

NET COMMUNITY BENEFIT TEST

The Draft Centres Policy includes guidance on conducting a NCBT that should be followed when assessing the NCB of a planning proposal. This guidance has been reproduced below but adapted to suit all types of planning proposals.

The NCBT should be prepared by the proponent in conjunction with Council.

The level of detail and analysis should be proportionate to the size and the likely impact of the rezoning.

The assessment should only evaluate the external costs and benefits of the proposal (i.e. the externalities). The assessment should generally assume that any private costs will be cancelled out by any private benefits. Eg proposal to rezone land to permit a business – the resources costs from constructing and running the buildings and business will be met by the proponent and relevant business operators. These costs should be offset by revenues (rents, floorspace sales, sales of goods and services) which, together with the private transport costs incurred by shoppers, reflect community willingness to pay for the benefits on offer in the development. Therefore, in a competitive market and taking a long term view, and assuming the development is financially viable, the market priced costs and benefits will cancel each other out, except for a normal return on capital.

Consideration must be given to changes that reflect a higher community benefit that result from changes in private costs, eg a resultant change in rents caused by a proposal that has created a change in the value the community places on a land use.

The assessment should only include costs and benefits that have a net impact on community welfare (i.e. welfare effects). Impacts that simply transfer benefits and costs between individual and businesses in the community (i.e. transfer effects) should not be included, since they result in no net change in community benefits.

The proposal should be assessed against the matters specified in the justification. The assessment should evaluate the proposal against a base case, or base cases, including retaining the existing zoning on the land.

The NCBT requires Council endorsement prior to submitting to the Department of Planning as part of the Gateway test.

For larger or more complex proposals, the proponent should consider the use of more formal cost benefit analysis techniques. Such analysis should be carried out objectively taking into consideration matters such as the number and type of jobs generated, the local or regional economy multiplier effects and any infrastructure and likely travel cost implications.

The Draft Centres Policy

A NCB arises where the sum of all the benefits of a development or rezoning outweighs the sum of all costs.

It is important to have a clear and transparent test to determine whether the proposed use on the site would produce a net community benefit and therefore whether the site should be rezoned.

The proposal should be assessed using the questions set out below. The assessment should evaluate the proposal against a base case, or base cases, including retaining the existing zoning on the land and or locating the development on appropriate zoned land in a centre.

The base case should be informed by an understanding of what existing floorspace is available (or potentially available) in existing centres and, if any, why it cannot be used for the purposes proposed in the rezoning proposal.

The assessment should quantify costs and benefits where possible, although this may not always be achievable or practical. For larger and more complex proposals, the proponent should consider the use of more formal cost benefit analysis techniques (see Department of Finance and Administration (2006) "Handbook of cost benefit analysis" for more detail). Such analysis should be carried out objectively taking into consideration matters such as the number and type of jobs generated, the local or regional economy multiplier effects and any infrastructure and likely travel cost implications.

Net Community Benefit Test - template

Assumptions

The assessment:

- only evaluates the external costs and benefits of the proposal (i.e. the externalities). The assessment generally assumes that any private costs will be cancelled out by any private benefits.
- only includes costs and benefits that have a net impact on community welfare (i.e. welfare effects). Impacts that simply transfer benefits and costs between individuals and businesses in the community (i.e. transfer effects) are not included, since they result in no net change in community benefits.
- quantifies costs and benefits where possible.

Base case

The base case(s) against which the proposal is evaluated is the current situation

describe current situation eg current zoning if proposal is for a rezoning. Also identify and describe other base cases if being used.

Evaluation criteria

The following key criteria should be examined when assessing the merits of the proposal against the base case. Although these evaluation criteria are from the Draft Centres Policy and apply to retail and commercial rezonings, they should be adapted to all types of planning proposals, so make the necessary changes to the evaluation criteria for non-business/retail/commercial rezonings.

If more than one base case is being used, add an extra column to the following table.

Quantify costs and benefits where possible.

EVALUATION CRITERIA	COMMUNITY COSTS AND BENEFITS			
	BASE CASE – CURRENT SITUATION	PLANNING PROPOSAL	QUALITATIVE COMMUNITY BENEFIT PER CRITERIA	QUANTITATIVE COMMUNITY BENEFIT PER CRITERIA
Will the LEP be compatible with agreed State and regional strategic direction for development in the area (eg land release, strategic corridors)?	There are no State and regional strategic plans or directions in place that address Tamworth. Council's adopted Regional Development Strategy was endorsed by the Department of Planning in April 2008. A number of elements of the Strategy support equine related uses; including: 'Strategic Action 8. Support equine industry development and promote sustainable management of its development: (a) <i>Position Tamworth as a recognized equine industry hub by producing a Tamworth Regional Equine Industry Development Strategy; and</i> (b) <i>Identify areas that support an Equine Industry Cluster and are environmentally sustainable. Develop a master plan for these areas to provide direction in relation to the types of development and subdivision that would be appropriate for these areas. The master plan must recognize and address the proposed 'heavy vehicle bypass' status of Burgmann's lane.</i> (c) <i>...</i> Figures 6.1 and 11.4 identify lands in the southern part of Tamworth as appropriate locations for equine related activities.	The LEP seeks to enable the development of dwellings associated with the equine uses within the SP3 zone.	The qualitative benefits of the proposal are as follows: • The addition of dwellings increases the flexibility and viability of the zone to attract equine related uses; • The inclusion of dwellings in the range of permissible uses increases the scope for innovative approaches to private investment in equine related matters, particularly the stabling of horses with owners; • By increasing the choice and scope of equine activities on land adjoining the AELEC, it increases the use of the AELEC, enhancing its viability and function / role within the City.	No external cost to community. Increased private investment will be a benefit

