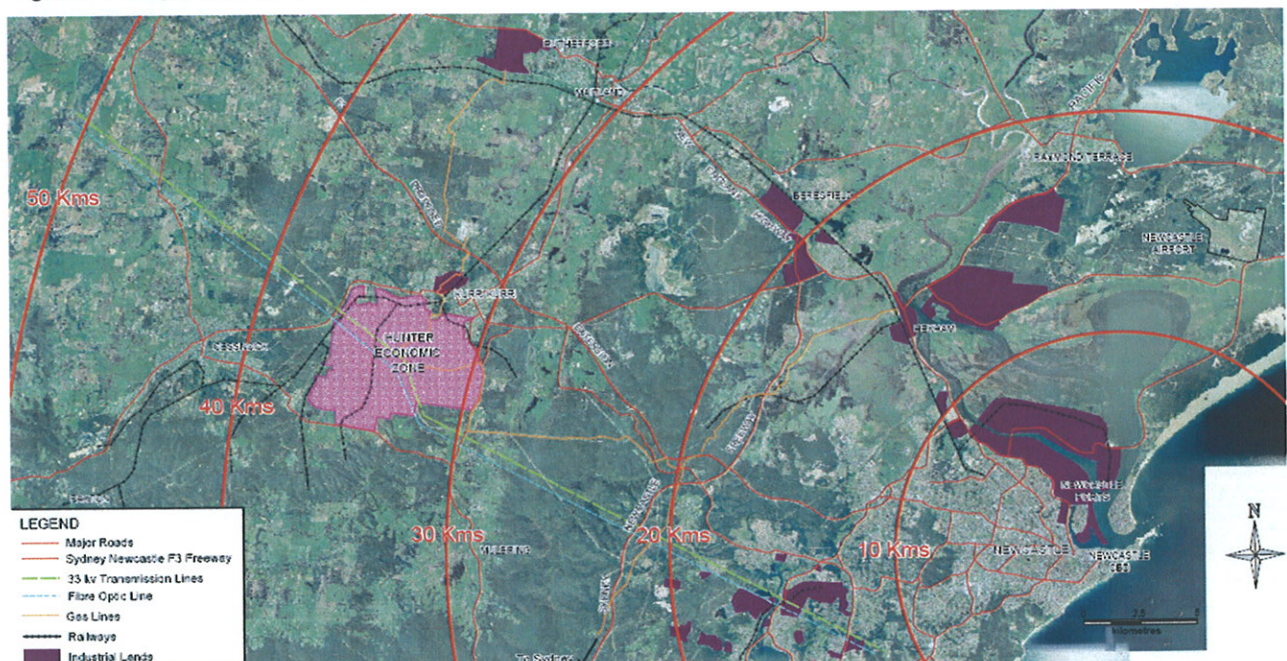
The Proponent (HEZ Nominees Pty Ltd) proposes to develop an area of land within the HEZ for the purposes of future industrial and employment generating activities. The Proponent is specifically seeking concept and project approval for the following works, as outlined:

- subdivision of Precinct 1, a 129 hectare portion of the HEZ for future industrial and employment generating developments (concept approval);
- Precinct 1 infrastructure, including the Pelaw Main Bypass Road and an extension to Station Street to provide access to the proposed manufacturing facility and the larger HEZ area beyond Precinct 1 (concept approval); and
- a manufacturing facility (known as WIPS) within Precinct 1 for the production of wall and floor panels with acoustic-rated and fire-rated properties (project approval).

1.3 Location and Study Area

The HEZ is located in the lower Hunter Valley, south of the townships of Weston, Kurri Kurri and Abermain, south west of Pelaw Main and east of Cessnock within the Cessnock local government area as shown in Figure 1.

