



Delfin
Lend Lease

Preliminary Assessment Report
and
Submission
to
Department of Planning
on
Delfin Lend Lease's
Calderwood Urban Development Project

February 2009

EXECUTIVE SUMMARY

Purpose of Submission

This submission provides the justification for the Delfin Lend Lease Calderwood urban development project being planned, assessed and delivered in a holistic manner, in accordance with the Part 3A process under the Environmental Planning and Assessment Act 1979.

DLL is also seeking authorisation to lodge a Concept Plan application and concurrent Project Application for the first stage of the development.

Background

Delfin Lend Lease controls approximately 700 hectares of land in the Calderwood Valley in the Illawarra Region for which it is seeking government approval for urban development.

This submission is the result of submissions and consultation over the past 3 years. In particular the Justification Report lodged with Government in June 2008 coincided with the review by the Growth Centres Commission (GCC) of the proposed West Dapto Release Area (WDRA). This review noted there is merit in the release of Calderwood now.

Project Description

The Delfin Lend Lease proposal, in its current form, is a Masterplanned community development with proposed urban, employment, conservation and open space uses. The land has development potential for about 4,500 to 5,000 dwellings and approximately 50 hectares of retail, education, community and mixed use/employment land and would accommodate about 12,500 people.

It will deliver \$3 billion in development expenditure, add PV\$5.9 billion to the Shellharbour economy and create 7,600 full time equivalent jobs by 2026.

Consultation

There has been ongoing consultation with Councils (particularly Shellharbour) and other Agencies and Authorities.

Strategic Documents and Planning Controls

The Calderwood proposal is consistent with the NSW State Plan. The release of Calderwood for urban development complies with the Illawarra Regional Strategy and State Government policy of releasing land quickly to the market

State Significant Project Guidelines

As outlined in Section 6, the site meets the criteria for State Significance contained in the Department of Planning's "Guideline for State Significant Sites under the Major Projects SEPP".

Justification for Major Project Declaration

The relevant criteria under Department of Planning's Guideline "Criteria for declaring development to be a Major Project under clause 13 of Schedule 1 of the Major Projects SEPP," are addressed in Section 7.

Preliminary Assessment

Delfin Lend Lease's Justification Report submitted to Government in June 2008 provides detailed responses on a range of issues listed in Terms of Reference provided by the Minister. The Preliminary Assessment provides an overview of these responses and comments on some other issues raised in the GCC report on the WDRA.

Summary

This Section summarises the justification for the request that the Delfin Lend Lease Calderwood urban development project be planned, assessed and delivered under the Part 3A process.

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1.0 INTRODUCTION AND PURPOSE

An introduction to this Submission and Preliminary Assessment.

Delfin Lend Lease controls approximately 700 hectares of land in the Calderwood Valley in the Illawarra Region for which it is seeking government approval for urban development. Approximately 107 hectares of the land is located in the Wollongong LGA while the balance is located within the Shellharbour LGA.

The Calderwood Valley has long been recognised as a location for future urban development, firstly in the Illawarra Urban and Metropolitan Development Programmes and more recently in the Illawarra Regional Strategy (IRS).

The IRS nominates Calderwood as an alternate release area if regional land supply is lower than expected. Following the recently completed review of the proposed West Dapto Release Area (WDRA) planning documents by the Growth Centres Commission (GCC), this situation has now been recognised as a reality. Also, the GCC report concluded that there is merit in the early release of Calderwood.

Changes in outlook arising from global, national and regional factors influencing investment and delivery certainty, housing supply and affordability and employment and economic development also add to the case for immediate commencement of the Calderwood Project.

Delfin Lend Lease has established the conditions for the Calderwood proposal which enable effective and efficient implementation of major urban projects. These are:

- Unanimous local support and committed landowners;
- A viable and uncomplicated infrastructure and servicing strategy; and
- A well resourced proponent with the core business skills to implement the proposal.

More comprehensive details of the proposal are included in the Justification Report lodged with Government in June 2008 and it is on the basis of that proposal that Delfin Lend Lease is seeking the decisions detailed below.

Purpose of this submission.

This Preliminary Assessment has been prepared in support of a request that:

1. The Minister for Planning considers the rezoning of the site by its inclusion as a State Significant Site (SSS) under Schedule 3 of the State Environmental Planning Policy (Major Projects) 2005 (Major Projects SEPP);
2. The Minister forms the opinion under clause 6 and Group 5 of Schedule 1 of the Major Projects SEPP that the proposal is a Major Project to which Part 3A of the Environmental Planning and Assessment Act 1979 (EP&A Act) applies;
3. The Minister authorises Delfin Lend Lease to lodge a Concept Plan application for the development of Calderwood and the concurrent lodgement of a Project Application for the first stage of the development; and
4. The Director-General issue requirements for the preparation of a study in support of the request to include the site in Schedule 3 and requirements for the Concept Plan Environmental Assessment Report.

2.0 BACKGROUND

Background to this submission.

Delfin Lend Lease has been pursuing approval to commence the rezoning process for the Calderwood Proposal for more than 3 years. During this time a number of submissions have been made to the State Government and others particularly in the context of the preparation of the IRS and the exhibition and review of the proposed WDR draft planning documents.

A Project Justification Report has been lodged with Government.

In discussions held on 7th February 2008, the then Minister for Planning advised Delfin Lend Lease that a Gateway Justification Report should be submitted for the Calderwood proposal and this was confirmed in writing on 7th April 2008. The Justification Report was lodged in June 2008.

In July 2008 the Department of Planning confirmed that the Justification Report had been received and advised that it would be considered in the context of the broader GCC review of the proposed WDR strategy commissioned by Wollongong Council.

IRS dwelling targets will not be met from the proposed WDR.

Until the request for the Justification Report was received, the Department of Planning consistently responded to Delfin Lend Lease representations with advice that the proposed WDR is the priority release for the Illawarra. Published documents have also noted that it is critical to meet Illawarra land supply requirements. After many years, the WDR has still not been brought on stream and key components of the documentation remain incomplete. The recently completed GCC assessment of the proposed WDR reports the following:

- Subject to resolution of a number of issues, only 2 stages of the WDR are likely to proceed in the near future and at reduced levels of production. It follows that production from the WDR will not occur at levels required in the IRS in the near future and not for a number of years; and
- Several key documents require review and update before the Project can be approved.

The Growth Centres Commission has concluded that there is merit in the release of Calderwood now.

The GCC review of the WDR was completed in November 2008 and reported to Wollongong Council in December 2008. The GCC review also assessed the impact of the early release of Calderwood and reported that there may be some merit in an early release of Calderwood. The GCC also stated that the early release of Calderwood meets State government policy to release as much land to the market as quickly as possible.

The implementation process suggested by the Growth Centres Commission for Calderwood is not supported by Delfin Lend Lease.

The GCC also included a recommendation that the potential for dealing with the planning for the Calderwood and adjacent Yallah/Marshall Mount precincts be assessed. This recommendation which was not discussed with Delfin Lend Lease is not supported for the reasons outlined in this request, particularly at Section 8.2.2.

Following discussions on 16th December 2008, the Minister for Planning wrote to DLL about the process to be followed in submitting this request and a preliminary meeting was held with the Department on 21st January 2009 to discuss the matter.

3.0 PROJECT DESCRIPTION

The site described.

3.1 Location and Site Description

The Delfin Lend Lease Calderwood Urban Development Project is located in the Shellharbour and Wollongong Local Government Areas, within the Illawarra Region. The area covering the Delfin Lend Lease proposal comprises approximately 700 hectares. Approximately 107 hectares of land is located in the Wollongong LGA while the balance is located within the Shellharbour LGA (see Location Plan at Figure 1).

