

27 August 2024

Jamie Loader  
Director, Water and Sewer  
Central Coast Council  
By email: [wsassessment@centralcoast.nsw.gov.au](mailto:wsassessment@centralcoast.nsw.gov.au)

**Re: UDIA submission to Water and Sewer Development Servicing Plan Review 2024**

Dear Jamie,

The Urban Development Institute of Australia NSW (UDIA) is the peak industry body representing the leading participants in urban development across NSW through our over 450 member organisations. We are proud to count Central Coast Council (Council) as a valued member. UDIA invests in evidence-based research that informs our advocacy to local, state, and federal government, so that development policies and critical investment is directed to where it's most needed to shape the places and cities where people will live for generations to come.

We appreciate this opportunity to offer our comments to the Draft Central Coast Water Supply and Sewerage Development Control Plans 2024 (draft DSPs) for the Central Coast Northern Region and Southern Region, respectively.

We commend Central Coast Council for the efficient servicing of water and sewer infrastructure in the region. A major priority for UDIA is the improved coordination and delivery of enabling infrastructure aligned with strategic land use planning to support new homes and jobs. Recent policy changes by the NSW Government, such as the creation of Urban Development Program (UDP) Committees and the focus on "infrastructure-led" development, shows that there is broad agreement that infrastructure must be delivered in line with development to support new housing and jobs growth.

UDIA recognises the need to update the current DSPs to reflect expected growth, varied regional geography and higher value of assets that are planned to be delivered as a result of new development.

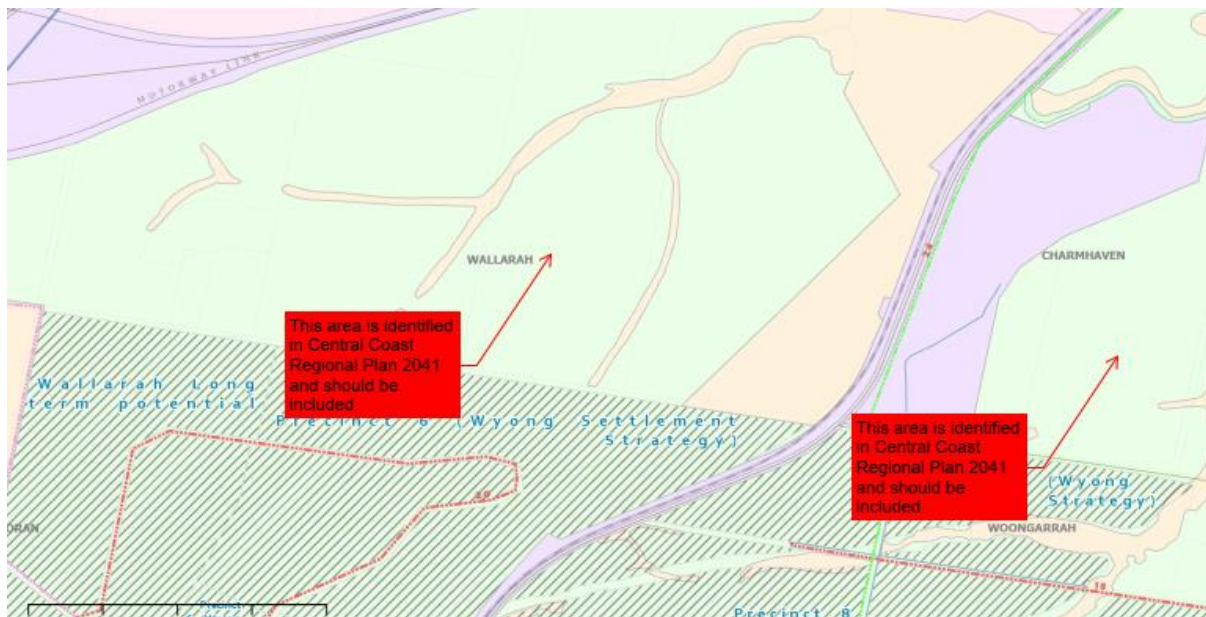
While overall supportive of the developer charges as exhibited, UDIA queries whether the draft DSPs have accurately and fully evaluated the infrastructure needs required for planned development across the Central Coast. Our submission highlights areas where we recommend additional consideration. We also take this opportunity to propose an improved approach to funding infrastructure in areas of fragmented land ownership.

