



# CONTRIBUTIONS PLANNING POLICY P5.0298.2

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# CONTRIBUTIONS PLANNING POLICY

**DIVISION:** GROWTH AND FINANCE

**BRANCH:** CONTRIBUTIONS PLANNING

**CATEGORY:** 2

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## PART 1 - INTRODUCTION

### 1. BACKGROUND

- 1.1. Under the provisions of the *Environmental Planning and Assessment Act 1979* (EP&A Act), Council has the power to require the payment of Development contributions toward the cost of providing infrastructure and facilities to meet demand generated by the development. Transparency and accountability underpin the planning system to help maintain public confidence in the collection and use of contributions for infrastructure.
- 1.2. Where Development contributions are required by the Council through Conditions of Consent, the contribution must be in accordance with a Contributions Plan adopted by the Council. Council has several Contributions Plans that require the payment of contributions toward the provision of open space, recreation facilities, community facilities, roads, drainage and other community infrastructure.
- 1.3. This Policy has been developed in the context of the relevant statutory planning framework, as well as industry best practice and lessons learned through the implementation of the various Contributions Plans and development specific issues in the Camden Local Government Area (Camden LGA).

### 2. OBJECTIVES

- 2.1. The objectives of this Policy are to:
  - Provide the framework for the efficient and equitable determination, collection and management of Development contributions toward the provision of local infrastructure generated by development within the Camden LGA;
  - offer guidance, certainty, reduce the complexity of and ensure consistency with implementation, review and retirement of Contributions Plans; and
  - Promote the timely delivery of infrastructure in the Camden LGA.

### 3. SCOPE

- 3.1. This Policy applies to all land covered by a Contributions Plan as defined in cl. 7.1 of the Environmental Planning & Assessment Act 1979

## 4. DEFINITIONS

- 4.1. **Apportionment** means the proportional cost of each infrastructure item, or all, that can be attributed to new development. The proportion of the cost of infrastructure attributable to demand from sources other than new development, including the demand from existing development and backlogs in infrastructure provision for existing development, cannot be provided for in a Contributions Plan.
- 4.2. **Attributable** cost means the estimated cost for each item in the works schedules of the relevant Contributions Plan, which may differ from the final actual cost of the item. It will be the value used in determining the amount of any offset of monetary contributions as a result of any Works-in-Kind proposal.
- 4.3. **Bank guarantee** means an irrevocable and unconditional undertaking without any expiry or end date in favour of Council to pay an amount or amounts of money to Council on demand issued by an Australian bank, non-bank/financial institution, or insurance company subject to prudential supervision by the Australian Prudential Regulatory Authority and has a credit rating of "A" or above (as assessed by Standard and Poor's) or "A2" or above (as assessed by Moody's Investors Service) or "A" or above (as assessed by Fitch Ratings).
- 4.4. **CDC** means a Complying Development Certificate within the meaning of s4.27 of the *EP&A Act*.
- 4.5. **Consent/Conditions of Consent** - a Condition of Consent describes the conditions under which a Consent is granted. This may include the payment of Development contributions.
- 4.6. **Contributions Plan** means a document approved by the Council under s7.18 of the *EP&A Act* for the purposes of enabling the Council to impose Conditions of Consent requiring Development contributions.
- 4.7. **Council** means the Camden Council.
- 4.8. **Development Consent** means Consent under Part 4 of the *EP&A Act* to carry out development and includes, unless expressly excluded, a complying development certificate.
- 4.9. **Development contribution** means a monetary contribution or the dedication of land free of cost referred to in section 7.11 or a levy referred to in section 7.12 of the *EPA Act*.
- 4.10. **Development contribution area** means the area to which a specific contribution plan applies.
- 4.11. **DCMC** means the Development Contributions Management Committee.
- 4.12. **Enabling Infrastructure** means infrastructure that enables other **development** and is the highest priority infrastructure for delivery in a Contributions Plan. It may be forward funded by Council prior to the collection of Development contributions.
- 4.13. **EP&A Act** means the *Environmental Planning and Assessment Act 1979*.

- 4.14. **EP&A Regulation** means the *Environmental Planning and Assessment Regulation 2000*.
- 4.15. **ILP (Indicative Layout Plan)** establishes a framework for the urban form and defines the critical components of the site. These include land use, drainage areas, vegetation conservation areas, access points and collector roads, easements and open space, and areas with a restriction on height.
- 4.16. **IPART** means Independent Pricing and Regulatory Tribunal of NSW.
- 4.17. **Index** - Indexation is a method of adjusting contribution rates to account for changes in the cost of land or infrastructure over time. It helps to ensure that contributions remain reflective of cost. Indexation methodologies will be used for Contributions Plans.
- 4.18. **Land Contribution** means the area of land to be dedicated to Council in full or part satisfaction of Conditions of Consent requiring Development contributions to be made to Council.
- 4.19. **LGA** means local government area.
- 4.20. **LVI** means the Land Value Index published annually by the Council on its website or in its Management Plan, or both.
- 4.21. **Material Public Benefit (MPB)** - a MPB can consist of either a Works-in-Kind or the provision of certain public amenities or services that are not scheduled within a Contributions Plan that equals or exceeds an item/s in a Local Contribution Plan. An MPB is offered by a Developer and accepted by Council in satisfaction of a Condition of Consent. The Council does not encourage and generally will not accept MPB offers in lieu of Development contributions that provide essential supporting infrastructure.
- 4.22. **NDA** means Net Developable Area – this is the total area of the residential lots within a land subdivision and is used to calculate contributions on an area basis. The list of land that is excluded from the Net Developable Area is provided in Section 7.11.1. It is used to calculate the portion each development is required to pay for some types of infrastructure classes in Council's Plans, namely road and transport and watercycle management.
- 4.23. **Nexus** - in a contribution plan, means the relationship between the expected types of development in the LGA and the demand for additional infrastructure and Public Facilities to meet that demand. In relation to development proposed by a development application, the term refers to the demand created by the development for additional Public Facilities in the LGA.
- 4.24. **Planning agreement** means a voluntary Planning agreement referred to in section 7.4 of the EP&A Act.
- 4.25. **Policy** means the Camden Contributions Planning Policy (this Policy). 4.25 **Public Facilities** means public infrastructure, facilities and amenities.
- 4.26. **Recurrent costs** means any cost which is of a repeated nature that is **required** for the operation or maintenance of a public facility.

- 4.27. **Secondary Dwelling** means a self-contained dwelling that:
- a) is established in conjunction with another dwelling (the principal dwelling);  
and
  - b) is on the same lot of land as the principal dwelling; and
  - c) is located within, or is attached to, or is separate from, the principal dwelling.
- 4.28. **Surplus Credit** means the \$ amount by which the value of works accepted by the Council in satisfaction of a Development contribution required to be made under a Condition of Consent exceeds the amount of the Development contribution.
- 4.29. **Works-in-Kind (WIK)** means the undertaking of a work or provision of a facility by an applicant which is already nominated in the works schedule of a Contributions Plan in part or full satisfaction of a Development contribution required under a Consent Condition.
- 4.30. **Works Schedule** means the schedule of the specific public amenities and public services for which a contribution may be required as set out in a Contributions Plan.

## PART 2 - POLICY STATEMENT

This Policy shall be referenced when preparing new Contributions Plans in the Camden LGA, in conjunction with the Camden Contributions Plan Template.

This plan is also relevant for the administration, reviewing and retiring of contribution plans.

This Policy shall not limit or fetter Council's statutory discretion or duty in determining development applications under the *Environmental Planning and Assessment Act 1979*.

### 5. INTRODUCTION

#### 5.1. Purpose of this Policy

Under the provisions of the EP&A Act, Council has the power to require the payment of Development contributions toward the cost of providing infrastructure and facilities to meet the demand generated by development.

Development contributions are a means of funding infrastructure needed to support new development. Contributions may be in the form of monetary payment, the dedication of land, the provision of a Material Public Benefit (including through Works-in-Kind), or a combination of these.

The EP&A Act provides the overarching framework for the NSW planning system. The EP&A Regulation supports the day-to-day requirements of this system and contains key operational provisions including those related to Development contributions and Planning agreements. These instruments are supported by Practice Notes published by the NSW Department of Planning, Industry and Environment.

This Policy seeks to be a best practice guide and standardise Council's approach to Development contributions to foster greater efficiency and consistency in the preparation, administration and closure of plans and Planning agreements.

The purpose of this Policy is to:

- Provide the framework for the efficient and equitable determination, collection and management of Development contributions toward the provision of local infrastructure;
- encourage transparency and put into place accountability measures for the collection and expenditure of contributions and the provision of Public Facilities, underpinning confidence in the system;
- set out guiding principles for specific issues regarding Development contributions, thereby giving stakeholders clear direction; and
- maximise the delivery of infrastructure and minimise the risk associated with liabilities for existing development, where appropriate.

This Policy, supported by a Contributions Plan Template, Planning Agreement Policy, and Works-in-Kind Policy will help establish the contributions framework for Council in the development and implementation of future Contributions Plans. It will help ensure that local infrastructure is delivered in a timely, transparent and efficient manner.

The guiding principles embedded in this Policy will form the foundation of any subsequent Contributions Plans.