The Calderwood Valley is bounded to the north by Marshall Mount Creek (which forms the boundary between the Shellharbour and Wollongong LGAs), to the east by the Macquarie Rivulet, to the south by Johnson's Spur and to the west by the Illawarra Escarpment. Beyond Johnson's Spur to the south is the adjoining Macquarie Rivulet Valley within the suburb of North Macquarie. The Calderwood Urban Development Project land extends south from the Calderwood Valley to the Illawarra Highway.

An overview of the Delfin Lend Lease Calderwood proposal.

3.2 Scope of Proposal

The Delfin Lend Lease proposal, in its current form, is a Masterplanned community development with proposed urban, employment, conservation and open space uses. The Delfin Lend Lease landholdings, with development potential for about 4,500 to 5,000 dwellings, would accommodate about 12,500 people, or about 60% of the future Calderwood Release Area population. It also includes approximately 50 hectares of retail, education, community and mixed use/employment land.

An indicative Structure Plan has been prepared for the proposal.

Delfin Lend Lease has prepared an indicative Structure Plan for its landholding at Calderwood. The draft Structure Plan has the following attributes:

- Provides the basis for a linear north-south grid with associated environmental benefits in building orientation;
- Promotes logical staging of urban development together with supporting employment, physical and social infrastructure;
- Provides the basis for movement network that promotes trip containment, walking, cycling and public transport;
- Delivers Town and Village Centres that meet the full range of community needs and are integrated into the urban form;
- Respects the 7(n) conservation zone and promotes wider regional open space linkages;
- Provides for water quality and water quantity controls;
- Combines visual engagement with topography;
- Delivers non-urban land solutions; and
- Allows for integration of adjoining lands in the Calderwood Valley Release Area.

There is a managed, uncomplicated and incremental Project implementation process.

The infrastructure required to implement the scope of the Delfin Lend Lease Calderwood proposal outlined above can be provided in a managed, predictable and incremental process under the arrangements proposed in the Justification Report. These have been designed to meet the needs of both the Delfin Lend Lease controlled land and the broader Calderwood Release Area.

The Indicative Structure Plan is shown at Figure 2.

The Calderwood project can deliver a broad range of social, economic and environmental sustainability measures

3.3 Sustainability Measures

The information presented in this submission demonstrates the ability of the Calderwood project to incorporate a broad range of social, economic and environmental sustainability measures. In summary, these include (but are not limited to):

- Significant contribution to housing supply and affordability.
- Significant employment and economic growth potential.
- A comprehensive transport strategy that proposes substantial infrastructure upgrades and support for public transport services.
- An urban form aimed at reducing car dependency by promoting self- containment and increased walking, cycling and public transport use.
- A comprehensive infrastructure strategy that is based on sustainable funding, management and maintenance arrangements.
- Upfront provision of telecommunications fibre reticulation.
- Recycled water supply.
- Potential for alternate electricity energy source in the form of a district level natural gas power plant.
- Provision of a range of new community facilities and services and open space in an area with currently limited provision.
- Protection of 70 ha of high conservation value land as part of Johnson's Spur.

4.0 CONSULTATION

There has been ongoing consultation with Shellharbour Council.

4.1 Shellharbour Council

Delfin Lend Lease has met Shellharbour Council on several occasions in the time that it has been pursuing approval to commence rezoning studies for the land. Council resolved in September 2006 to commence rezoning studies for the land in the Shellharbour LGA and formally reiterated that resolution in June 2007.

Delfin Lend Lease has regularly briefed Council's Planning Staff on its submissions on the Illawarra Regional Strategy, draft WDRA planning documents and ongoing representations on the Project. Delfin Lend Lease also briefed the Administrator and Council Executive in August 2008 on the Justification Report including the suggested approvals process in that Report.

A formal submission was lodged with Council on the adverse impact of the draft WDRA plan on Calderwood and this was also raised with the Administrator.

4.2 Wollongong Council

Delfin Lend Lease has had limited discussions with Wollongong Council on the proposal and given that Calderwood is a separate planning process to West Dapto, this is understandable. However, the adverse impact of the proposed WDRA planning documents on Calderwood has been raised with Council in a formal submission. Delfin Lend Lease met the Administrator in September 2008 to reinforce its concerns on the issue and provide a briefing on the Calderwood proposal and its status.

DECC officers have visited the site and inspected the land proposed for conservation by Delfin Lend Lease.

4.3 Department of Environment and Climate Change (DECC)

Delfin Lend Lease has briefed DECC on the Calderwood proposal and officers visited the site on 6th May 2008. The main purpose of the visit was to inspect the 7n zoned land in the Shellharbour LGA and the proposed WDRA E3 zoning of the land in the Wollongong LGA where the "clear differences between the two locations were witnessed".

The Justification Report contains a summary "compare and contrast" assessment of the two areas of land and identifies potential long term management solutions for the 7(n) conservation zoned lands under DLL control for further discussion.

Infrastructure delivery strategies have been discussed with servicing authorities.

4.4 Sydney Water, Integral, Transgrid, Alinta, RTA

Strategies for proposed utility service delivery have been prepared and discussed with each of the servicing authorities including Sydney Water, Telstra, Integral Energy, Transgrid, Alinta and the RTA. The infrastructure and servicing strategy including community facilities and services delivery is detailed at pp 10 to 21 of the Justification Report.

A presentation was made to the Growth Centres Commission on the impact of the draft WDRA documents on Calderwood.

4.5 Growth Centres Commission

Delfin Lend Lease was provided with the opportunity to discuss its submission on the exhibited WDRA planning documents in August 2008. There was no discussion on the Justification Report at that meeting or subsequently.

Potential issues of concern to the community have been identified.

4.6 Community

A formal community consultation process has not been undertaken. Work to date indicates that there are a number of matters of potential concern to the community. These include housing affordability; transport (including the proposed north-south sub arterial road), employment and economic development (particularly youth unemployment), housing diversity, particularly

retirement accommodation; and timely delivery of infrastructure, facilities and services.

5.0 RELEVANT STRATEGIC DOCUMENTS AND PLANNING CONTROLS APPLYING TO THE SITE

The Calderwood proposal is consistent with the NSW State Plan.

5.1 NSW State Plan

The NSW State Plan (Priority Item E6) articulates the State's response to Housing Affordability. It acknowledges the impact of housing supply on affordability and recognises that there is a need to ensure competitive tension in the supply of land so there is a continuing flow of new properties to the market.

The State Plan does not include specific goals for housing and land supply but refers to the goals set in the Metropolitan and Regional Strategies.

The release of Calderwood for urban development complies with the IRS and State Government policy of releasing land quickly to the market

5.2 The Illawarra Regional Strategy

The Calderwood Valley has been recognised as a location for future urban development, firstly in the Illawarra Urban and Metropolitan Development Programmes and more recently in the IRS. Calderwood is nominated in the IRS as a source of supply if demand for additional housing supply arises because of growth beyond projections of the Strategy or regional lot supply is lower than expected.

Following completion of the GCC review of the proposed WDRA it is apparent that the regional land supply requirements will not be delivered in the timeframe or numbers expected when the Regional Strategy was published 2 years ago. Also, in the time since the IRS was prepared there have been well documented changes in outlook arising from global, national, and regional factors influencing investment and delivery certainty, housing supply and affordability, sustainability and employment and economic development.

The Justification Report (Tables 1 – 3) provides an analysis that demonstrates both the current and on-going shortfall in land supply in the Illawarra Region. Given these delays and the demonstrated shortfall in land supply in the Illawarra Region, the release of Calderwood for urban development now conforms with the IRS and the State Government's policy of releasing land quickly to market. This position is supported by the findings of the GCC report.