## UDIA recommends:

1. The final DSPs should include all growth areas identified in *Central Coast Regional Plan 2041* and ensure all rezoning proposals have been appropriately considered.
2. The final DSPs should only include infrastructure items required to support growth from new development.
3. Central Coast Council should consider implementing Works in Kind Agreements (WIKAs) with monthly progress claims paid by Council directly to contractors.

## Inclusion of Development Sites

UDIA notes some development areas identified in the *Central Coast Regional Plan 2041* have not been included. For example, we recommend these sites at Wallarah and Charmhaven be added:



Northern DSP, p28

UDIA is aware of several rezoning proposals on the Central Coast in various stages of progression. For example, there is a rezoning proposal at Doyalson that would deliver 2,000 lots, and other proposals at Lake Munmorah, Erina, Somersby and Tuggerah. We query whether they have all been fully considered in provisioning for future infrastructure and in the calculations of developer charges.

If sites are missing such as the 2,000 lots at Doyalson, then both their infrastructure needs, and their likely contributions have not been factored in. In the case of 2,000 lots, it is likely that the DSP contributions are going to be higher than the cost of the required new assets or upgrades which means the developer charge should decrease for all developers in that catchment.

We recommend a further discussion with Council's Environment and Planning staff who would have details of all such identified growth fronts and active proposals, to ensure they have all been appropriately considered in the DSPs. If further information is needed, UDIA may be able to provide contact details for the individual proponents.

**Recommendation # 1 – The final DSPs should include all growth areas identified in *Central Coast Regional Plan 2041* and ensure all rezoning proposals have been appropriately considered.**

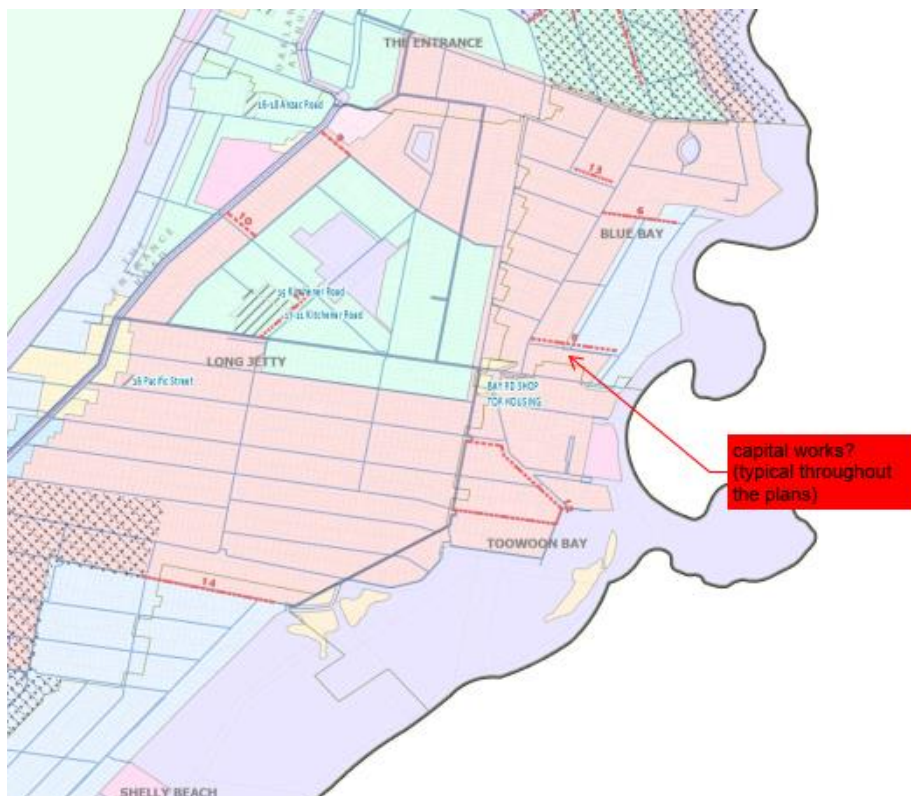
### Infrastructure Lists

UDIA queries whether some listed infrastructure items should be included in the DSP. Developer charges should only be charged to contribute to the delivery of infrastructure items needed to support growth from new development.