Figure 1: Regional Location of the HEZ



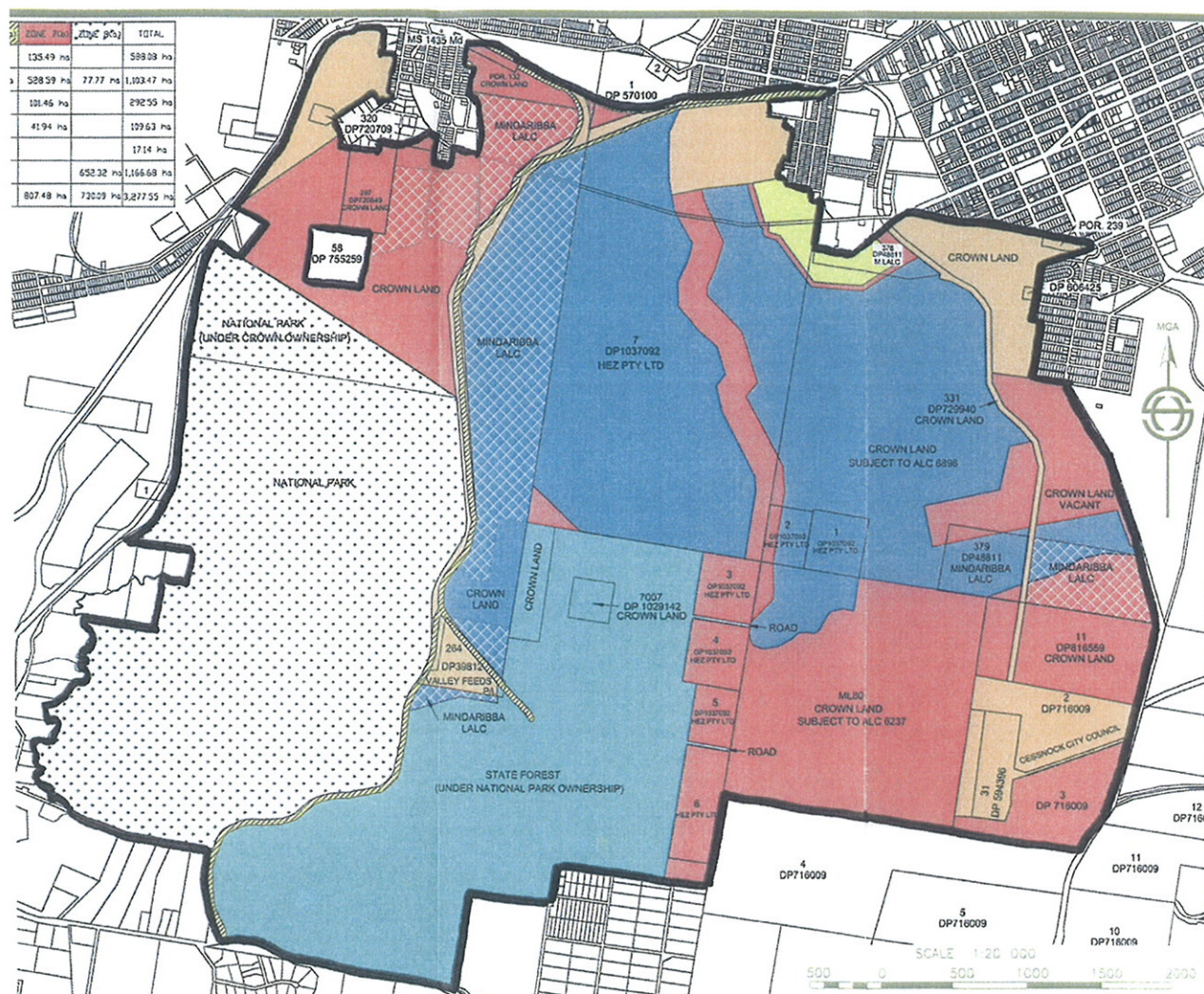
Source: HEZ Nominees Pty Ltd (Figure 1 of the Concept Plan Environmental Assessment, 2008)

HEZ is approximately 38 kilometres from Newcastle and its port. The site is accessible via a number of state and regional roads to the F3 and New England Freeways and the Pacific Highway.