Overview of existing zoning provisions

5.3 Existing Zoning Provisions

The relevant zoning provisions for the Calderwood Urban Development Project are as follows.

Land in the Shellharbour LGA

The 593 hectares of land located in the Shellharbour LGA is predominantly zoned 1(a) Agricultural under Shellharbour Rural Local Environmental Plan (SRLEP) 2004. The objectives of this zone primarily relate to the retention of high class agricultural land and to ensure that development and management of land within the zone has minimal environmental impact. The zoning prohibits subdivision that creates lots less than 40 hectares as well as a range of development for urban purposes. Accordingly, the proposed Calderwood development is largely prohibited under the 1(a) zoning.

An area of approximately 70 hectares on the location known as Johnson's Spur is zoned 7(n) Nature Conservation under the Plan. The objectives of this zone primarily relate to the protection and enhancement of native vegetation and riparian and wildlife corridors, to minimise the impacts of development on the ecological and scenic attributes of the land, and to minimise the clearing of native vegetation. Permissible uses on the 7(n) zone are limited to subdivision to

create lots 40 hectares or greater in size and other development for a limited range of purposes. The proposed Calderwood development includes the on-going conservation of this area and therefore there are no anticipated constraints posed by the existing 7(n) zoning.

As noted in Section 4.1 above, in September 2006, for that part of the land in its LGA, Shellharbour Council formally resolved to commence the rezoning process for Calderwood as part of its comprehensive LEP: however, the Department of Planning advised that it would be premature to study Calderwood at that time. For the reasons outlined in this document Delfin Lend Lease submits that the Department's advice is dated by both the GCC review of the WDRA and the different economic circumstances and housing affordability imperatives.

Land in the Wollongong LGA

The 107 hectares of land within the Wollongong LGA is zoned Non-Urban 1A under the Wollongong Local Environmental Plan 1990. The objectives of this zone primarily relate to the provision of a rural atmosphere on the outskirts of Wollongong, to provide a reservoir of land from which land for planned urban growth or environmental protection can be drawn and to allow development of an agricultural or peri-urban nature which does not impact on the current environmental quality or the future development potential of the land. A range of agricultural and urban uses are permissible with consent in this zone.

The draft West Dapto Local Environmental Plan 2007 proposed a new zoning for the land. However, in December 2008, Wollongong Council resolved to defer the proposed zoning.

The draft WDRA planning documents have been reviewed by the GCC. The recent GCC Report (Figure 2) indicates that there is the potential to adversely affect the 107 hectares of land under Delfin Lend Lease control in that LGA. Delfin Lend Lease is unaware of the basis of Figure 2 of the GCC Report but notes that it is entirely inconsistent with its discussions with DECC on the environmental values of the land – refer Section 4.3 above.

6.0 STATE SIGNIFICANT PROJECT GUIDELINES

The site meets the criteria for State significance as outlined in the Department of Planning's "Guideline for State Significant Sites under the Major Projects SEPP".

The Department of Planning's "Guideline for State Significant Sites under the Major Projects SEPP" states that a request to the Minister to nominate a site as State significant should be accompanied by certain preliminary details. These details, provided below, demonstrate that the Calderwood site meets the relevant criteria to be declared State significant.

1. **The site in its current zoning context including permissibility and compliance with core planning controls.**

The site's planning context is described in Section 5 of this submission.

2. **The State and regional significance of the site in terms of meeting one or more of the defined criteria.**

It is considered that the Calderwood proposal directly meets the following criteria:

- (a) *be of regional or state importance because it is in an identified strategic location (in a State or regional strategy), its importance to a particular industry sector, or its employment infrastructure, service delivery or redevelopment significance in achieving government policy objectives*

Calderwood is nominated in the IRS as a source of supply if demand for additional housing supply arises because of growth beyond projections of the Strategy or regional lot supply is lower than expected. Given the demonstrated shortfall in land supply in the Illawarra Region and the WDRA implementation difficulties highlighted in the GCC Report, the release of Calderwood for urban development now conforms with its status under the IRS as a source of supply triggered by on-going delays in regional lot supply.

The GCC Report also concludes that there is merit in the early release of Calderwood in terms of creating a higher dwelling production rate and meeting State government policy to release as much land to the market as quickly as possible.

The proposed development is therefore of both regional and state importance.

- (b) *need alternative planning or consent arrangements where....more than one council is likely to be affected*

The Shellharbour and Wollongong LGA boundary dissects the site.

As outlined in Section 5, the Calderwood site is subject to separate planning controls under the Shellharbour and Wollongong LEPs. Not only are there fundamental differences, including the permissibility of the proposal, across the various zones applying to the project, Delfin Lend Lease's experience elsewhere with cross-boundary planning and consent arrangements is that it gives rise to numerous practical challenges that can delay approval and delivery timeframes. These include differing DA information requirements, varying and sometimes conflicting development standards, separate approvals applications, duplication of fees and charges and administrative issues such as differing council meeting cycles.

Furthermore, there are several specific cross boundary jurisdictional issues relating to the Calderwood site that are not addressed by either the draft WDRA documents or the GCC Report, both of which rely on a strategic level of analysis not supported by detailed baseline studies. In particular, the following matters are highly relevant:

- The land under Delfin Lend Lease control in the Wollongong LGA is presently used for agricultural purposes and the ownership pattern extends into the Shellharbour LGA.

- A review of the draft WDRA documents and inspection of the land reveals that the assessment of catchment attributes is deficient and the basis for the classification of lands put forward in the GCC Report. This was confirmed at a site inspection with DECC – see Section 4.3 above.
- The Calderwood transport, infrastructure, servicing and staging strategy commences as an extension to the existing urban footprint at Albion Park. The Project will commence in the south and progress to the north and north west. It will eventually connect to services in the Wollongong LGA. Co-ordinated infrastructure planning is fundamental to efficient project implementation.
- As demonstrated by the Justification Report, the Delfin Lend Lease proposal is a comprehensive stand alone proposal with strong implementation credentials.

*Approximately 600 hectares
or 85% of the site is in the
Shellharbour LGA.*

On the basis of the above, there is sound justification for the Calderwood development to be planned, assessed and delivered in a holistic and integrated manner, with a uniform set of planning provisions and determination by a single consent authority. This would be facilitated by the listing of the site as a State significant site under Schedule 3 of the Major Projects SEPP and the declaration of the proposal as a Major Project under clause 6 and Group 5 of Schedule 1 of the SEPP.

3. Future land use proposals

An overview of the Delfin Lend Lease Calderwood proposal is at Section 3 of this submission. The detail is in the Justification Report.

4. Views of the local council

Consultation with Shellharbour and Wollongong Councils is described in Section 4 of this submission.

7.0 JUSTIFICATION FOR DECLARATION AS A MAJOR PROJECT UNDER PART 3A GUIDELINES

The Calderwood site has a capital investment value well in excess of \$50 million and will contribute to achieving State and regional planning objectives.

The relevant criteria under Department of Planning's Guideline "Criteria for declaring development to be a Major Project under clause 13 of Schedule 1 of the Major Projects SEPP," are addressed below. This assessment demonstrates that the project both has a capital investment value of over \$50 million and will contribute to achieving State and regional planning objectives.

Capital Investment Value/Direct Employment

The development and construction expenditure for the Delfin Lend Lease proposal, excluding land acquisition and GST, is estimated at \$3b. The Project is expected to create 7,600 FTE jobs by 2026, 4,000 of which will be in the Shellharbour LGA.

An Economic Impact Assessment of the Project has been undertaken.