Any planned infrastructure that is needed to help with flexibility or security of supply to the existing network for existing customers should be delivered as capital works funded by customer rates, not by developer charges.

UDIA recommends that the following inclusions be more closely considered:

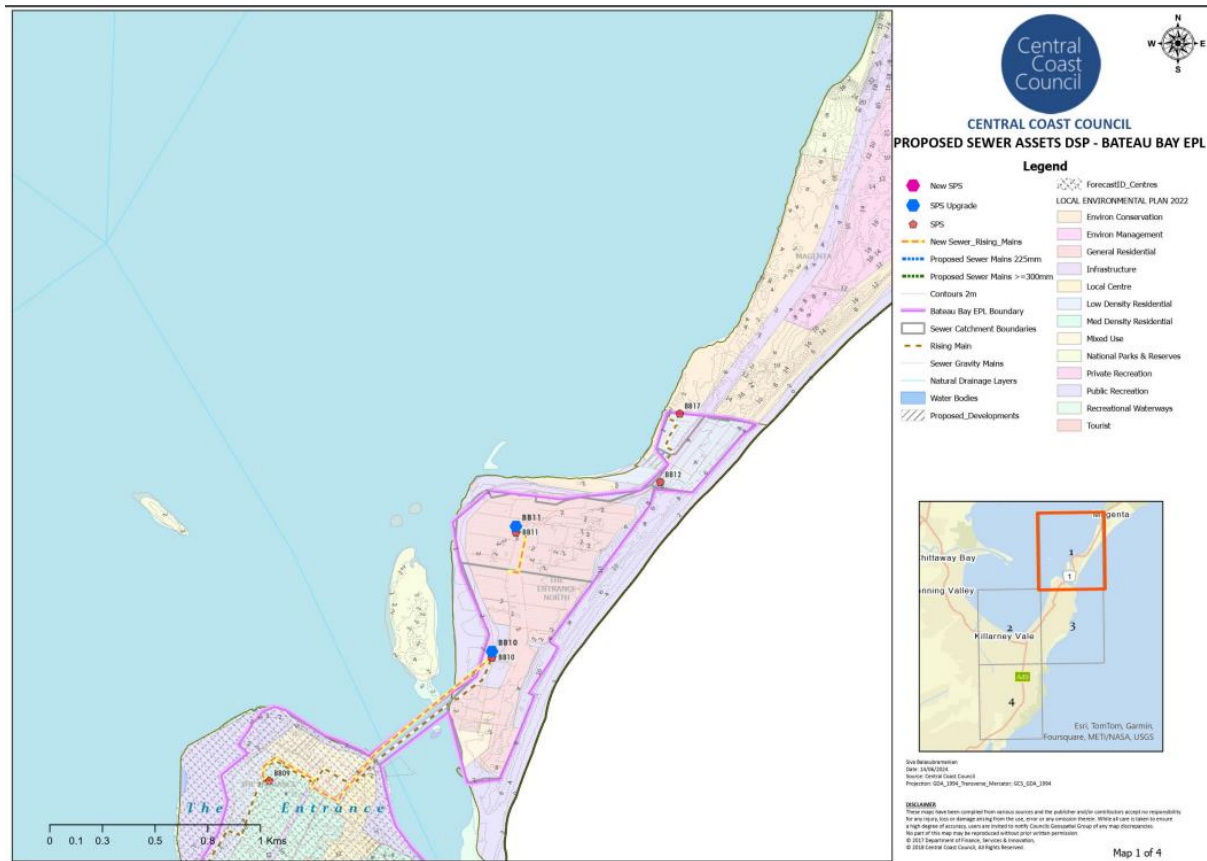
- Southern and Northern Water – these lists appear to include mains to help with existing network flexibility and security of supply. If this is the case, these should be capital works funded external to developer charges. An example is shown here at The Entrance.