The Proponent has incorrectly defined the HEZ area within the Environmental Assessment (EA) as comprising a total area of approximately 3,290 hectares. However, this area includes part of the Werakata National Park (1,280 hectares). The section of the Werakata National Park incorrectly included as part of the HEZ study area was gazetted in February 1999 as an outcome of the Lower North East Forest Agreement in 1998 from land that was formerly part of Cessnock State Forest. The dedication of this land as national park therefore occurred prior to the rezoning the HEZ industrial lands in 2002.

The land which formed the study area for the LEP amendment, its zoning and ownership is outlined in **Figure 2**.

Figure 2: Land Zoning and Ownership Details



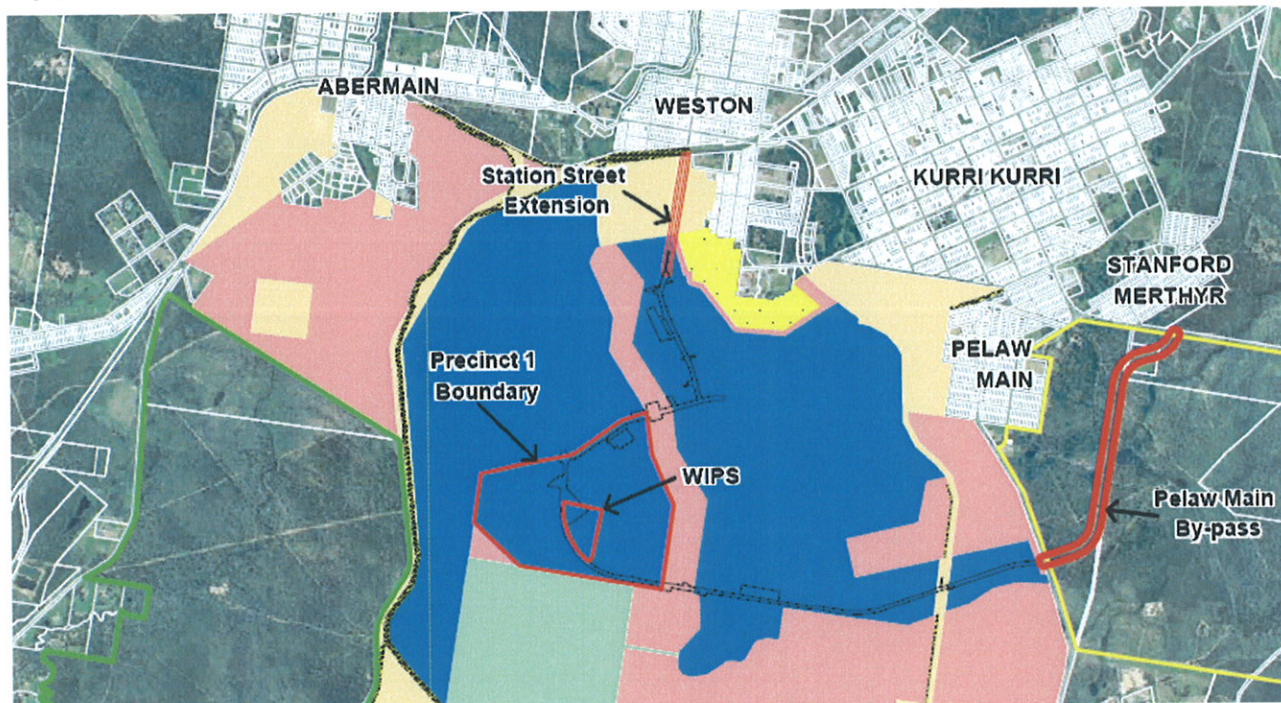
	ZONE 1(a)	ZONE 1(f)	ZONE 1(h)	ZONE 5(a)	ZONE 5(b)	ZONE 7(b)	ZONE 8(a)	TOTAL
HEZ NOMINEES	47.15 ha		378.84 ha	16.5 ha	10.1 ha	135.49 ha		588.08 ha
CROWN LAND	125.04 ha	24.64 ha	306.12 ha	5.23 ha	36.08 ha	528.59 ha	77.77 ha	1,103.47 ha
MLALC			183.82 ha	7.27 ha		101.46 ha		292.55 ha
CESSNOCK CITY COUNCIL	67.69 ha					41.94 ha		109.63 ha
PRIVATE OWNERS	17.14 ha							17.14 ha
NATIONAL PARKS		514.36 ha					652.32 ha	1,166.68 ha
TOTAL	257.02 ha	539.0 ha	868.78 ha	29.0 ha	46.18 ha	807.48 ha	730.09 ha	3,277.55 ha