In 2006, Delfin Lend Lease commissioned PricewaterhouseCoopers (PwC) to prepare an Economic Impact Assessment (EIA) of the Calderwood proposal. This EIA was updated by PwC in June 2008 for the Justification Report and expanded to include preliminary Economic Effects Assessment (EEA) data. A copy of the summary PwC Report is at Attachment D to the Justification Report. The methodology adopted in preparation of the analysis is also outlined in the PwC Report.

In summary, the June analysis by PwC concludes that the Calderwood proposal will have a series of quantifiable economic, environmental and social benefits and positive flow-on effects to neighbouring communities and businesses, including:

\$3 billion development expenditure.

- A significant stimulus to the economy, comprising \$3 billion in development expenditure and adding PV\$5.9 billion to the Shellharbour economy;
- Diversification of local economic activity, increased demand for goods and services;
- The creation of 7,600 FTE jobs by 2026, including 4,000 in the Shellharbour LGA;
- Delivery of a comprehensive infrastructure package via a planning agreement;
- Positive environmental externalities and reduced environmental emissions;
- Investment certainty and timely delivery; and
- Improving the supply, affordability and mix of housing.

\$PV5 billion value add to the Shellharbour economy.

7,600 full time equivalent jobs by 2026.

Separate zoning provisions currently apply to the site.

Local impediments to urban renewal or increased urban development

The Calderwood Valley has been recognised as a location for future urban development in the Illawarra Urban and Metropolitan Development Programmes and more recently in the IRS.

The current zoning provisions of the site under the Wollongong and Shellharbour LEPs do not enable the development of the Calderwood Valley as contemplated in the IRS.

The proposal delivers 4,500 to 5,000 dwellings at prices that meet the market's ability to pay.

Facilitate housing or job growth

The Delfin Lend Lease Calderwood proposal contributes:

- To the stock of residential land at the appropriate market entry points, thereby promoting affordability, diversity and choice;
- To the geographic market spread of housing supply and maintains the Illawarra's tradition of availability of stock on multiple development fronts; and

The proposal delivers employment and economic

development benefits.

- To employment land and infrastructure for the future employment base.

Under the Delfin Lend Lease proposal, Calderwood delivers housing affordability through increased land supply, masterplanned communities, housing diversity and choice, product development and specifically targeted affordable housing initiatives.

The employment and economic development credentials are summarised under **Capital Investment Value/Direct Employment** above.

Transport accessibility

The Delfin Lend Lease proposal can deliver transport improvements for Calderwood that can be constructed in stages that provide incremental benefits to not only the new residents of Calderwood but also the community of Albion Park and the region generally.

As outlined in the Justification Report (page 10), the Calderwood proposal provides opportunities to link key regional roads in a managed, predictable and incremental process as the project progresses. The key elements of the proposed transport strategy are:

- Link the Illawarra Highway to the F6 freeway;
- Provide an opportunity for the Calderwood Release Area to link with the proposed F6 freeway extension;
- Formalise a northbound desireline route from Albion Park, Tullimbar and Calderwood to the proposed Penrose Rail Station;
- Provide critical mass of demand to improve patronage of bus services from the Albion Park, Tullimbar and Calderwood area to the Shellharbour City Centre, Dapto Town Centre and Wollongong;
- Supplement rail and airport transport infrastructure;
- Create a logical bypass to the Albion Park town centre that negates the need for a Tripoli Way bypass;
- Reduce traffic congestion in the Albion Park town centre and the existing problematic intersection of Illawarra Highway and Princes Highway;
- Provide flood-free ingress and egress for existing traffic in Albion Park, Tullimbar and Calderwood; and
- Provide access that does not increase interim or ultimate traffic on rail level crossings.

Delfin Lend Lease proposes to enter into arrangements for the making of contributions toward services and infrastructure required as a result of the development of Calderwood including scope, timing and responsibility. This would include likely works within and external to the Delfin Lend Lease controlled landholding. Significant elements of the links are constructed within the Release Area on a progressive basis to be delivered as development is completed.

Infrastructure can be delivered in a managed, uncomplicated and incremental process.

Improved infrastructure

The Calderwood Valley presently has limited infrastructure, local community, open space and recreation facilities. This is consistent with its existing rural status. Delfin Lend Lease has identified options for feasible infrastructure and servicing strategies to meet the needs of both the Delfin Lend Lease controlled land and the broader Calderwood Release Area.

These strategies address delivery of:

- Sewerage, recycled water and potable water, electricity, gas and transport; and
- The integrated planning and delivery of community facilities and services, passive/active open space and recreation facilities.

Commercially binding Planning Agreements are proposed for the delivery of infrastructure and facilities.

Consistent with State Government policy, the proposed delivery mechanisms are commercially binding Planning Agreements with Council and State Government that fully itemise the infrastructure, facilities and open space required for both the Calderwood Release Area and the Delfin Lend Lease proposal.

The proposal provides specific and deliverable environmental improvement and protection measures.

Environmental sensitivity

The land is free of major physical and environmental considerations. It has a high ratio of urban capable land to non urban capable land – refer Table 9 of the Justification Report. The land does not comprise productive resource lands or viable significant agricultural land. Urban development constitutes the most efficient and suitable use of the land.

The Justification Report details specific environmental offset initiatives and Delfin Lend Lease is proposing their delivery be formalised in the Planning Agreement. In particular, the project provides the opportunity to:

- Implement environmental initiatives that respect the current conservation zoning;
- Deliver sustainable establishment, ownership and management options for valued conservation lands and watercourses;
- Release, for urban use, other cleared land proposed for conservation zoning and otherwise in need of expensive rehabilitation; and
- Proactively address carbon emissions.

Local Council issues

These are addressed in Sections 4 and 6 above.

8.0 PRELIMINARY ASSESSMENT

8.1 Calderwood Justification Report Terms of Reference

The Calderwood Justification Report provides detailed responses on a range of issues as required by the Department of Planning's Terms of Reference

The Justification Report provides detailed responses to 47 Terms of Reference under 6 major headings provided in April 2008 by the then Minister for Planning. The 6 major headings addressed are:

- Strategic Planning Validity Test.
- Infrastructure and Servicing Test.
- Environmental Constraints and Benefits Test.
- Community Involvement.
- Investment Certainty.
- Public Benefit.

A summary of the key issues raised under each heading and the key response is provided below.

The proposal meets the criteria of the Strategic Planning Validity Test.

Strategic Planning Validity Test (Refer pp2 to 10 inclusive of the Justification report)

The dominant themes of the Strategic Planning Validity Test Terms of Reference were the need to address earlier reports which rejected the need for Calderwood in the short to medium term, the implications for the priority urban release area (WDRA) and how the early release of Calderwood meets its strategic role as defined in the IRS. The Justification Report responded as follows:

- The two independent reviews undertaken some time ago concluded that Calderwood would not be required in the short term. These reviews were undertaken in a different context and are dated by changed circumstances.
- The Calderwood Release Area is nominated in the IRS as a source of supply if demand for additional housing arises because of growth beyond projections of the Strategy or regional lot supply is lower than expected. The strategic role as identified in the IRS is to provide an alternate land supply to meet a dwelling shortfall within the Illawarra Region which is now recognised as a reality.
- The forecast housing land supply in the IRS cannot be delivered from the WDRA as expected. As strategic planning is an iterative process and circumstances have changed, the classification of Calderwood in the IRS should now be updated.
- The proposal meets the objectives of the State Plan and secures urban capable land identified in the IRS for that use.
- The proposal underpins IRS dwelling supply in an environment where other nominated Release Areas are under review. It can provide about 12% of the Illawarra Regional Strategy new dwellings target.

The need for Calderwood has been further reinforced by the GCC Report on the WDRA.

The proposal meets the criteria of the Infrastructure and Servicing Test.