## 5.2. Relevant Council Policies and Documents

This Policy should be read in conjunction with the following adopted Policies and Documents:

- Contributions Plan Template;
- Planning Agreements Policy;
- Works-in-Kind Policy.

## 5.3. What is a Contributions Plan?

A Contributions Plan sets out the infrastructure and land that future residents, businesses and workers of the area will need. Councils must have a section 7.11 or section 7.12 Contributions Plan in place that is in accordance with the EP&A Act in order to levy contributions.

A Contributions Plan must contain:

- The purpose of the plan;
- The land to which the plan applies;
- The relationship between the expected types of development in the area to which the plan applies and the demand for additional public amenities and services to meet that development;
- The formulas to be used for determining the s7.11 contributions required for different categories of public amenities and services;
- The section 7.11 contribution rates for different types of development, as specified in a schedule to the plan;
- If the plan authorises the imposition of a section 7.12 condition -
  - The percentage of the section 7.12 levy and, if the percentage differs for different types of development, the percentage of the levy for those different types of development, as specified in a schedule to the plan, and
  - The manner (if any) in which the proposed cost of carrying out the development, after being determined by the consent authority, is to be adjusted to reflect quarterly or annual variations to readily accessible index figures adopted by the plan (such as a Consumer Price Index) between the date of that determination and the date the levy is required to be paid;
- The council's policy concerning the timing of the payment of monetary section 7.11 contributions, section 7.12 levies and the imposition of section 7.11 conditions or section 7.12 conditions that allow deferred or periodic payment;
- A map showing the specific public amenities and services proposed to be provided by the council, supported by a works schedule that contains an estimate of their cost and staging (whether by reference to dates or thresholds); and
- If the plan authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes, the priorities for the expenditure of the contributions or levies, particularised by reference to the works schedule.

Generally, contributions can only be sought for the following:

- Capital costs, including land acquisition costs;

- Public infrastructure that a Council has responsibility to provide. For IPART reviewed plans with a dollar value over a certain threshold, some types of infrastructure cannot be levied if they are not under the 'essential works' list (see Section 7.2.1 of this Policy); and
- Public Facilities that are needed because of, or to facilitate, new development.

#### **5.4. When is a Contributions Plan required?**

A Contributions Plan is to be developed for a prescribed area, where the collection of funding (in the form of money, land, or both) is required to enable the provision of infrastructure to support new residents and/or workers due to demand triggered by development.

A condition of Consent requiring a contribution can only occur when there is a valid and lawfully adopted Contributions Plan in place.

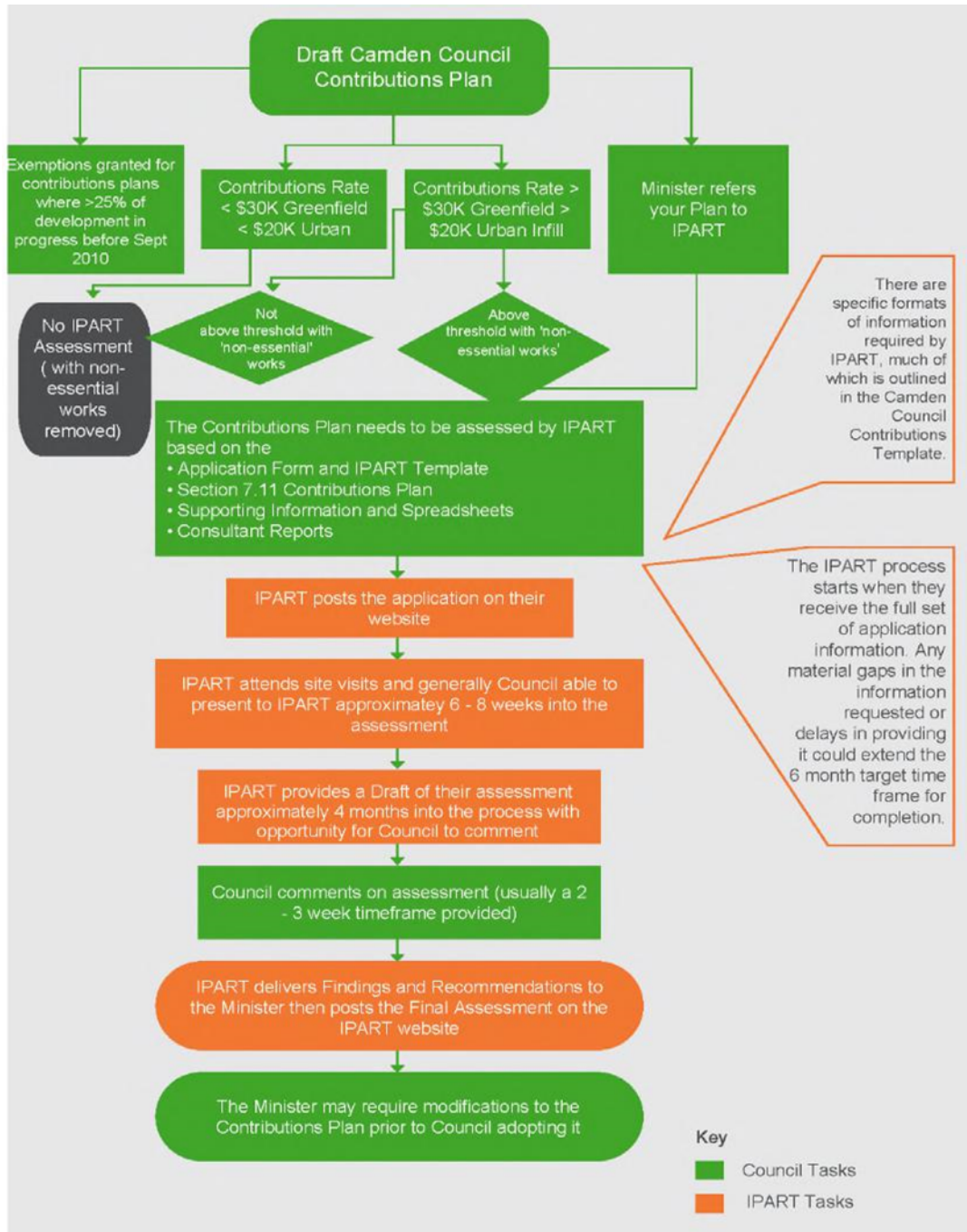
#### **5.5. Thresholds on Section 7.11 Contributions and role of IPART**

On 21 August 2012, the Minister for Planning issued a Direction to Council that capped section 7.11 contributions for residential development. On 17 July 2017, The Minister for Planning issued an amended direction that raised the caps on section 7.11 contributions and have since been phased out for IPART reviewed plans. Therefore, as of 1 July 2020, there will no longer be a cap on contributions associated with a Development Consent issued after this date. The required contribution in a plan will be able to be levied as a condition of Consent for IPART reviewed plans.

However, it should be noted that IPART reviewed plans will rarely cover the entire cost of infrastructure delivery. Items deemed non-essential works cannot be levied for in a Contributions Plan where the plan requires IPART review. An IPART review is required where residential dwelling contributions exceed \$30,000 in a greenfield context or \$20,000 in an infill context. The items that cannot be levied (i.e. 'non-essential' works), still appear the in the Work Schedules for transparency but are not included in calculating the contribution required.

## 5.6. Contributions Plan framework

The Contributions Plan framework and key roles played by IPART and the Minister of Planning is illustrated in the flowchart diagram below:



## 5.7. Principles underlying a Contributions Plan

A Development contributions Plan for any Development contribution area is to be prepared in accordance with the following key principles:

- *Nexus* - The need for the infrastructure included in the plan must be clearly demonstrated (need) and the connection between the development (generated through additional population, workers or business requirements) and the demand created should be clearly established (Nexus). This a fundamental principle when assessing reasonableness (see key principle for *reasonableness* below). An infrastructure item that is needed does not necessarily have to be delivered within the boundary of the plan i.e. the expected new resident population may contribute to the demand for an LGA-significant piece of infrastructure. Similarly, an LGA-significant item of infrastructure may be delivered within the boundary of land to which the plan applies, but a broad base of existing or new development outside the boundary may use the facility.
- *Apportionment* - Refers to the concept that a charge made under a Contributions Plan only ever reflects the infrastructure demand generated by residents or workers of new developments and no other demands. Excluded demands may include backlogs of infrastructure to serve an existing population and demand generated by background growth outside boundary of the Contributions Plan. The proportional needs of the existing population or background growth must be quantified and deducted from the infrastructure item costs when calculating a Development contribution.
- *Reasonableness* - A significant consideration given to the reasonableness of a Contributions Plan is founded on the two key principles of Nexus and Apportionment, and the assumptions and projections that determine that relationship. This includes how the costs of land and facilities for infrastructure are derived and the methodology applied to calculate the contributions rate and escalate it over time.
- *Transparency* - Both the method for calculating the Development contribution and the way it is applied should be clear, transparent and simple to understand and administer.
- *Equity* - Development contributions should generally be levied from all developments within a Development contribution area, based on their relative contribution to the demand generated. Exceptions are outlined in this Policy.
- *Certainty* - All Development contributions should be clearly identified and methods of accounting for cost adjustments determined at the commencement of a development.
- *Consistency* - Development contributions should be applied uniformly across a Development contribution area and the methodology for applying contributions should be consistent.
- *Accountability* - There must be accountability in the way Development contributions are determined and expended. This includes the completion of

a Work Schedule in a Contributions Plan which also prioritises infrastructure according to milestones.