Source: HEZ Nominees Pty Ltd

While the heavy black edging on **Figure 2** comprised the entire area that was assessed as part of the rezoning process undertaken by Cessnock City Council in March 2002, Council made a resolution on 21 November 2007 regarding the standardised LEP that the map in Part E6 HEZ of the *Cessnock Development Control Plan 2006* be amended to remove the areas associated with the E1 National Park and Nature Reserve Zone as no longer having application to the HEZ area.

The table under **Figure 2** indicates that the Proponent owns a total of approximately 590 hectares of land within the general HEZ area, however, the subject of the current assessment only covers Precinct 1, an area of approximately 129 hectares, described as part Lot 7 DP 1037092 plus associated infrastructure including the proposed extension of Station Street and the Pelaw Main Bypass as shown on Figure 3. The proposed Pelaw Main Bypass traverses a combination of Crown lands, comprising ML7 and ML 23 and Lot 88 DP 755259 and Lot 327 DP 822130 owned by the Mindaribba Local Aboriginal Land Council.

Figure 3: Project Components



Legend

- 1(a) Rural "A" Zone
- 1(f) Rural (Forestry) Zone
Note: This area is now zoned 8(a) National Park
- 4(h) Hunter Employment Zone
- 5(a) Special Uses Zone
- 5(b) Special Uses (Railway) Zone
- 7(b) Environment Protection (Conservation) Zone
- 8(a) National Parks and Nature Reserves Zone
- Pelaw Main Bypass Study Area
- Part 3A Component
- Stage 1 and 2 Roads

Source: HEZ Nominees Pty Ltd

2. PROPOSED DEVELOPMENT

The proposal as assessed comprises the subdivision of a 129 hectare area of land and associated infrastructure to establish a framework which will facilitate the development of individual sites within the Precinct and allow the Proponent to market the site to future industrial and major employment users. The associated infrastructure comprises two proposed road developments which would facilitate access to the Precinct. The construction and operation of a wall and floor manufacturing facility within the Precinct 1 subdivision (on Lot 290), known as the WIPS facility, is also proposed.

2.1 Project Description

The project can be divided into a number of components:

- subdivision of Precinct 1, a 129 hectare area of land for future industrial and employment generating development;
- construction and operation of a manufacturing facility within Precinct 1 for the production of wall and floor panels with acoustic-rated and fire-rated properties (WIPS facility); and
- the provision of associated Precinct 1 infrastructure including the Pelaw Main Bypass and an extension to Station Street, Weston to provide access to the WIPS facility and the larger HEZ area beyond Precinct 1.

These components are described in greater detail in the following sections.

2.2 Precinct 1 Subdivision (concept application)

The Proponent proposed to subdivide 129 hectares of land to develop the following:

- 40 development lots (covering approximately 101 hectares of land) and inclusive of four committed lots (Lot 110, Lots 210, 220 and 410);
- three infrastructure lots (Lots 120, 170 and 400) covering an area of approximately 3.4 hectares;
- two conservation lots (Lots 480 and 490) covering an area of approximately nine hectares; and
- internal roads to service the Precinct (totalling 15.5 ha).