Infrastructure and Servicing Test

The dominant themes of the Infrastructure and Servicing Test Terms of Reference were the need to understand the infrastructure and servicing needs of the Project, present a comprehensive implementation and delivery strategy and propose a funding and management

process for delivery. The question of impact on the WDRA was also raised. The Justification Report responded as follows:

- It confirmed that existing infrastructure, services and facilities are not adequate to support the development of the Calderwood Release Area and a comprehensive range of infrastructure and services will be required to support the Release Area.
- Detailed the significant amount of investigation that has been undertaken into how the area can be serviced and based on experience elsewhere, prepared an assessment of required infrastructure, including community facilities and services and open space and recreation needs.
- Presents a clear and viable infrastructure and servicing implementation strategy that leverages readily accessible existing infrastructure, noting that key infrastructure is located at the front door to the Delfin Lend Lease land.
- Demonstrates that while Calderwood can be implemented as a stand alone proposal, the infrastructure and servicing strategy provides structural enhancements to the Region's infrastructure base and long term synergies with the WDRA.
- Noted that the infrastructure and servicing strategy minimises implementation risk and cost to Government by utilising Delfin Lend Lease expertise and delivery proposals.
- Demonstrated that the advantages of single developer control of consolidated land holdings with scale provides the opportunity for delivery as works in kind ensuring control over implementation and meeting community requirements in a timely manner.
- Illustrated that the proposal is uncomplicated: practical and achievable solutions are available for implementation of all aspects of the Project.

The GCC report has also confirmed that there will be minimal impact on WDRA from Calderwood. The early Infrastructure and Indicative Staging Plan is shown at Figure 3.

The proposal meets the criteria of the Environmental Constraints and Benefits Test.

Environmental Constraints and Benefits Test

The dominant themes of the Environmental Constraints and Benefits Test Terms of Reference were the need to demonstrate an understanding of the physical constraints and opportunities of the site and an initial assessment of the environmental impacts of the proposal. The Justification Report responded as follows:

- Demonstrated that the land is free of major physical constraints and environmental considerations. It has a high ratio of urban capable to non urban capable land.
- Detailed sustainable land use, management and funding solutions for non urban lands, particularly valued conservation lands such as Johnson's Spur and waterways such as Macquarie Rivulet and Marshall Mount Creek.
- Illustrated how the proposal releases, for urban use, other cleared land proposed for conservation zoning that is in need of expensive rehabilitation.

The proposal is supported by the existing Calderwood community. .

Statement of community involvement

The statement of community involvement was required to state the level of consultation to date, actions to further involve the community and specific issues that require community input. The Justification Report responded as follows:

- Reported that Shellharbour Council has unanimously resolved, on two occasions, to formally study the Delfin Lend Lease Calderwood proposal.
- The proposal is supported by the existing Calderwood community.
- Confirmed that a comprehensive consultation process will be implemented by DLL at the

next stage of the process.

The proposal meets the criteria of the Investment Certainty Test.

Investment Certainty

The dominant themes of the Investment Certainty Terms of Reference were the need to show that Delfin Lend Lease has the credentials and resources to implement the Project. The Justification Report responded as follows:

- The proposal will be implemented by Delfin Lend Lease which is wholly owned by Lend Lease Corporation.
- Urban development is core Lend Lease business. This provides implementation certainty for Government as the proposal is more than a speculative venture aimed at boosting balance sheets: it is a realistic investment proposal by a proponent with financial resources and core business skills in urban development.
- Lend Lease can meet Government prudential, funding and governance requirements.
- Lend Lease can confirm control over the land included in this proposal.

The proposal meets the criteria of the Public Benefit Test.

Public Benefit

The dominant themes of the Public Benefit Test Terms of Reference were the need to demonstrate that the Project makes a significant contribution to stocks of residential or employment land, employment opportunities and job creation, housing market spread and affordability, and the quality and equity in delivery of facilities and services. The Justification Report responded as follows:

- Urban development represents the best use for the Calderwood Release Area. The Calderwood proposal delivers both residential and employment lands to the Region.
- Preparation of the specialist Economic Impact Analysis and Assessment by PricewaterhouseCoopers (PwC) summarised at Section 7 above. Other public benefits identified by PwC include:
 - Diversification of the local economy and providing for the shift to businesses that are smaller and based on knowledge, skills and capital;
 - Improving the affordability and mix of housing; and
 - Investment certainty, cost effectiveness and timely development.
- Illustrating how the proposal specifically targets housing affordability initiatives that recognise the market's capacity to pay.
- Demonstrating how the proposal can deliver the most reliable and robust method to "future proof" residents and businesses for the arrival of new technology

8.2 Other Issues

The GCC suggested classification of part of the Delfin Lend Lease land for conservation purposes does not reflect the physical characteristics of the land

8.2.1 GCC Suggested Possible Alternate Yallah/Marshall Mount Conservation Corridor

The GCC Report suggests a possible alternate conservation corridor which appears to involve land under Delfin Lend Lease control and which is required for development yield and infrastructure. This is even inconsistent with the draft West Dapto Local Environmental Study (LES) which identifies the following with respect to the site:

- It contains only very small, isolated patches of remnant vegetation communities (refer LES

Figure 5.2);

- It contains a small number of farm dams – one of which is identified as “Bush Fire Prone Land” on the Council interactive website;
- It contains a narrow riparian corridor and associated 200 metre consolidation buffer along the southern site boundary, with the remainder of the site identified as ‘enhancement’ (refer LES Figures 5.3 and 5.4). There may also be some elements of ‘Primary’ vegetation along short portions of the riparian corridor, but some of the plans are insufficiently legible to make a definitive statement on this matter.
- None of the site is identified as comprising ‘support for Primary’ vegetation; and
- The southern portion of the site comprises part of the Marshall Mount Riparian Corridor (refer LES Figures 5.6 and 5.8).
- The majority of the Delfin Lend Lease land holding that is to be E3 Environmental Management is cleared land, used for intensive agricultural purposes. With the possible exception of relatively small parts of the riparian corridor along the southern site boundary, it is devoid of significant vegetation. This issue was recently confirmed when DECC visited the site in May 2008 and agreed that the land in question is “cleared pasture land”.

In summary, the classification proposed by GCC does not reflect the physical environmental characteristics of the land. There is no existing vegetation to protect.

The Calderwood proposal should proceed independently of any study process for Yallah/Marshall Mount.

8.2.2 GCC Suggested Study Process

The GCC Report notes: “...Should the recommendation to undertake a joint planning assessment process for the Yallah/Marshall Mount and Calderwood precincts proceed, it would be appropriate for WCC and Shellharbour City Council to establish a mutually acceptable project control structure to over see that planning process...”

This recommendation is not agreed because of the procedural and implementation reasons stated in Section 6 above and the suggested GCC process introduces significant uncertainty and commercial risk to the Delfin Lend Lease Calderwood Proposal.

The uncertainty arises from the number of unresolved and unprogrammed WDRA issues as stated in the GCC Report and the WCC Acting Manager City Planning report to Council dated 16 December 2008, and which are unrelated to the Calderwood proposal. These include:

- The need to review and amend West Dapto yield, retail strategy, access strategy, flood strategy, Stage 1 and 2 implementation issues, Reservation Acquisition Map, Staging Plan, LEP written instrument;
- Required revisions to West Dapto DCP and Section 94 Contribution Plan;
- Deferral of West Dapto Stages other than 1 and 2 ,including Yallah/Marshall Mount, for future consideration with no stated timeframe for resolution; and
- The need to complete studies and actions in catchments that are unrelated to the Calderwood, particularly Duck Creek flood study and West Dapto vegetation strategy.

