

\$1.8 billion in projects quietly rejected in just eight months

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The NSW Government has quietly denied "Part 3A" status to 14 major development projects worth \$1.8 billion since July last year, according to documents obtained by the Urban Taskforce. Nine projects were to be located in Western Sydney, and the investment in region would have amounted to \$1.4 billion.

The Part 3A process allows the approval of large projects to be handled by an expert team in the NSW Department of Planning, instead of local council staff.

The Taskforce's chief executive, Aaron Gadiel, said the government had effectively closed the Part 3A door to most large private sector residential, commercial or retail developments.

"It seems the political controversy has had an impact, with government more reluctant to accept new projects into the Part 3A system," Mr Gadiel said.

Until mid-2009, any residential, commercial or retail project could be declared as a Part 3A project, so long as its value exceeded \$50 million and the Minister for Planning decided that the project was of state or regional significance.

However, in July the government then changed the rules so that residential, commercial or retail projects with an investment value of less than \$100 million would be shunted off to local councils to assess, under the supervision of panels.

The new rules also abolished the need for the Minister to decide whether individual projects were of 'state or regional' significance. Instead, the only test of whether a project becomes Part 3A is now its value - \$100 million or more theoretically being enough to deem a 'major development'.

Internal departmental documents obtained through a freedom of information request reveal that under the new rules 14 projects with a total value of \$1.8 billion have been refused Part 3A status. These refusals were made without any formal merit assessment under planning legislation.

Six projects were in the \$50 million to \$100 million range and were ineligible under the new, tighter rules, however eight projects were valued at more than \$100 million. These projects total \$1.4 billion in value; the largest single project was worth \$290 million.

"The Department's actions are utterly inexplicable," Mr Gadiel said.

"If we're to believe their written policies, these projects should have each been accepted as Part 3A, and the proponents should have had opportunity for their proposal to be considered on their merits.

“Instead, it seems the government prematurely knocked each of these projects back, without a proper merit assessment.

“These decisions were taken behind closed doors – with no information about these refusals being made public.

“It’s only now, through a freedom of information request, can we fully understand how reluctant the government has become to consider many new projects, even very large projects, under Part 3A.

Today the Department of Planning, for the first time, publicly admitted to its new approach, telling the *Australian Financial Review* that “if there were no consideration of zoning issues, the NSW Government would have no choice but to assess highly inappropriate projects in unsuitable locations or sensitive environmental lands just because they were worth more than \$100 million”.¹

“Part 3A was originally intended to combined the process of seeking a rezoning and a development approval into a single integrated procedure,” Mr Gadiel said.

“Now they’re walking away from this principle, in defiance of the written text of their own state planning policy on major development.”

Mr Gadiel said there is now a risk that large residential, retail and commercial projects will be left without access to any fast-track development process.

“The continuing debate between government and opposition about Part 3A has become irrelevant for many developers.

“It’s hard to take NSW seriously, when you’re told a proposal for a \$290 million project isn’t worthy of full assessment and public exhibition as a major development.”

The **Urban Taskforce** is a property development industry group, representing Australia’s most prominent property developers and equity financiers.

For every \$1 million in construction expenditure, 27 jobs are created throughout the broader economy.

The construction activity made possible by property developers contributes \$78 billion to the national economy each year and creates 849,000 direct jobs.

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¹ Page 5, “NSW projects knocked back”.