**NOTE:** The three principles Nexus, Apportionment and Reasonableness only apply to a s7.11 Contributions Plan. Furthermore s7.11(2) imposes a statutory requirement that s7.11(1) contributions must be reasonable, and that the nexus and apportionment principles are the principal means of achieving this.

## 6. POLICY CONTEXT

### 6.1. Legislative framework

- Environmental Planning and Assessment Act 1979* – Provides the legislative framework for infrastructure contributions.
- Environmental Planning and Assessment Regulation 2000* – Provides further requirements relating to the making, amending and revocation of Contributions Plans, giving public notice and other procedural arrangements.
- Practice Notes* – The practice notes are made for the purposes of clause 25B(2) and clause 26(1) of the EP&A Regulation. While the practice notes are not legally binding, in some cases they may advocate greater restrictions on the content and use of Development contribution plans and Planning agreements than is provided for in the EP&A Act and EP&A Regulation. The practice notes also set out various templates designed to standardise Development contributions documentation.
- Ministerial Directions* – under section 9.1 of the EP&A Act, these Directions require consideration for planning for issues such as employment, environment and heritage, housing, infrastructure and urban development.

### 6.2. Development contribution context

This Policy forms part of Council's Development contribution system.

Council may impose a condition of Consent to a development application or a complying development application requiring a Development contribution under section 7.11 or the payment of a levy under section 7.12 of the EP&A Act (if consistent with the relevant Contributions Plan).

A Planning agreement can be used in conjunction with or instead of a Contributions Plan in several ways. These allow Council and a developer to negotiate the delivery of public benefits in a manner that may be unavailable via a Contributions Plan. It can also be utilised where the landowner is neither a developer nor Council.

Sections 7.4 and 7.11(6)(b) of the EP&A Act set out the way a Planning agreement can influence the contributions and levies imposed as conditions of a Development Consent. This includes the ability of a Planning agreement to wholly or partly exclude the application of section 7.11 or section 7.12 in respect of a development. However, this can only occur when Council or the Minister is a party to the agreement.

Where Council is the Consent authority for development, the exclusion of section 7.11 or section 7.12 through a Planning agreement will be a matter of negotiation

between Council and the developer on a case-by-case basis. Refer to the Camden Council Planning Agreement Policy.

### 6.3. Strategic alignment

Preparation of Contributions Plans are informed by Council's Strategic Planning Framework. This ensures legitimacy to the overall direction of the Contributions Plan and provides an overarching strategic foundation. Relevant strategic plans and related documents include, but are not limited to:

- Western City District Plan
- Community Strategic Plan
- Local Strategic Planning Statement
- Local Housing Strategy
- Economic Development Strategy
- Rural Lands Strategy
- Recreation and Leisure Strategy
- Integrated Transport Strategy
- Library Strategic Plan
- Precinct Plans
- Associated 'hard' infrastructure studies (road and transport studies, engineering assessments for watercycle management)
- Local infrastructure studies
- Infrastructure demand studies (open space and recreation and other social infrastructure).

Contributions Plans also reference:

- Open Space Design Manual;
- Buildings Design Manual;
- Sportsfield and other recreation strategies; and
- Engineering Standards.

Accordingly, any Contributions Plan should refer to the relevant strategic framework, to help set the context for infrastructure demand and delivery.

In addition to those outlined above, Council may undertake other strategic planning investigations which provide more detail on issues directly related to a specific Contributions Plan. For example, Council may prepare an open space management plan that results in fundamental changes to the way Council provides facilities (e.g. a move away from "pocket parks" to more comprehensive facilities). In these instances, there is likely to be a flow-on effect to the Contributions Plan that should be considered.

This underlines the need for regular review of Contributions Plans. It also emphasises the need for a multi-disciplinary approach within Council to the management of Contributions Plans to ensure their currency.

### 6.4. Integrated Planning and Reporting framework

When preparing a Contributions Plan and establishing the type of infrastructure to be included in the plan, Council will consider the integrated planning and reporting (IPR) framework and proposed projects, actions and services which may be identified in the plans and strategies. These include:

- Community Strategic Plan
- Combined Delivery Program and Operational Plan
- Resourcing Strategy

Where funding sources other than contributions are to be utilised (e.g. to account for Apportionment to existing development), these are to be noted and aggregated in the Work Schedule of the Contributions Plan. This enables tracking of Council liabilities that cannot be covered by contributions.

Planning agreements can also be used to implement the relevant priorities contained in Council's Local Strategic Planning Statement (LSPS), such as:

- Local Priority I1 - Aligning infrastructure delivery with growth
- Local Priority L1 - Providing housing choice and affordability for Camden's growing and changing population
- Local Priority L3 - Providing services and facilities to foster a healthy and socially connected community
- Local Priority S4 - Protecting and restoring environmentally sensitive land and enhancing biodiversity.

#### 6.5. Relationship to LEPs, DCPs and master plans

One of the key foundations of population projections in a Contributions Plan is the underlying local statutory planning framework, which includes the Camden Local Environmental Plan (LEP) and *State Environmental Planning Policy (Precincts – Western Parkland City) 2021* (Western Parkland City SEPP). Influencing factors of expected population growth in the LEP or SEPP include proposed:

- Land use and zoning (permissible uses) or Indicative Layout Plans
- Land identified for acquisition either within instruments or proposed
- Principal or proposed development standards controlling density, such as:
  - Floor space ratio
  - Minimum subdivision lot size
  - Height of buildings.
- Identified land constraints, including those identified in Indicative Layout Plans, limiting significant growth, such as:
  - Heritage
  - Flood prone land
  - Airspace operations (OLS)
  - Environmentally sensitive land (i.e. Riparian Corridors, land supporting endangered species, land identified in the Biodiversity Conservation Act 2016 (Biodiversity Values Map))
  - Engineering constraints regarding the suitability of the site or the public interest (i.e. land prone to land slips requiring an engineering solution to mitigate risks)
  - Land necessary for public utility infrastructure
  - Any matters required to be evaluated under s4.15 of the EP&A Act in relation to a development application.

Accordingly, the LEP or *SEPP Growth Centres* (or planned changes to these instruments) will provide the basis for growth and development or changes to future development potential that may lead to additional demand. Actual delivery of development should be monitored for the purposes of keeping Contributions Plans current.

The Camden Development Control Plan 2019 (DCP), which provides development guidelines, has an influence on a Contributions Plan. Examples of influencing controls are those which limit building footprint such as minimum landscaped area, site coverage, setbacks, and design of infrastructure including road widths, drainage design and open space requirements.

A master plan is the process by which analysis is undertaken and strategies are prepared, as well as the resulting coordinated proposals for buildings, infrastructure, spaces, circulation, and land use. These are conceived in three dimensions and are supported by carefully orchestrated delivery strategies.

Master plans can be prepared to influence planning controls, or they may be informed by current planning controls. They may also be prepared in phases, with a considerable period passing between each phase. Comprehensive studies are undertaken to support master plans, which often identify the impacts the expected population may have on public services and amenities.

For a master plan to be comprehensive it must be supported by financial, economic, and social Policy documents and delivery mechanisms. Without these, it has little meaning or likelihood of effective implementation. It is therefore fundamental that a Contributions Plan be prepared or amended to:

- Determine the demand for infrastructure and Public Facilities generated by the planned population; and
- To ensure that the development makes a reasonable contribution towards the provision of infrastructure to meet that demand.

It is considered reasonable that contributions be sought towards the cost of specialist studies which have been required to inform the preparation of the Contributions Plan. This is consistent with the Department of Planning, Infrastructure and Environment's Development contributions Practice Notes (July 2005). The costs associated with the preparation of the relevant plan can therefore be levied under that plan.

## **7. PREPARING A CONTRIBUTIONS PLAN**

### **7.1. How must a Contributions Plan be set out?**

There are minimum requirements for Contributions Plans, which are set out in the EP&A Regulation. Each requirement and reference to the section or Part of the Camden Contributions Template that deals with that requirement is listed in the table below.



## Contributions Plan Template Requirements

Requirement in the Regulations	Where this requirement is addressed in Council's template
(1) A Contributions Plan must include particulars of the following:	
(a) the purpose of the plan,	1.1
(b) the land to which the plan applies,	1.2
(c) the relationship between the expected types of development in the area to which the plan applies and the demand for additional public amenities and services to meet that development,	Part 2 and Appendices
(d) the formulas to be used for determining the section 7.11 contributions required for different categories of public amenities and services,	1.4 and/or 3.1.4
(e) the section 7.11 contribution rates for different types of development, as specified in a schedule to the plan	1.3
(f) if the plan authorises the imposition of a section 7.12 condition: (i) the percentage of the section 7.12 levy and, if the percentage differs for different types of development, the percentage of the levy for those different types of development, as specified in a schedule to the plan, and (ii) the manner (if any) in which the proposed cost of carrying out the development, after being determined by the Consent authority, is to be adjusted to reflect quarterly or annual variations to readily accessible Index figures adopted by the plan (such as a Consumer Price Index) between the date of that determination and the date the levy is required to be paid,	NA
(g) Council's Policy concerning the timing of the payment of monetary section 7.11 contributions, section 7.12 levies and the imposition of section 7.11 conditions or section 7.12 conditions that allow deferred or periodic payment	3.1
(h) a map showing the specific public amenities and services proposed to be provided by the Council, supported by a works schedule that contains an estimate of their cost and staging (whether by reference to dates or thresholds)	A.3
(i) if the plan authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes, the priorities for the expenditure of the contributions or levies, particularised by reference to the works schedule.	3.4

## 7.2. Which funding or delivery mechanism?

This section outlines the circumstances under which either a section 7.11 or section 7.12 plan should be considered. It is important to note that a development consent can only be the subject of either a section 7.11 contribution or a section 7.12 levy, not both. However, different classes of development in the same locality may have different types of contribution funding mechanisms. It also explores options of other delivery mechanisms, including Planning agreements and Works-in-Kind Agreements.