The commercial risk arises from:

- Attaching Calderwood to the part of the WDRA which has been deferred, noting that the first paragraph of the GCC Report states, in regard to the WDRA, that “...planning and development of this release area are as difficult as such exercises get.”;
- The introduction of other unrelated and unresolved catchment constraints to the

The process suggested by GCC introduces significant delivery uncertainty and commercial risk to the Delfin Lend Lease Calderwood proposal.

The Delfin Lend Lease Calderwood proposal provides investment certainty.

DLL is seeking authorisation to lodge a Concept Plan application and concurrent Project Application for the first stage of the development.

Calderwood proposal; and

- The potential introduction of entities of unknown commercial status and capacity to the Calderwood process.

In contrast, the Delfin Lend Lease Calderwood proposal has the following features:

- Single developer control;
- A staged, uncomplicated implementation strategy with infrastructure delivery through Planning Agreements with Council and/or State Government;
- A planning and development approval process that is free from the vagaries and uncertainties of the problematic deferred Stages of the proposed WDRA as highlighted by the GCC report;
- And, therefore greater investment and implementation certainty.

8.2.3 DLL Proposed Planning Process

In addition to the listing of the site as a State significant site and the declaration of the proposal as a Major Project under the Major Projects SEPP, Delfin Lend Lease also requests that the Minister authorises the lodgement of a Concept Plan application for the Calderwood development and the concurrent lodgement of a Project Application for the first stage of the development.

Given the scale of the proposal, a Concept Plan would provide the opportunity to identify and resolve key issues such as land use and urban form, development staging, infrastructure delivery and environmental management in an integrated and timely manner. The concurrent lodgement of a Project Application will ensure that Calderwood is developed in the most efficient time frame, with the consequential earlier release of land to the market.

The scope of the Stage 1 Project Application is to be confirmed following the next stage of site investigations and confirmation of commercial parameters. It is anticipated that the Project Application will cover subdivision for up to 500 residential allotments, a mixed use neighbourhood centre, open space and drainage works, associated roads and reticulated services. Please refer to Figure 4.

It is proposed that Schedule 3 amendment introduce new statutory planning controls for the site that include zoning and permissible uses, based on the Standard LEP Template. It is anticipated that more detailed controls, including urban design and street standards, will be addressed in the Concept Plan.

This submission outlines the justification for the Calderwood project being planned, assessed and delivered in a holistic manner, in accordance with the Part 3A process requested by Delfin Lend Lease.

9.0 SUMMARY

The Delfin Lend Lease Calderwood proposal involves the creation of a Masterplanned community development with proposed urban, employment, conservation and open space uses. The DLL landholdings, with development potential for about 4,500 to 5,000 dwellings and approximately 50 hectares of retail, education, community and mixed use/employment land.

Calderwood is nominated in the IRS as a source of supply if demand for additional housing supply arises because of growth beyond projections of the Strategy or regional lot supply is lower than expected. Given the demonstrated shortfall in land supply in the Illawarra Region, the release of Calderwood for urban development now conforms with its status under the IRS as a source of supply triggered by on-going delays in regional lot supply.

In addition, the GCC Report concludes that there is merit in the early release of Calderwood in terms of creating a higher dwelling production rate and meeting State government policy to release as much land to the market as quickly as possible.

Changes in outlook arising from global, national and regional factors influencing investment and delivery certainty, housing supply and affordability and employment and economic development also add to the case for commencement of the Calderwood proposal.

Delfin Lend Lease has established the conditions for the Calderwood proposal which enable effective and efficient implementation of major urban projects. These are:

- Unanimous local support and committed landowners;
- A viable and uncomplicated infrastructure and servicing strategy; and
- A well resourced proponent with the core business skills to implement the proposal.

As outlined in this submission, there are several cross-jurisdictional issues associated with the implementation of the Calderwood project. Accordingly, there is merit in Calderwood being planned, assessed and delivered in a holistic and integrated manner, with a uniform set of planning provisions and determination by a single consent authority.

There are also a number of commercial imperatives for this process as described in Section 8. These are fundamental to meeting investment certainty criteria as dictated by the Justification Report Terms of Reference.

This submission and Preliminary Assessment, together with the detail in the Justification report, support the Delfin Lend Lease request that:

- The Minister for Planning considers the rezoning of the site by way of its inclusion as a State Significant Site (SSS) under Schedule 3 of the State Environmental Planning Policy (Major Projects) 2005 (Major Projects SEPP);
- The Minister forms the opinion under clause 6 and Group 5 of Schedule 1 of the Major Projects SEPP that the proposal is a Major Project to which Part 3A of the Environmental Planning and Assessment Act 1979 (EP&A Act) applies;
- The Minister authorises Delfin Lend Lease (DLL) to lodge a Concept Plan application for the development of Calderwood and the concurrent lodgement of a Project Application for the first stage of the development; and
- The Director-General issue requirements for the preparation of a study in support of the request to include the site in Schedule 3 and requirements for the Concept Plan Environmental Assessment Report.