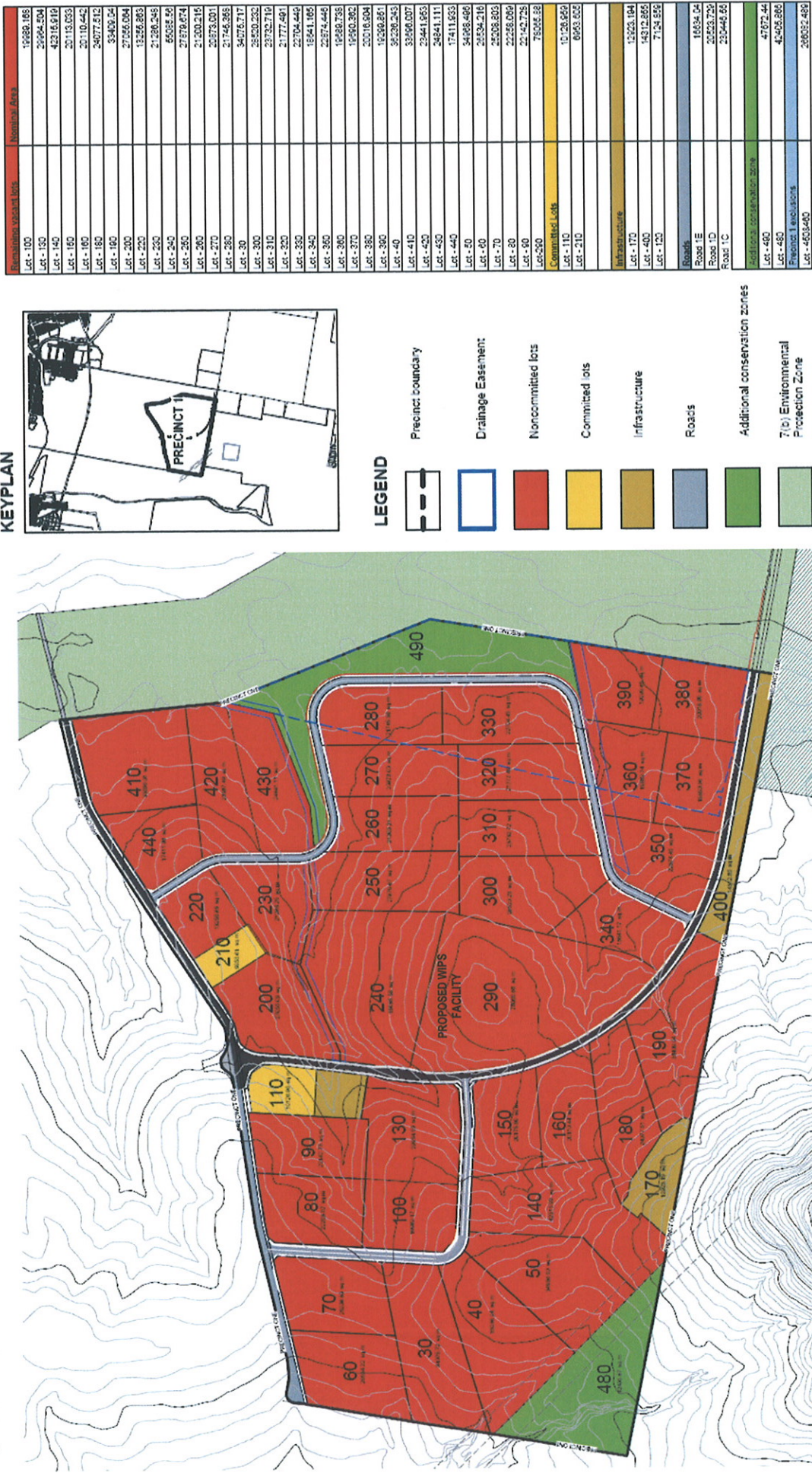
The proposed layout of Precinct 1, as shown on Figure 4, considered the location of the existing spine road (which will be renamed HEZ Drive) which bisects the precinct. A number of other internal roads are also proposed to provide access to the development lots. The Proponent advised that the layout of the Precinct has taken into account market demand with the greatest demand being in the two to five hectare size range and should demand arise for larger areas, lots within the Precinct could be readily amalgamated to provide the area required. The Environmental Assessment outlined the proposed development objectives for the site, including to:

- implement the policies and objectives of the Lower Hunter Regional Strategy;
- retain and manage the environmentally sensitive lands on the site for habitat and protection of biodiversity;
- design and prepare the site in a manner that manages the environmental considerations that apply to the site;
- provide opportunities for employment generating development providing a range of employment opportunities in the Cessnock LGA and broader Lower Hunter region;
- incorporate natural hazard protection measures into the sub-division design;
- provide guidelines for the ongoing development of the site;
- provide a framework to manage potential impacts of the future use and development of the site; and
- provide a framework that will accord with a pending State Significant Site Study for the subject site and surrounding lands.

The Environmental Assessment identified that the proposed layout of Precinct 1 sought to provide opportunities to:

- maximise the supplementary bushland retention within lot front setbacks;
- integrate the road pattern with the topography of the site to maximise water sensitive urban design (WSUD) principles for future development of the land;
- demonstrate that vegetation retention targets required by the approval of the Commonwealth under the *Environment Protection and Biodiversity Conservation Act 1999* can be met and exceeded;

Figure 4: Proposed Precinct 1 Subdivision Plan



- integrate bushfire management and protection requirements into the estate design without compromising the ecological and vegetation objectives for the site;
- provide a design and configuration to facilitate the efficient provision of trunk infrastructure to the estate;
- provide lot sizes and configuration that readily accommodate lots in the target two to five hectare range and are in modular form that will allow amalgamations and reconfigurations without compromising the underlying objectives of the design;
- ensure the internal road layout is capable of accommodating B-Double vehicles; and
- ensure that issues associated with essential internal infrastructure do not become a constraint to large scale industrial and employment uses developing on the lots to be created.

The Proponent outlined a number of ecological conservation measures that would be implemented as part of the Precinct 1 subdivision. The Environmental Assessment identified the following ecological measures:

- protection of Chinaman's Hollow Creek within a 200 metre riparian buffer area to conserve Hunter Lowland Redgum Forest (HLRF), an endangered ecological community defined in the *Threatened Species Conservation Act 1999*;
- provision of a 20 metre corridor of retained natural or reinstated bushland as a front setback area of all tenant lots. An additional 10 metre vegetation reinstatement buffer was proposed providing a total of vegetated setback on all lots of 30 metres to provide a habitat linkage for residing fauna within the estate;
- aligning roads to preserve and contain endangered species on the site within connecting conservation corridors;
- planting of all nature strips with plants native to the site;
- a program to continually remove and monitor the presence of noxious weeds thereby allowing native flora to thrive;
- provision for water filtration infrastructure within the 10 metre reinstatement buffer adjoining conservation corridors to remove pollutants from site stormwater, while also providing potential habitat for the Green-thighed Frog, one of the site's threatened fauna species.

Environmental Protection and Biodiversity Conservation Act 1999

The Proponent received an approval to develop the HEZ under the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC 2004/1417), as it would impact on Matters of National Environmental Significance. The approval was received on 29 May 2007, subject to a number of conditions including the requirement to prepare a Conservation Management Plan for both the development and conservation lands owned by the Proponent. The approval did not, however, apply to the Pelaw Main Bypass.