Key considerations when evaluating which funding and/or delivery mechanism is the most appropriate include:

- The ability to deliver adequate levels of infrastructure driven by demand as a result of population growth;
- the ability of the type of Contributions Plan to appropriately manage liability for Council related to infrastructure delivery generated from existing developments; and
- the ability for additional Material Public Benefit to be delivered, without compromising the essential infrastructure required for a development to function.

### 7.2.1. Section 7.11 Contribution Plans

Section 7.11 allows Council to determine the contribution based on the cost of infrastructure to be delivered. It is the most appropriate funding mechanism for areas of high growth, such as urban release and greenfield areas or areas of major redevelopment (Precinct Planning), where Apportionment and Nexus can be clearly established. In these situations, the rate and type of development is usually more predictable and the increased demand for infrastructure is more apparent than where development is occurring in established areas. Further, new release areas often have little or no existing public infrastructure in place. Nexus and Apportionment are therefore more easily demonstrated.

A Contributions Plan that proposes a rate above that proposed under the Ministerial Direction relating to section 7.17 of the EP&A Act, must be submitted to IPART for an independent review. An IPART reviewed Contributions Plan must only include 'essential works'. Essential works are defined to include the following:

- Land for open space (i.e. sporting facilities and parks) including base-level embellishment;
- Land for community services (i.e. childcare centres and libraries) but not works for the facilities;
- Land and facilities for transport (i.e. road works, traffic management, pedestrian and cyclist facilities);
- Land and facilities for watercycle management; and
- The costs of plan preparation and administration.

Under the current legislation, section 7.11 and section 7.12 can only be applied to the capital funding of infrastructure, not recurrent funding for operation and maintenance. The only recurrent funding permitted is the ongoing maintenance of roads where heavy vehicular traffic movements arise directly from a specific development activity such as mining. Planning agreements allow for recurrent funding for other items.

Benefits	<ul style="list-style-type: none"> <li>• Optimal for areas of high growth where there is a clear Nexus between the infrastructure and new development and there is minimal or manageable liability for infrastructure costs apportioned to existing development</li> <li>• Useful for areas with multiple owners who are unable to coordinate dedications, Planning agreements or Works-in-Kind</li> <li>• Collection is transparent as it is associated with clear development milestones</li> </ul>
Issues	<ul style="list-style-type: none"> <li>• Can only be applied to the capital funding of infrastructure</li> <li>• Cost in developing a section 7.11 plan for smaller development</li> <li>• Can only be applied via conditions of Development Consent (i.e. at the Development Application or Complying Development Certificate stage)</li> </ul>

Council will utilise a section 7.11 plan when:

- There is a high volume of new development in either a greenfield or infill context and a distinct boundary can be set (i.e. around land that will or has been rezoned);
- The development will create significant demand for new infrastructure;
- The cost attributable to existing development does not create an unserviceable liability for Council;
- There is multiple landowner's dependent on a co-ordinated approach to enable development;
- There may be a need to forward fund some infrastructure to facilitate development;
- There are complex environmental/planning issues to be managed (including in the case of smaller developments); and
- The Council liability for the apportioned costs to existing development is minimal or manageable considering Council's other financial resources.

### 7.2.2. Section 7.12 Contribution Plans

Section 7.12 contribution plans are an alternative to section 7.11 contribution plans.

Section 7.12 of the EP&A Act allows Council to prepare a Contributions Plan to levy a flat rate contribution towards, or recoup, the capital costs of providing or extending facilities, infrastructure and services necessary to meet the increased demand created by new development in a particular area.

Levies under these plans are charged as a flat percentage of the estimated cost of development. This is generally no greater than 1% (capped through regulation 25K of the EP&A Regulation). Under section 7.12, Council is not required to establish the Nexus between the development paying the levy and the object of the expenditure of the levy.

In some infill scenarios, determining the demand for local infrastructure solely from new development (as required under a section 7.11 plan) can be challenging. In an established area, the requirement of a section 7.11 Contributions Plan to apportion the cost of new infrastructure between the existing and new development can create a significant liability for Council. A section 7.12 approach may be preferable for infill development in an established area, while section 7.11 is more suited to major planned urban renewal precincts.

Benefits	<ul style="list-style-type: none"> <li>• Little growth and slow accrual of funds in established urban areas or rural areas that does not justify the cost of developing a section 7.11 Contributions Plan</li> <li>• Suitable for low growth areas where Council liabilities for existing development would be untenable</li> <li>• Suitable for areas with multiple ownership with little scope for land dedications or Works-in-Kind</li> <li>• Costs of needed infrastructure are relatively low and spread out over time</li> <li>• Less complex to develop and greater flexibility in directing funds to various infrastructure items</li> </ul>
Issues	<ul style="list-style-type: none"> <li>• Lower value of contributions (note that this is currently under review) but greater flexibility in expenditure</li> <li>• Can only be applied via conditions of Development Consent (i.e. at the Development Application or Complying Development Certificate stage)</li> <li>• Can only be applied where the proposed cost of development is above a certain threshold (&gt;\$100,000)</li> </ul>

Council will utilise a section 7.12 plan to allow appropriate Development contributions to be levied in areas such as:

- Rural areas, where there are slow rates of development and growth, or development is sporadic.
- Established urban areas, where development is mainly ‘infill’ development and there is fragmented land ownership.
- Where Council needs to limit its liability for existing development.

### 7.2.3. Planning agreements

A Planning agreement, often referred to as a Voluntary Planning Agreement (VPA), is an agreement entered into by Council and a developer in accordance with the provisions of section 7.4 of the EP&A Act. Under a Planning agreement, a developer agrees to provide infrastructure and/or fund public amenities and public services including recurrent funding, affordable housing, and/or transport or other infrastructure.

A VPA provides flexibility in terms of delivery and timing. The funds or works are not required to have a direct Nexus with the proposal but should be related. A VPA should be considered where Council is satisfied that there is a direct benefit over and above the existing Contributions Plans in place. Council must be satisfied that entering into a VPA will not compromise the delivery of infrastructure outlined in a Contributions Plan.

Council should consider the circumstances under which it will consider a VPA in lieu of contributions under an existing plan or where payment of both will

be expected. The VPA should also acknowledge the infrastructure identified in the relevant Contributions Plan. A VPA also allows for recurrent funding, whereas a Contributions Plan does not. Therefore, a VPA may be particularly valuable where there are ongoing maintenance and/or operational costs associated with a facility, such as watercycle management.

A VPA may also include the delivery of Material Public Benefit in the form of affordable housing and other related planning issues, which are not identified in a Contributions Plan.

Benefits	<ul style="list-style-type: none"> <li>• Provides more flexibility in terms of delivery and timing of Material Public Benefits</li> <li>• Provision of contributions or a range of public purposes which can extend beyond the scope of conventional local infrastructure Contributions Plans, such as affordable housing</li> <li>• More successful where major growth or development occurs in a distinct area</li> <li>• Can meet ongoing (recurrent) costs associated with a facility</li> <li>• Negotiated at the Planning Proposal stage</li> </ul>
Issues	<ul style="list-style-type: none"> <li>• Quality VPA outcomes are often difficult to achieve and Council experience suggests substantial resources are required to implement a satisfactory agreement</li> </ul>

A VPA is most appropriate when:

- There is a Planning Proposal submitted to Council and there is little disaggregation between various landowners/developers;
- It is associated with a Development Application or a Planning Proposal; and
- It is in accordance with the Camden Planning Agreement Policy, which details the circumstances under which such an arrangement may be sought.

VPAs should be limited to distinct developments where:

- The cost resources of developing a section 7.11 plan would be prohibitive; or
- There are generally one or a small group of landowners and it is associated with a specific Planning Proposal or Development Application.

#### 7.2.4. Works-in-Kind Agreement

A Works-in-Kind (WIK) Agreement is the completion of a work specifically included in a Development contributions Plan.

The purpose of providing Works-in-Kind Agreement is to satisfy the conditions of a Development Consent that requires contributions to be made (i.e. to construct works instead of making a cash payment to Council).

A developer may seek to construct public infrastructure or provide another form of Material Public Benefit in lieu of making a monetary contribution. This is in accordance with the provisions of section 7.11(5)(b) of the EP&A Act.

WIK agreements provide opportunities for developers to deliver infrastructure for the community earlier than Council may be able to achieve, with the advantage of accelerating housing and infrastructure delivery. By constructing works, developers can offset the Development contributions they would otherwise be required to pay to Council.