Northern DSP, p59

- Southern and Northern Sewer – these lists appear to include sewer pump station upgrades and new sewer mains due to densification. However, it is unclear from the materials whether the anticipated densification development is required to pay DSPs. If the type of development is not subject to developer charges, these should be regular capital works.

For example, are the SPS upgrades in North Entrance themselves needed for new development, or should they be funded by capital works? This example is typical on all plans.



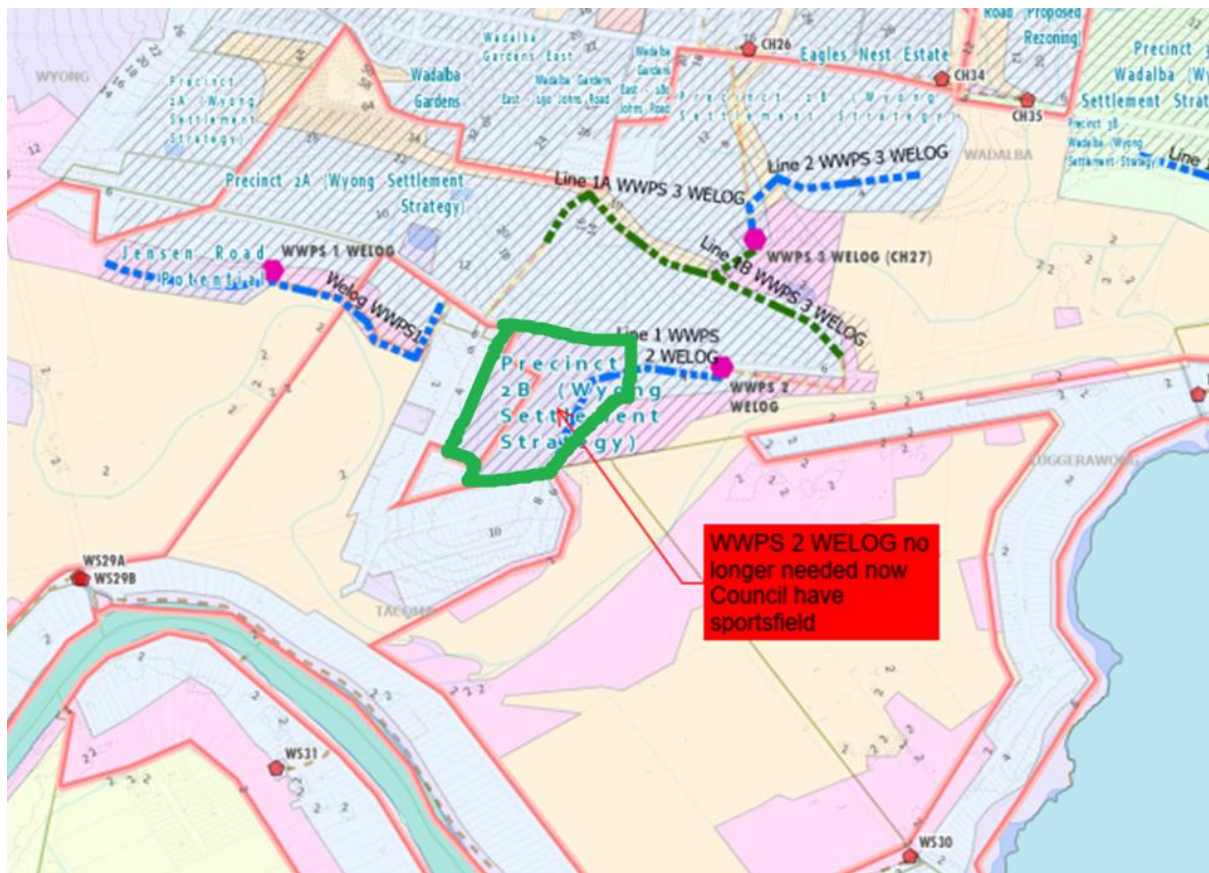
Northern DSP, page 124

If assets are being added or upgraded and charges are not collected for certain types of development, then other developments will pay higher charges to upgrade assets in already-developed areas. In such cases, UDIA believes those capital works items should be funded by existing customer water and sewer rates.

We have also identified at least one item that we believe should not be included (shown below) and a number of items that may have been inappropriately removed.

- Northern Sewer – our understanding is the WWPS 2 WELOG is no longer needed because the land use has changed for part of the area. In the map below, the land outlined in green had been planned to be rezoned as residential which would have required WWPS 2 WELOG. However, Council bought that parcel, and it was instead rezoned as RE1 to be used as a sportsfield. Our understanding is now that there is only a small portion of residential land on the south side of Jensen Road, the

residential area can be serviced by deep gravity sewer to WWPS 3, and therefore WWPS 2 is not required.



Northern DSP, p112

If further information is needed on this or items we think should not have been removed, UDIA would be happy to discuss, and may be able to provide contact information for the individual proponents.

**Recommendation #2 – The final DSPs should only include infrastructure items required to support growth from new development.**

### Funding Process Proposal

UDIA appreciates the ability to deliver infrastructure via Works in Kind Agreements (WIKAs). We recommend that Council consider implementing staged WIKAs to facilitate delivery of infrastructure and new housing especially in growth areas with fragmented land ownership. We understand this funding approach is available but not utilised on the Central Coast.