10.0 ATTACHMENTS

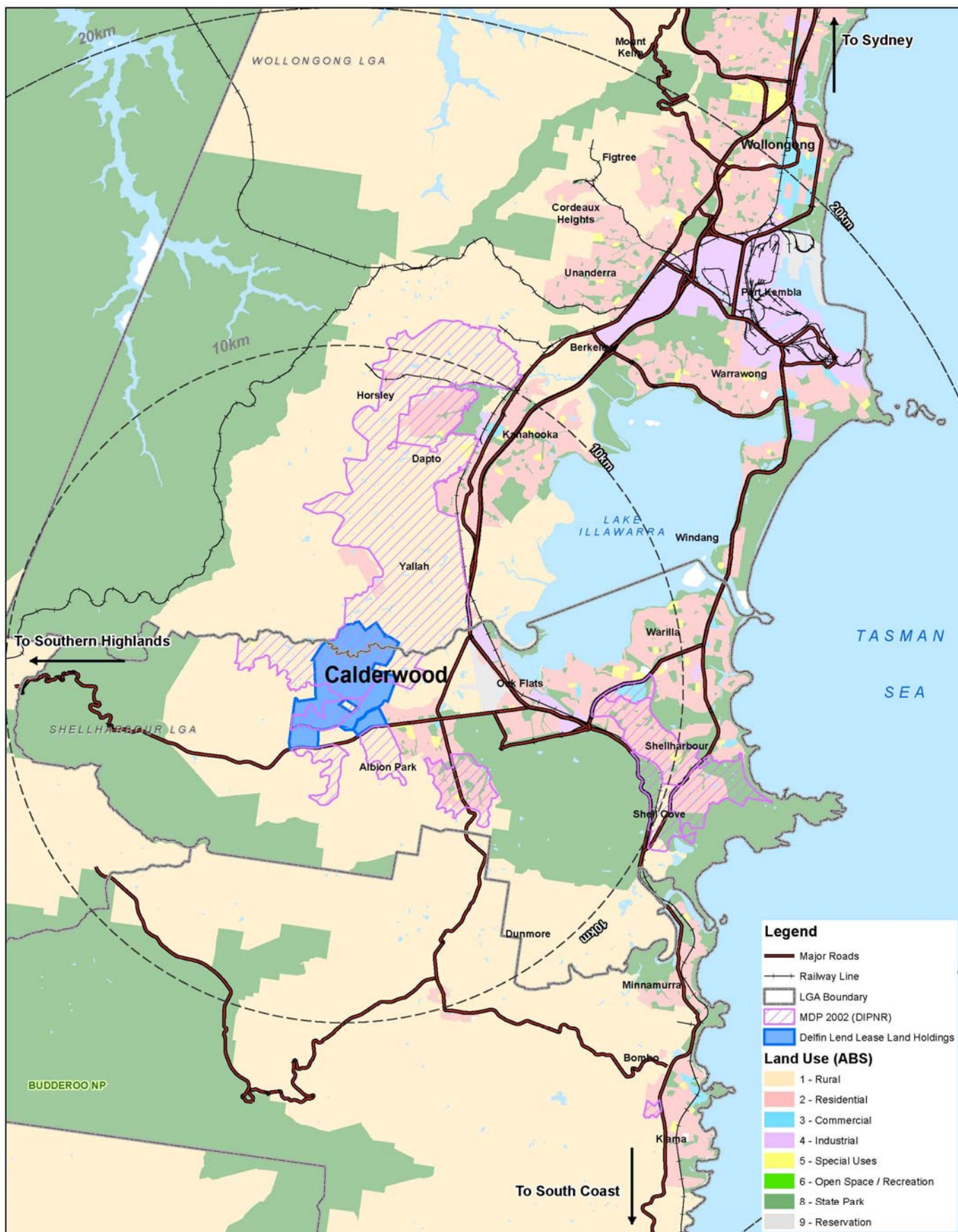
Figure 1: Location Plan

Figure 2: Indicative Structure Plan

Figure 3: Early Infrastructure and Indicative Staging Plan

Figure 4: Indicative Stage 1 Plan

Justification Report



Location Plan

CALDERWOOD VALLEY

FIGURE 1



Map Produced by Cardno Forbes Rigby
Date: 4 June 2008
Coordinate System: Zone 56 MGA/GDA 94
GIS MAP REF:
103044-05_5801_Location_Plan_P3.mxd

Note:
The information on this drawing is illustrative only and correct at time of printing.
The plan and yield is subject to change and may be amended at a future date.

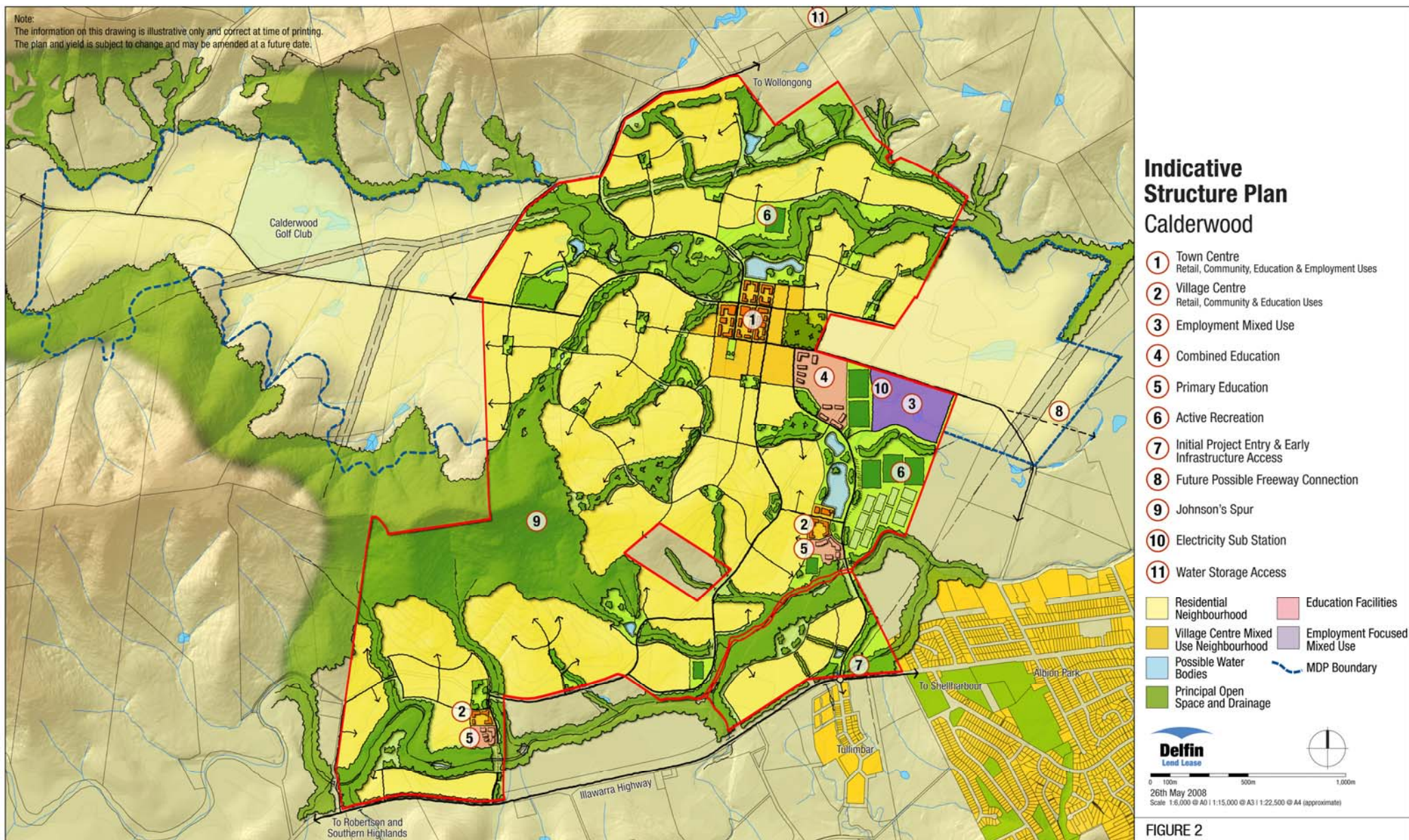
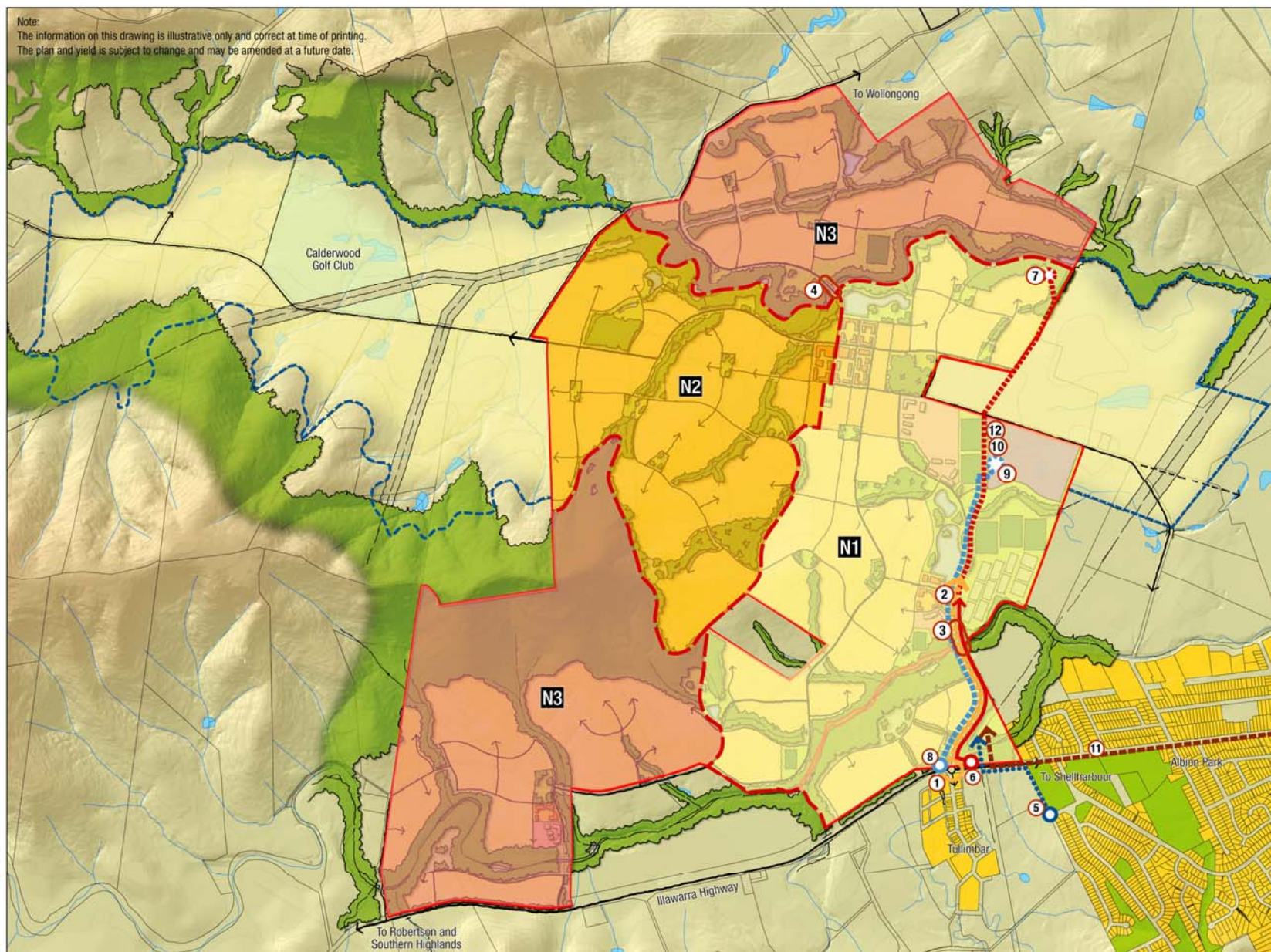