It is Council Policy that the WIK agreement will be of equal value to the costs identified in the Contributions Plan for the infrastructure at the appropriate Indexed value, unless otherwise agreed between the developer and Council.

If the value exceeds that payable under a Contributions Plan, under some circumstances, developers can seek a credit for difference in value to be applied against future Development contribution requirements for that kind of work. For example, where a proportion of the work is attributable to other parcels of land or existing development (refer to the Camden Works-in-Kind Policy, Part 10). Delivery of infrastructure over-and-above the standard identified in the Contributions Plan, however, will not constitute a credit, unless expressly agreed to by Council in writing.

Care needs to be taken when drafting WIK agreements to ensure that the valuation process and proper scope of works are clearly defined. Failure to do so could impact on Council's ability to recover any shortfall in Development contributions.

Benefits	<ul style="list-style-type: none"> <li>• Provides more flexibility in terms of delivery and timing</li> <li>• Can enable the delivery of infrastructure much earlier than otherwise would be provided by Council</li> <li>• More successful where major growth or development occurs in a distinct area</li> </ul>
Issues	<ul style="list-style-type: none"> <li>• Need to ensure the valuation process and scope of works are clearly defined in the WIK agreement.</li> </ul>

**7.3. Developments excluded from Contributions Plan or excluded from some categories of infrastructure contributions**

Council exempts some types or classes of development from the payment of Development contributions based on strategic planning, economic or social purposes. A Contributions Plan must be specific about the types of development to be exempted from the plan. To ensure consistency across all development plans, the following types of development must be nominated as exempt from contributions:

1.	A dwelling house on a single allotment of land where the new dwelling house replaces an existing dwelling (Section 7.11 only)
2.	Development where a contribution has previously been paid for the same <u>development at the subdivision stage under a predecessor plan</u>
3.	A dwelling house on a vacant allotment of land where a section 7.11 or Section 7.12 contribution was imposed on that allotment under a Development Consent

4.	Alterations and additions to an existing attached dwelling, dual occupancy or dwelling house (Section 7.11 only)
5.	Social housing and affordable housing (excluding Secondary Dwellings under the Affordable Housing SEPP), that is provided and/or managed by a social or community housing provider or not-for-profit
6.	Development for the purposes of any form of seniors housing defined in the <i>State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004</i> that is provided and/or managed by a social or community housing provider, as defined under the SEPP
7.	Development for the sole purpose of the adaptive reuse of an item of environmental heritage, as listed in the relevant Environmental Planning Instrument
8.	Residual lots, where no demand for public amenities or public services is generated
9.	Superlots, where the final demand for public amenities or public services will be generated after a further subdivision of land
10.	Emergency services facilities
11.	Government schools (established under the <i>Education Act 1990</i> by the Minister for Education) as per Circular D6 – Crown Development Applications and Conditions of Consent (issued by Dept of Urban Affairs and Planning, 21 September 1995).
12.	Exclude contributions towards social and community infrastructure for Private Schools
13.	Class 10 buildings (carports, garages, pergolas and the like)
14.	Utility undertakings to be carried out by Sydney Water, Endeavour Energy or other water, sewer or energy providers
15.	Development that an executed Planning agreement excludes from the application of section 7.11 or section 7.12 of the EP&A Act
16.	Public amenities or public services not listed in a Contributions Plan prepared under section 7.11 or section 7.12 of the EP&A Act
17.	Public infrastructure provided by or on behalf of State Government or Council
18.	Development that in the opinion of Council would not, if carried out, result in a net increase in demand for any of the public amenities or public services addressed in the relevant Contributions Plan (Section 7.11 only)
19.	Development exempted from section 7.11 contributions or section 7.12 levies by way of a direction made by the Minister for Planning.

Council may consider fully or partially exempting some developments or deferring part of a contribution's payment, or categories of infrastructure, from the requirement for a contribution, including in instances of:

- A privately-provided health or education facility in which case only roads and transport and watercycle management would be charged
- Development that otherwise provides a demonstrable public benefit by placing less burden on the demand for publicly provided infrastructure.

Applicants must demonstrate that their development is consistent with the exclusion criteria in their development application based on the key principles of:

- The development provides a public benefit; and
- The development does not increase demand for Public Facilities (however it may create demand for roads and transport and watercycle management).

If Council is satisfied that the development satisfies the exclusion criteria, it will exempt the development from the need to pay a contribution or certain categories of contributions.

In the case of complying development, Council must first verify any exclusions in writing.

Council should not factor exempted developments (or developments covered by a section 7.12 plan) into the assessment of demand for the purposes of a Development Contributions Plan. Where the exempted development will create future demand, and Council intends to cater for this demand through provision of infrastructure (e.g. through the application of section 7.12 levies), it must specify the exempted portion of the development.

#### **7.3.1. Exemption of employment land from some categories of infrastructure contributions**

In most cases, Council will exempt employment land uses from the infrastructure categories of open space and recreation and community facilities. While workers can generate demand for these facilities, there is social benefit in promoting employment-generating uses providing job opportunities for residents. For many employment uses, there may also not be a clear Nexus between workers and the demand generated. An example of this is industrial development, remote from a centre, and hence less likelihood of workers using social infrastructure.

However, there is a clear Nexus between businesses and workers generating demand for roads and transport as well as stormwater management. Hence, it is Council Policy to charge infrastructure contributions to employment uses for these infrastructure categories.

Exceptions where workers are likely to generate significant demand for social infrastructure may be:

- In a particular renewal or greenfield area that has a very high proportion of employment generating uses compared to a residential area; and
- There are specific facilities proposed to encourage employment uses and subsequently attracting workers to an area.

#### **7.4. Policy for Secondary Dwellings**

Secondary Dwellings are defined in the *Camden Local Environmental Plan 2010* and can be an affordable form of housing in the residential areas of the Camden LGA. These dwellings – also known as ‘granny flats’ – are often constructed to provide accommodation for the extended family of the principal dwelling but can also be used to generate income.

While these types of dwellings make an important contribution to the social sustainability and housing mix in the LGA, they result in an increase in demand for the provision of infrastructure. Council applies the infrastructure categories of watercycle management and road and transport at a Net Developable Area approach. The primary dwelling pays contributions towards these infrastructure categories (based on land area) and the contribution should not be reapplied to the subsequent development of a Secondary Dwelling. However, recognising that Secondary Dwellings generate demand for community facilities and open space, a



contribution should be levied for these infrastructure categories. Secondary Dwelling is not a specific category under ABS Census data, therefore, it is more difficult to determine the average occupancy of Secondary Dwellings. The same social infrastructure charges apply for Secondary Dwellings as to apartments (see section 7.11.2 on **Calculating resident population and average dwelling occupancy**) and are based on the number of bedrooms.

The *State Environmental Planning Policy (Affordable Rental Housing) 2009* (AHSEPP) does not affect the levying of Development contributions under section 7.11 of the EP&A Act.

**7.5. Benchmarked versus Quantity Survey cost in Work Schedules and on-costs and contingencies**

Council has engaged quantity survey professionals to provide benchmark costs for specific types of infrastructure for open space embellishment, watercycle management infrastructure, roads and traffic management and community facilities.

These benchmark costs are reviewed every three years as part of a review of each contribution plan.

A Works Schedule can be prepared in two ways – using benchmark costs or through quantity survey. IPART allows contingencies and on-cost percentages to be added using the IPART benchmark costs. It is Council Policy to apply the same contingencies, with the exception of infrastructure identified as ‘Enabling Infrastructure’ which is to be forward-funded by Council (this will be dealt with via a future annexure to this Policy).

*Contingencies and on-costs for benchmark methodologies for Work Schedules (Source: IPART Recommendations)*

**Table 7.1 Recommended contingency allowances for benchmark items**

<b>Project stage</b>	<b>Open space embellishment</b>	<b>Community facilities</b>	<b>Roads</b>	<b>Stormwater</b>
Strategic Review	20%	15%	30%	30%
Business Case	15%	10%	20%	20%

Infrastructure designated as ‘Enabling Infrastructure’ in a Contributions Plan will be quantity surveyed to inform the works schedule as this is required to calculate interest accrual on infrastructure. The following on-costs and contingencies, as per IPART advice, will be included in the Works Schedule.

### *On-costs and contingencies for Quantity Surveyed costs in a Work Schedule*

<b>On-cost calculations</b>	<b>Percentage</b>
Preliminary	6%
Margin	6%
Approvals	1%
Professional Fees	10%
Legal	0.3%
Project Management	2.5%
<b>Total</b>	<b>26%</b>
<b>Interest</b>	<b>As per discounted rate under the Low Interest Loan Initiative</b>
<b>Contingency</b>	<b>10%</b>

Contributions Plans enable the option for out-of-sequence land acquisitions subject to *Land Acquisition (Just Terms Compensation) Act 1991* No 22 hardship clauses under Division 3 Owner-initiated acquisition in cases of hardship. In addition to the above, a 12% contingency is added to all land scheduled to be acquired to accommodate land acquisition costs under Just Terms to cover risks. High levels of land fragmentation will increase the risks of Just Terms.

#### **7.6. Forward funding of infrastructure**

Forward funding of infrastructure will likely be required in some instances as development cannot occur without certain infrastructure.