The Commonwealth approval included the four areas previously identified as Deferred Areas (Deferred Areas 1, 5, 6 and 7) as part of the Assumed Concurrence by the Department of Environment and Climate Change (DECC) which covered ecological impacts. The Assumed Concurrence was issued on 1 March 2005 under clause 64 of the *Environmental Planning and Assessment Regulation 2000* to allow Cessnock Council to assume concurrence for permissible development of the remaining lands within the HEZ related to development applications before it. These areas comprise a total area of 32.89 hectares within the land owned by the Proponent. Deferred Area 1, covering an area of 19.09 hectares, is located within Precinct 1 and is the only deferred area relevant to the current assessment. Deferred Area 1 adjoins the existing 7(b) environmental protection zone corridor along Chinamans Hollow Creek to the north of the HEZ spine road. Two vegetation communities, defined as endangered ecological communities under the *Threatened Species Conservation Act 1995*, occur within this area, including:

- Lower Hunter Spotted Gum Ironbark Forest (ranging from an open grassy understorey to a dense shrub layer of *Bursaria spinosa*); and
- Hunter Lowland Redgum Forest (a grassy understorey with some areas that have had frequent fire regimes which now have a dense cover of *Imperata cylindrica* var. *major* (Blady Grass)).

In addition, Deferred Area 1 provides habitat for nationally listed *Eucalyptus glaucina*, *Rutidosia heterogama* and *Grevillea parviflora* subsp. *parviflora* flora species. The area also contains species listed as threatened under NSW legislation including:

- *Callistemon linearifolius* (Nettled Bottle Brush);
- medium quality habitat for *Litoria brevipalmata* (Green-thighed Frog);
- known habitat for *Calyptorhynchus lathami* (Glossy Black-Cockatoo);
- potential habitat for *Pomatostomus temporalis temporalis* (Grey-crowned Babbler);

- known habitat for *Lathamus discolor* (Swift Parrot);
- feed trees utilised by both the Swift Parrot and *Xanthomyza phrygia* (Regent Honeyeater);
- mature Grey Gum and Forest Redgum trees known to be *Phascolarctos cinereus* (Koala) feed trees; and
- known habitat for *Petaurus australis* (Yellow-bellied Glider).

As part of the proposed subdivision of Precinct 1, the Proponent proposed to develop a large part of Deferred Area 1. As an offset to development of this area, the Proponent has proposed to retain parts of the Hunter Lowland Redgum Forest along the alignment of the watercourse to the north of proposed lots 240, 250, 260, 270 and 280, shaded light blue in Figure 5.

The Proponent argued that it could justify developing a large area of Deferred Area 1 because:

- most of the vegetation to be removed is Lower Hunter Spotted Gum Ironbark Forest, which is by far the most common vegetation on the site;
- the reconfiguration of the area includes the protection of Hunter Lowland Redgum Forest outside the area along a tributary watercourse, which will act as a link from the estate lands back into the central conservation corridor;
- the removal of Lower Hunter Spotted Gum Ironbark Forest buffer is substantially compensated for by the retention of the Hunter Lowland Redgum Forest along the tributary watercourse and the perimeter road which provides a managed edge to the bushland;
- the Hunter Lowland Redgum Forest will be protected within the central conservation corridor;
- the stormwater that runs into the conserved area will be managed for quality and quantity providing further protection for the flora and fauna in the area and the long term conservation values for the site;
- the revised configuration of the conservation corridors also provides protection for threatened species (*Callistemon linearifolius*), an additional habitat area for *Litoria brevipalmata*, a large area of mature feeding trees suitable for *Phascolarctos cinereus* and *Petaurus australis* and concentrated areas of hollow and fallen timber which play an important role in providing habitat for many of the site's residing fauna.

Both the Department and the Department of Environment and Climate Change have disagreed with the argument outlined by the Proponent and have instead negotiated a way forward for Precinct 1 to take into consideration biodiversity issues. The Proponent has revised its development proposal with the most significant change being that no development is being permitted within Deferred Area 1. The revised plan and a description of the process is outlined in greater detail in Section 5 of this report.