FIGURE 2

Note:
The information on this drawing is illustrative only and correct at time of printing.
The plan and yield is subject to change and may be amended at a future date.



Early Infrastructure & Indicative Staging Plan Calderwood

- 1 Roundabout Upgrade
Connect principal southern project entry with existing roundabout on the Illawarra Highway
- 2 Stage 1 Project Access Road
Principal southern project access
- 3 Bridge at Macquarie Rivulet
Flood free access from the Illawarra Highway
- 4 Bridge at Marshall Mount Creek
Specific location to be determined in detailed design
- 5 Potable Water Supply
Water main extension from Sophia Street
- 6 Sewer Stage 1a
Connect to existing carrier main at the Illawarra Highway to serve the initial southern catchment project stage
- 7 Sewer Stage 1b
Sewerage pump station and rising main connecting the northern catchment of Calderwood to the carrier main at the Illawarra Highway
- 8 Gas Supply
Connect to the existing carrier main at the Illawarra Highway
- 9 Gas Distribution Point
Stage one gas distribution point fed by line connected to the carrier main on the Illawarra Highway
- 10 Phone/Broadband Internet Service
Telstra SCAD (Small Capacity Area Distributed) exchange located on-site
- 11 Electricity Supply Stage 1a
High voltage electricity extension from Albion Park Zone Substation (Subject to final capacity analysis)
- 12 Electricity Supply Stage 1b
Onsite Zone Substation (Timing based on capacity analysis)

- N1 Neighbourhood 1
- N2 Neighbourhood 2
- N3 Neighbourhood 3
- Neighbourhood Stage Boundary
- Residential Neighbourhood
- Village Centre Mixed Use Neighbourhood
- Possible Water Bodies
- Principal Open Space and Drainage
- Education Facilities
- Employment Focused Mixed Use
- MDP Boundary

Delfin
Lend Lease

0 100m 500m 1,000m

26th May 2008
Scale 1:6,000 @ A0 1:15,000 @ A3 1:22,500 @ A4 (approximate)

FIGURE 3

Note:
The information on this drawing is illustrative only and correct at time of printing. The plan and yield is subject to change and may be amended at a future date.

Indicative Stage 1 Plan Calderwood

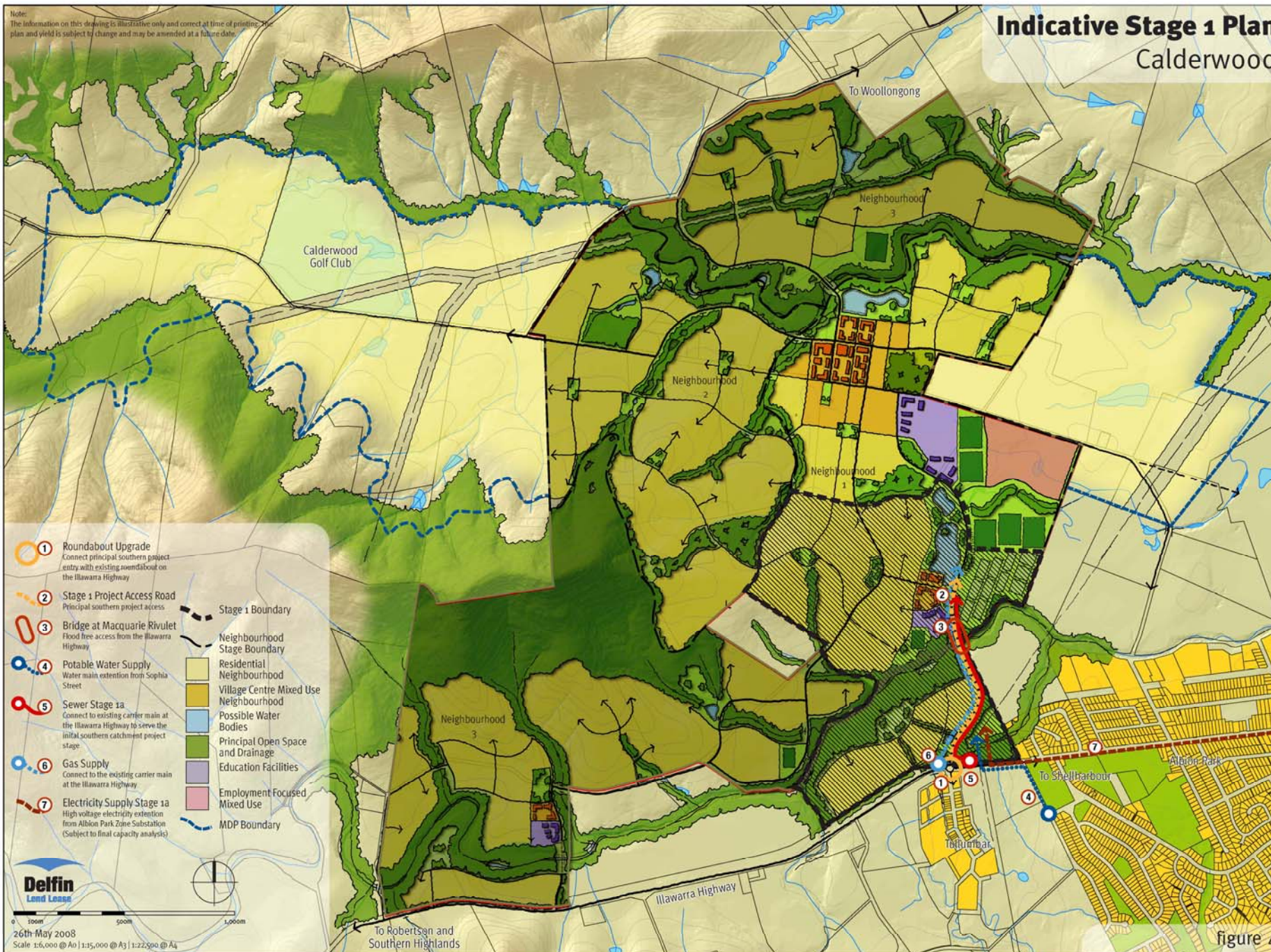


figure 4

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