To determine the appropriateness of forward funded infrastructure, factors that need to be considered while preparing a Contributions Plan include:

- Growth areas where local infrastructure will need to be provided ahead of subdivision and development (such as key roads or bridges);
- Fragmented land ownership;
- Market failure;
- Pooling of funds cannot deliver sufficient funds to deliver the infrastructure;
- Permanent drainage basins where appropriate; or
- The requirement for temporary stormwater detention on future or Council-owned land.

Items of infrastructure that will require forward funding to enable development are defined as 'Enabling Infrastructure' in the Works Schedule (this will be dealt with via a future annexure to this Policy). Interest accrual on these items can be included in the Contributions Plan for these items, subject to the conditions of a future annexure to this Policy and, if required, IPART approval.

#### **7.7. Enabling Infrastructure**

Enabling Infrastructure is infrastructure that facilitates other development, and therefore requires forward funding.

This is infrastructure that is a prerequisite for settlement or the operation of an industry, without which other types of infrastructure cannot be supported. For example, no development may occur if a collector road is not constructed enabling other development.

The Contributions Plan, and its supporting documents, should identify Enabling Infrastructure in the Works Schedule as the highest priority infrastructure attracting the pooling of funds.

Enabling Infrastructure should:

- Be identified in the strategic planning phase. Strategic planning should consider how staging may avoid the forward funding of the infrastructure in some circumstances i.e. other development can occur in earlier stages that enables the collection of funds for the later stages.
- Where Enabling Infrastructure is required, it should be nominated as the highest priority and identified for forward funding and pooling (further guidance on pooling in section 9.1. Interest accrual will be dealt with in a future annexure to this Policy).

### 7.8. Loan interest costs

This section explores how Contributions Plans may recoup the costs of interest accrued as a result of borrowings to forward fund local infrastructure delivery.

The Indexation of contribution rates may not adequately account for the total opportunity cost of capital and, therefore, it is considered reasonable that the Contributions Plan also includes interest costs. Pursuant to the EP&A Regulation and the Practice Notes, interest can be charged on forward funded infrastructure.

However, significant interest accrual and the way that the combination of Indexation and interest interaction (i.e. double-dipping) has not been tested through an IPART or LEC processes. IPART indicates that a Net Present Value (NPV) approach avoids the issue but there are several complications to using the broader approach in Contributions Plans for Council. Similarly, the recalculation of contributions will become complicated if some infrastructure uses a Net Present Value approach, while others are Indexed.

Council is currently considering alternatives to NPV. The outcome of these considerations will be an annexure to this Policy in the future.

### 7.9. Low Cost Loans Initiative

The Low Cost Loans Initiative (LCLI) program is a joint initiative of the Department of Planning, Industry and Environment (DPIE), Office of Local Government (OLG) and NSW Treasury Corporation (TCorp).

Under the program:

- Any Council is eligible to apply for the LCLI. Loans may be taken out through [TCorp](#) or another financial institution of Council's choice;
- The loans must be used for infrastructure that enables new housing supply; and
- Councils must have current or draft planning controls in place which are applicable to the Council area and meet the relevant housing target as set out in the District Plan.

The aim of the Low-Cost Loans Initiative (LCLI) is to help Councils fund critical Enabling Infrastructure projects that support and accelerate housing supply, including roads and utilities in areas of significant growth. It allows Councils to

borrow up to \$500 million for infrastructure that enables new housing supply by halving the cost of interest on their loans.

Where interest accrual for the forward funding of infrastructure is proposed, and borrowing utilises the LCLI, the discount must be applied within the Contributions Plan according to recent IPART Contributions Plan review processes.

#### 7.10. Indexation

Indexation is a method of adjusting contribution rates to account for changes in the cost of land or infrastructure over time. It helps to ensure that contributions remain reflective of cost. Indexation methodologies will be used for Contributions Plans.

Clause 32(3)(b) of EP&A Regulation permits changes to contribution rates, without the need to prepare a new Contributions Plan, to reflect quarterly or annual variations by reference to readily accessible index figures adopted by the plan (such as a Consumer Price Index), or index figures prepared by or on behalf of the Council from time to time that are specifically adopted by the plan.

Council's Contributions Plans will specify a base contribution rate for each infrastructure category and separate rates for land and works. In accordance with the EP&A Regulation, the Contributions Plan will specify the Index that will be applied to adjust the base contribution rate, and how frequently the adjustment will occur. The Contributions Plan includes the formula for the adjustment, specifying the Index being utilised for land and different types of works and the base rate of the Index when the Contributions Plan was created.

It is reasonable and valid for Council to adopt different methods of Indexation for the cost of works and/or land values already incurred and for the cost of works and/or land yet to be incurred, and there are several methods available.

#### ***Types of Indices***

Council has evaluated indices according to the relevant clauses in the EP&A Regulation and IPART rulings, as well as the potential trade-offs between accuracy (in how the Index tracks costs), transparency (in how the Index is calculated), ease of applying the Index (to determine contribution amounts) and cost of maintaining the Index. Council has determined appropriate indices that are likely to accurately reflect movements in the cost of land and different types of works over time. These include:

- Land Value Index (LVI) – Council already utilises a Land Value Index, which is to be maintained as this can be one of the most volatile in terms of change.
- CPI or Building Escalation Indices for works – Research indicates that different indices have yielded quite different result over the 2006–2019 period. This includes:
  - Consumer Price Index NSW Index having escalated by June 2006 (86.4) to June 2019 (116.5) = 134% growth
  - Road and Bridges Index NSW June 2006 (80.1) to June 2019 (117.9) = 147% growth (recommended for use by IPART for Road/Bridges and Stormwater)
  - Non-residential building construction Index NSW - June 2006 (88.2) – June 2019 (121.5) = 138% growth (recommended for use by IPART for Open Space)

- Building Construction Index – New South Wales June 2006 (86.6) to July 2019 (126.2) = 145% growth.

Utilising a privately provided Index is also accepted by IPART.

Council will assess the level of infrastructure within the plan to determine if it is practical and worthwhile to utilise different indices for works. For example, based on the above rates of growth in indices, a Contributions Plan that includes significant road/bridge and stormwater infrastructure would likely benefit from the use of the Roads and Bridges Index NSW.

A Net Developable Area methodology is utilised for watercycle management and roads and transport within Camden, while a per person/dwelling occupancy methodology is used for other infrastructure.

Development Contributions Plans are to include a clause that sets out how a contribution will adjust between the granting of the Consent and the payment of the contribution. A sample clause can be found in the Camden Development contributions Plan Template.

All contribution plans must include a clear explanation of the methodology during exhibition to facilitate stakeholder review, understanding and feedback, and publish the results of the Index on their website after the plan has been adopted.

#### **7.10.1. Consumer Price Index**

The most used Index in Contributions Plans in the Sydney Metropolitan area is the Consumer Price Index (CPI).

Notwithstanding its popularity, the CPI may not track the change in prices for land and works in a Contributions Plan as closely as other indices. CPI was developed to monitor increase in prices of general household expenditure and does not fully reflect the actual increase in infrastructure delivery and land costs as it has little correlation with construction costs.

If an alternative to CPI is adopted for either the cost of works or the cost of land (or both), an explanation is required in the application for assessment by IPART, including supporting information to assist in understanding how the Index is intended to be applied.

#### **7.10.2. Producer Price Index**

An alternative to CPI includes the ABS Producer Price Index (PPI), which can be applied to each specific category of works, which is more reflective of the change in costs in delivering infrastructure.

The table below shows IPART's preferred indices for roads and stormwater management works and open space embellishment. However, there may be instances where it is reasonable to use an Index other than those listed in the following table.

<b>Works category</b>	<b>Producer Price Index (PPI)</b>
Roads	ABS PPI Road and Bridge Construction Index for NSW
Stormwater Management	ABS PPI Road and Bridge Construction Index for NSW
Open Space	ABS PPI Non-Residential Building Construction Index for NSW

### 7.10.3. Building Price Index

The Building Price Index (BPI) illustrates price development for newly constructed dwellings, that is, the price an investor or final consumer pays for a construction project. The statistics include multi-dwelling buildings and collectively built one or two-dwelling buildings. A project with collectively built one or two-dwelling buildings can contain one or more one or two-dwelling buildings.

Rawlinsons and AIQS are commercial entities who collate building cost data and release it every quarter, and Council would need to subscribe to access these rates. The associated costs and resources required to apply this Index may be offset by the value added to the Contributions Plan.

### 7.10.4. Land costs in Work Schedules and Indexation of Land Contributions

Unlike the cost of works, which are procured in a relatively homogeneous market with minimal regional price variation (within major cities), the price of land and property can vary significantly between locations. Accordingly, Camden Contributions Plans adopt a land or property value Index to adjust the contribution rate for land, specifically related to the Contributions Plan area or comparable land.

The land in Contributions Plans is often made up of land with different zonings, constraints, lot sizes and development potential, which can have a significant impact on the base year price and the movement of the underlying cost of land after the plan is adopted.