According to the *Central Coast Regional Plan 2041*, there are over 22,000 residential dwellings required by 2041 in the Northern Region alone. However, many of the development lands remain in highly fragmented ownership. The collection of DSP developer charges cannot be realised until these developments proceed. However, no single landowner is able to fund the required works. This chicken-and-egg scenario makes it difficult to coordinate and fund regional infrastructure which also means the development cannot be delivered.

We understand there was recently an industrial development completed whereby Council funded the sewer and water infrastructure through a WIKA with milestone payments.

UDIA sees potential to take the milestone payment concept a step further to facilitate water and sewer infrastructure, and therefore new housing or employment land, much sooner in fragmented areas.

We recommend Council consider a WIKA that uses linked contracts between Council, a developer and a contractor, whereby Council would pay the contractor directly on their monthly progress claims. As the work proceeds, there would be end-of-month inspections on progress by the superintendent, quantity surveyor (QS) and Council. Council would then pay the contractor's claims directly, the same as if Council was delivering the asset itself.

This would get around the small developer's inability to obtain financing to deliver the costly infrastructure up front. It would also reduce resourcing pressure on Council, as the developer would manage the design and delivery of the infrastructure with the contractor, while Council maintains oversight and quality control.

This approach would facilitate development by allowing developers and contractors to be paid for delivering the works without waiting for other developments' future contributions.

Without a mutually feasible way for the developers (and Council) to fund the works, these developments will remain stagnated leading to further unaffordable housing, expanded rental crisis and continued investment migration away from the Central Coast.

**Recommendation #3 – Central Coast Council should consider implementing Works in Kind Agreements (WIKAs) with monthly progress claims paid by Council directly to contractors.**

## **Conclusion**

UDIA is grateful for the opportunity to provide our comments to the Water and Sewer Development Servicing Plan Review 2024. We look forward to continuing to work with Central Coast Council to ensure growth infrastructure is equitably funded and delivered in line with development, having regard to development feasibility. For any follow up, please contact UDIA NSW Regional and Policy Manager Elizabeth York on [eyork@udiansw.com.au](mailto:eyork@udiansw.com.au) or 0434 914 901.

Kind Regards,



**Stuart Ayres**  
**CEO**