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Is the LEP located in a global/regional city, strategic centre or corridor nominated within the Metropolitan Strategy or another regional/sub-regional strategy? Is the LEP likely to create a precedent or create or change the expectations of the landowner or other landholders?	Tamworth is a regional city. However it is not identified in any Regional / Subregional study.	The LEP applies to a small number of land holdings in the Tamworth Regional LGA. It proposes a site specific outcome that responds to a unique set of locality specific circumstances (primarily proximity to the AELEC and other recreation facilities in South Tamworth).	It would be difficult to establish a precedent from support for the LEP based on the characteristics of the proposal and the subject land. It is unlikely that expectations from other landowners, or the community at large, would be influenced by the LEP, due to its unique nature.	No external cost to community.
Have the cumulative effects of other spot rezoning proposals in the locality been considered? What was the outcome of these considerations?	Tamworth Regional Council has recently prepared its new Comprehensive LEP. There are no relevant previous spot rezoning that could cumulatively establish a pattern of change that requires consideration.	The proposed LEP has been prepared in response to Council's resolution at its meeting on 22 July 2008 to include permanent accommodation in the SP 3 zone and place the Draft LEP (then known as LEP 2009) on exhibition with a provision that included the uses "Dwelling House" and "Secondary Dwelling" in the 'Permitted with Consent' column of the Land Use Table of the SP3 zone. Furthermore, Council at its meeting on 6 th June 2010, following exhibition, maintained its support for this provision when it resolved to finalise the draft LEP and forward it to the Minister.	No external cost to community.	No external cost to community.
Will the LEP facilitate a permanent employment generating activity or result in a loss of employment lands?	Land is currently zoned SP3 'Tourist'. The zone provides for employment uses.	The vision for the site embodied in the LEP seeks to retain key resort (employment generating) proposals. It does not seek to remove any employment generating land uses from the land use table.	The potential for the provision of employment generating uses within the zone is retained. Facilitating investment in construction will, in turn, facilitate employment in the construction sector.	No external cost to community.

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Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?	Land is currently zoned SP3 'Tourist'. 'Dwellings' and "Secondary Dwellings" are prohibited in the zone.	The LEP seeks to make "dwellings" and "secondary dwellings" permissible uses in the zone.	The LEP seeks to increase the variety / choice and supply of housing opportunities, assisting supply and affordability.	No external cost to community.
Is the existing public infrastructure (roads, rail, utilities) capable of servicing the proposed site? Is there good pedestrian and cycling access? Is public transport currently available or is there infrastructure capacity to support future public transport?	Tamworth Regional Council is the utilities authority and the area is served by sewer, water and power. Limited public transport serves the site.	The LEP will provide opportunities to increase the resident population in South Tamworth, enhancing use of investment in existing infrastructure.	A greater resident population in South Tamworth connected to the existing urban area will increase the viability of existing (or providing new) bus based public transport to South Tamworth.	No external cost to community.
Will the proposal result in changes to the car distances traveled by customers, employees and suppliers? If so, what are the likely impacts in terms of greenhouse gas emissions, operating costs and road safety?	The range of existing uses allowed by the zone will generate car based travel demand.	The LEP increases the range of uses.	By co-locating dwellings with employment in South Tamworth, there are opportunities for minor decreases in car distances travelled.	No external cost to community.
Are there significant Government investments in infrastructure or services in the area whose patronage will be affected by the proposal? If so, what is the expected impact?	There are a number of major recreation and entertainment facilities adjoining the site comprising: the Australian Equine and Livestock Events Centre (AELEC), Tamworth Regional Entertainment Centre (TREC) and the Tamworth Regional Sports Complex (TRSC).	The LEP proposes complimentary uses that can be served by adjoining facilities.	Existing investment will benefit from potential minor increases in patronage generated by the proposed new uses.	No external cost to community.

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Will the proposal impact on land that the Government has identified a need to protect (eg land with high biodiversity values) or have other environmental impacts? Is the land constrained by environmental factors such as flooding?	The subject site has not been identified as having any biodiversity value or constrained by environmental matters			No external cost to community.
Will the LEP be compatible/ complementary with surrounding land uses? What is the impact on amenity in the location and wider community? Will the public domain improve?	Activities and development in South Tamworth are characterised by a mix of residential, recreational and entertainment uses including golf course and major regional facilities.	The addition of dwellings to the range of permissible uses is both compatible with, and compliments, surrounding uses .	Improved access to regional recreation and entertainment facilities for Tamworth households.	No external cost to community.
Will the proposal increase choice and competition by increasing the number of retail and commercial premises operating in the area?	Not relevant to this Planning Proposal.			No external cost to community.
If a stand-alone proposal and not a centre, does the proposal have the potential to develop into a centre in the future?	Not relevant to this Planning Proposal.			No external cost to community.
What are the public interest reasons for preparing the draft plan? What are the implications of not proceeding at that time?	Dwellings are currently prohibited in the zone,	Dwellings will be a permissible use in the zone.	Public interest is best served by increasing the flexibility of this unique zone and the range of uses that compliment surrounding regional activities and facilities that can be accommodated within	Potential external cost to community if LEP does not proceed due to potential loss of economic opportunities noted above.
NET COMMUNITY BENEFIT =			Positive	Positive

Conclusion

The Net Community Benefit Test has found that the planning proposal will have a net community benefit and therefore the planning proposal should proceed.