The methodology used to calculate the value of land to be acquired when a Contributions Plan is first developed is as follows:

- Land valuations for land with comparable development potential is compiled and assessed by a qualified land valuer (e.g. R2 Low Density Residential, B4 Mixed Use)
- Land valuations are also compiled for constrained land (e.g. land constrained by flooding, biodiversity or other factors)
- Each piece of land to be acquired is assessed for its future development potential and constraints (e.g. a parcel of land may be 60% suitable for future residential development, 20% undevelopable due to a flooding constraint and 20% impacted by biodiversity)
- The relevant land values, according to the above assessments, are applied to each portion of each type of land to determine a total value. All acquisitions according to infrastructure category are then added

together to develop a total cost for land according to each infrastructure category.

Indexation of the land cost to account for the change in value is to be undertaken quarterly by a qualified land valuer. The land value Index is applied to the costs in the contribution plan, using the following formula:

$$\frac{\text{Latest Land Valuation Acquisition Total}}{\text{Original Land Acquisition Total}} \times 100$$

## 7.11. Methods of Calculating Section 7.11 Development contributions

There are several ways in which section 7.11 Development contributions can be calculated. At present, Council uses a combination of the Net Developable Area (NDA) approach for hard infrastructure (roads and transport as well as watercycle management) and a per person/average occupancy per dwelling approach for social infrastructure (community facilities – land only where a Contributions Plan has undergone IPART Review – and open space and recreation). The circumstances under which each approach should be utilised is provided below.

### 7.11.1. Net Developable Area approach for ‘hard’ infrastructure

The NDA approach is used for ‘hard’ infrastructure (road and transport and watercycle management) rather than social infrastructure.

Social infrastructure generally requires a more nuanced approach depending on how many people are likely to place demand on the infrastructure, which is usually the benchmarking standard for social infrastructure delivery. An NDA approach to social infrastructure can be inequitable where people in high density areas may pay less for social infrastructure, but potentially utilise it more.

#### **Advantages**

The NDA approach is employed for roads and transport, as well as watercycle management, when:

- It equitably distributes the cost of ‘hard infrastructure’ across all development types
- The intent is not to require contributions for employment-generating uses for social infrastructure
- Calculating numbers of workers is problematic due to the relative unknown specific commercial uses and there is an unclear Nexus about the demand workers place on social infrastructure
- There is a significant amount of mixed-use development

#### **Disadvantages**

A disadvantage of this approach is that it is difficult to provide landowners and developers a clear indication of contributions as it uses a combination of different methodologies that requires calculations by Council officers (NDA for some infrastructure categories and per person for others).

## Calculating Net Developable Area

It is critical that a common approach is developed to calculate NDA between the strategic planning that informs the Contributions Plan, the Contributions Plan calculations of costs associated with the delivery of infrastructure and how the NDA is calculated to ascertain contributions required from specific development.

For all these purposes, Net Developable Area means:

The area of land to which a DA or CDC relates and includes the area of any land that the Development Consent authorises, but excludes:

- (a) land identified in this plan's Technical Document as being excluded from Net Developable Area
- (b) existing roads or road reservations to be used as part of the proposed road network and proposed roads in any indicative layout plan
- (c) any part of the land that is below the level of a 1:100 ARI flood event, if that part of the land is unsuitable for development by virtue of it being at or below that level
- (d) any part of the land that is required as a bushfire Asset Protection Zone
- (e) any other land that is nominated as too hazardous for development or features biodiversity that is to be conserved
- (e) any land to be reserved, dedicated or otherwise set aside as, or for the purpose of, any of the following:
  - (i) a government school (within the meaning of the *Education Act 1990*)
  - (ii) a tertiary institution, including a university or TAFE establishment, that provides formal education and is constituted by or under an Act
  - (iii) an emergency services facility
  - (iv) a health services facility owned and operated by a public authority
  - (v) a golf course
  - (vi) a passenger transport facility
  - (vii) a public reserve or a drainage reserve (within the meaning of the *Local Government Act 1993*)
  - (viii) an easement for an above-ground electricity transmission line
  - (ix) a public transport corridor (other than a road corridor)
  - (x) a public utility undertaking
  - (xi) roads or other public amenities or public services, in connection with which Development contributions have been imposed under Section 7.11 or Section 7.12 of the Act or may be imposed in accordance with a Contributions Plan approved under Section 7.18 of the EP&A Act
  - (xii) roads or other infrastructure in connection with which SICs have been, or may be, imposed in accordance with Section 7.24 of the EP&A The calculations of Net Developable Area are provided in the Technical Document accompanying this Plan.

Where a proposed road in the indicative layout plan is not required due to an alternative acceptable solution agreed to by Council, contributions will be payable for that land.



### 7.11.2. Using a per resident approach

Using a per resident approach to determine demand on infrastructure is one of the most widely accepted methodologies, particularly for social infrastructure. This estimates the future population in residential development based on expected types of dwelling delivery and average occupancy of those types of dwellings.

With regard to employment-generating uses, Council will only charge contributions for watercycle management, road and transport if the criteria detailed in section 7.3.1 isn't met. In those circumstances, Council will utilise a per resident/per worker based on transport studies approach outlined in 7.11.3.

Utilising the NDA for watercycle management, road and transport, and the per resident approach for social infrastructure has advantages and disadvantages.

#### **Advantages**

- Simplifies the calculations of Nexus and Apportionment;
- Avoids the complications of worker/resident ratios in mixed use development; and
- May provide a further incentive or attractiveness for business to locate in the LGA.

#### **Disadvantages**

- May not be supportable in a locality where there is a high level of employment; and/or
- Specific infrastructure is provided to support workers rather than residents.

#### **Calculating resident population and average dwelling occupancy**

As part of the strategic planning process for any significant uplift in development potential, a new expected resident population is to be calculated based on the expected types of dwellings to be delivered and average household occupancy of different types of dwellings.

Council aims to encourage housing affordability and diversity to provide options for a variety of household formations and budgets. Infrastructure contributions should therefore be commensurate with the expected occupancy of a diverse range of housing types and sizes.

For social infrastructure, the contribution rate is determined on a per dwelling basis. This is determined by a per person charge for social infrastructure multiplied by the average occupancy of each dwelling type.

For apartments/Secondary Dwellings, the contribution will be based on the number of bedrooms (e.g. a 1-bedroom apartment will attract lower contributions than a 2-bedroom apartment).

Strategic studies that identify likely dwelling yield and population will identify an average occupancy for the following categories of dwellings at a minimum:

- Apartments or other type of residential accommodation (e.g. new generation boarding house) – studio or similar
- Apartments/Secondary Dwellings – 1 bedroom
- Apartments/Secondary Dwellings – 2 bedrooms
- Apartments/Secondary Dwellings – 3 bedrooms
- Multi-dwelling unit – 2/3 bedrooms
- Multi-dwelling unit – 4+ bedrooms
- Detached house – any number of bedrooms.

### 7.11.3. Using a per resident/per worker approach based on transport studies

Traffic and transport studies generally have a list of detailed assumptions about the types of employment and associated worker ratio as well as the future residential population that can be used to determine the demand for infrastructure. This methodology is only used where there is a significant proportion of workers versus residents in an area and/or specific facilities are being provided for workers.

#### **Advantages**

- Contributions are evenly distributed among all classes of relevant development and linked to the demand generated
- Likely the only reasonable methodology to use in a high-density infill scenario with a high mix of commercial functions.

#### **Disadvantage**

- May possibly over-burden employment-generating land uses for social infrastructure however assumptions can be utilised to counter-act this (e.g. a worker's use of library facilities may be 25% of that of resident population)
- Greater complexity than the Net Developable Area/per resident approach in calculating Nexus and Apportionment.

## 8. SETTLEMENT OF CONTRIBUTIONS

### 8.1. Timing of contribution payments

The timing of payments of monetary contributions required is as follows:

- *Subdivision only* – at release of linen plans, prior to issuing a Subdivision Certificate
- *New dwelling only (no subdivision)* – prior to issuing a Construction Certificate
- *Subdivision with new dwelling or dual occupancy* – prior to issuing a Construction Certificate OR a Subdivision Certificate, whichever occurs first
- *Super lots* – at the subdivision stage
- *Secondary Dwellings* – prior to issuing a Construction Certificate
- *Residential Flat Buildings* – prior to issuing the first Construction Certificate.

- *Development applications where no construction certificate is required* – at the time of Development Consent. The applicant may make a cash payment of contributions prior to issuing of the Development Consent or alternatively lodge a suitable Bank guarantee, also prior to issue of the Consent. This Bank guarantee will be called up upon commencement of the Consent.

## 8.2. Circumstances under which deferred or periodic payments be made

Council may permit deferred payment of Development contributions in certain circumstances in accordance with the criteria outlined below.

- An application for deferred payment by instalments is to be made in writing to Council explaining the circumstances of the request (if applicable, this may entail the lodgement of a modification to a Development Consent under the provisions of section 4.55 of the EP&A Act).
- The decision to allow deferred payment will be at the sole discretion of Council.
- The timing or the manner of the provision of Public Facilities included in the works program will not be prejudiced.
- The works to which the request applies do not relate to public safety or health.
- The amount of the contribution or outstanding balance is not less than \$5,000.
- The maximum period of deferred payment of the contribution is two years from the standard payment date.
- Deferred payments and payments by instalments (with the exception of those resulting from delays in executing a VPA) are subject to interest charges equivalent to that applied to overdue rates and an administration charge equivalent to the Bank guarantee lodgement fee for subdivision related matters as stated in Council's Fees and Charges.

If Council decides to accept deferred payment by instalments, the applicant will need to provide a Bank guarantee with the following conditions:

- The Bank guarantee(s) must be in Australian Dollars from a major bank trading in Australian and in the name of Camden Council;
- The Bank guarantee(s) must have no end date, be unconditional and irrevocable, and be in the favour of Camden Council;
- The sum of the Bank guarantee(s) will be the amount due to Council at the date of issue, plus an additional amount specified by Council to make provision for any anticipated Indexation during the life of the Bank guarantee until the estimated date of release;
- The bank's obligations are discharged when payment to Council is made in accordance with this guarantee or when Council notifies the bank in writing that the guarantee is no longer required;
- Where a Bank guarantee has been deposited with Council, the guarantee shall not be cancelled until the original contribution, accrued interest and other charges are paid; and
- An administration fee may apply to utilise the Bank guarantee option.

### 8.3. Complying development and obligations of certifiers

Accredited certifiers are responsible for calculating the contribution for complying development in accordance with the relevant Contributions Plan then imposing a condition in the complying development certificate (CDC) requiring the contribution.

Accredited certifiers must notify Council of their determination within two days of making the determination, in accordance with section 130(4) of EP&A Regulation. Applicants must pay their contribution before commencing the complying development works.

A section 7.11 condition would not generally be required to be imposed on a CDC unless the complying development will or is likely to require the provision of or increase the demand for the local infrastructure included in the Contributions Plan. Section 7.21 of the *EP&A Act* provides that, in relation to a complying development, a contribution plan must specify whether or not the registered certifier must, if a CDC is issued, impose a condition under s7.11 or s7.12. For example, a new dwelling on a vacant allotment of land would not be subject to a section 7.11 condition because it would likely have been imposed and paid at the subdivision DA stage. However, a Secondary Dwelling CDC would be subject to a section 7.11 condition under this Contributions Plan, because the development increases infrastructure demands beyond the original dwelling development for certain infrastructure categories if the Net Developable Area approach has been utilised.

The only exceptions to the requirement are where a Works-in-Kind, Voluntary Planning agreement, dedication of land and/or a deferred payment arrangement has been agreed by Council. In those situations, the Complying Development would need to be modified under s4.30 of the *EP&A Act*.

It is the responsibility of the accredited certifier issuing a construction certificate to certify that the section 7.11 contributions have been paid to Council prior to the issue of the certificate.

### 8.4. Valuation of Works-in-Kind and other Material Public Benefits

There will be circumstances where Council wishes to assess the value of a Works-in-Kind or Material Public Benefit (MPB) offer. The key considerations for Council are:

- There must be a statement within the Contributions Plan that details the criteria that must be satisfied for acceptance of such an offer;
- Such alternatives should only be accepted if the standard of the works to be undertaken is at least equal to that in the Contributions Plan and/or related strategic documents that would otherwise be required unless there is a compelling reason to do so;
- Council should critically examine its works program to ensure that it would not adversely affect the overall implementation of the program;
- The value of the works should be provided by the applicant and be independently certified by a qualified professional (e.g. a quantity surveyor). Council should indicate that it may review the valuation of works and may seek the services of an independent person to verify the costs (which should be borne by the applicant); and
- The value of works offered as Works-in-Kind is the Attributable cost of the works (or a proportion of the Attributable cost if the offer involves providing

only part of the works) in accordance with the provisions of the relevant Contributions Plan including any Indexation.

The Attributable cost of works will be used in the calculation of the value of any offset of monetary contributions required under the Contributions Plan.

The value of any other kind of MPB will be determined by a process agreed to between the Council and the entity making the offer at the time the development application is being prepared.

The value of land will be the Attributable cost of the land under the relevant Contributions Plan, Indexed in accordance with that plan to the time the agreement is entered into.

#### **8.5. Provision of Works-in-Kind and other MPBs in excess of contribution requirements**

It is at Council's discretion whether it will accept the provision of Works-in-Kind (which is the Attributable cost of the works, Indexed in accordance with the provisions of the relevant Contributions Plan) or other MPB from a developer where the value of the works exceeds the value of Development contributions required by Conditions of Consent.

Where Council does agree to accept works with a value greater than the contributions required, Council can hold the 'surplus value' of the works as a credit in favour of the developer and will apply this credit against future Development contribution requirements for that type of work. For example, if works are provided for the provision of a community facility that has a value greater than the community facility contribution required, then the difference (being the 'surplus value') may be held as a credit and will only be used to offset future contributions for community facility works by that developer within the area of land covered by that Contributions Plan.

That is, Council would not offset requirements to make contributions for the purposes of recreation facilities, open space land acquisition, plan administration or any other types of facilities required under this plan or any other Contributions Plan against this 'surplus value', as the surplus value relates only to the provision of community facilities.

Developers providing Works-in-Kind and other MPBs that are in excess of their contribution requirements should not expect 'settle-up' monetary payment from Council until all contributions toward the provision of the works identified in this Contributions Plan have been received from other developers of land in the Precinct that the development is situated in, and the surplus contributions are available to meet the payment.

Refer also to the Camden Works-in-Kind Policy (Part 14) for further detail in relation to the treatment of Surplus Value specific to WIK agreements.

#### **8.6. Credits for existing development**

In the case of existing development on a site, it is accepted practice that a credit equal to that existing development on a site is taken into consideration. For example:

- Where an existing detached dwelling is located on a site, the credit would be for a single dwelling;
- Where a residential allotment is vacant, the credit would be for a standard residential allotment;
- Where a residential flat building is located on a site, the credit would be for the floorspace or unit mix (i.e. 1, 2 and 3-bedroom units) on the site;
- Where a contribution has been paid on a site and the development application has been superseded by another application/contribution; or
- Where a contribution has been paid on a site and the Development Consent has lapsed.

For commercial and industrial development, credits are more complicated, as the same development may have different implications such as higher (or lower) levels of traffic generation. Council will assess these on a case by case basis.

## 9. OTHER ADMINISTRATION MATTERS

### 9.1. Pooling of contributions funds

Council's ability to forward fund (internally borrow) infrastructure is limited. Consequently, infrastructure provision is largely contingent upon the availability of contributions funds. In some cases, Enabling Infrastructure is required where development cannot effectively occur without the infrastructure, such as a collector road. Pooling of funds is enabled under the provisions clause 27(1)(h) of the EP&A Regulation, which allows borrowing between contribution accounts. This allows greater flexibility and timeliness in the way facilities can be provided.

Council can pool funds, rather than holding smaller amounts in discrete accounts. This allows facilities to be provided to meet demand. Clause 27(3) of the EP&A Regulation states that a Contributions Plan must not contain a provision that authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes unless Council is satisfied that the pooling and progressive [application](#) of the money paid will not unreasonably prejudice the bringing into effect, within a reasonable time, the purposes for which the money was originally paid.

Pooling has benefits in that it assists in delivering more infrastructure to the community earlier than would otherwise be possible. The NSW Government also has an agenda to ensure that Development contributions are spent in a timely fashion. To comply with the above, the following principles should be applied to the pooling of funds:

- There is clear prioritisation of infrastructure in the Works Schedule with an indication of timeframe linked to a development milestone (e.g. 500th final lot or dwelling).
- Funds should be pooled according to the prioritisation.
- Funds pooled from other sources cannot be greater than the cost apportioned to new development within the Contributions Plan. Funding for the Apportionment based on existing development or over-expenditure, should be made available from other revenue sources within Council. This ensures that there is no shortfall or lag in the delivery of other infrastructure based on the prioritisation set out in the Work Schedule.

Pooling of funds should be directed to the highest priority infrastructure identified in the Contributions Plan and prioritised in the Work Schedule.

A specific clause to permit pooling should be included in the contribution plan, for example:

*This plan expressly authorises monetary section 7.11 contributions paid for different purposes to be pooled and applied (progressively or otherwise) for those purposes. The priorities for the expenditure of the levies are shown in the works schedule.*

Where appropriate, a Development Staging Plan must be completed for the location subject to the Contributions Plan. Works must be prioritised according to:

- Land and works Enabling Infrastructure (road and transport, drainage) according to the Staging Plan, where applicable.
- Land acquisitions for open space and community infrastructure (according to the Staging Plan, where applicable).
- Other infrastructure as appropriate.

Some guiding principles for when reprioritisation of infrastructure in a works schedule should be considered are:

- Where significant development is occurring in a precinct that is not in line with the expected staging.
- Where environmental management factors emerge as needing prioritisation (e.g. stormwater management).
- Market factors outside of Council's control.

## 9.2. **Voluntary Planning agreement Policy (VPA) and contributions alignment Principles**

- VPAs can be used to formalise arrangements for developers delivering infrastructure that is out-of-sequence compared to the priorities in the Contributions Plan.
- VPAs should clearly specify any land or works that are within the Contributions Plan, the cost outlined in the Schedule of Works and the Indexing method. It should reference the infrastructure priorities section of the Contributions Plan to indicate when the developer should receive credit for the infrastructure they forward deliver.
- VPAs that include land or works that are not included in the Contributions Plan should be specified as not being subject to credit from the relevant plan.
- When a Contributions Plan is being prepared or is in draft form, it should reflect any VPA that was also prepared.
- VPAs should conform with the infrastructure priorities in any draft plan and written advice from Council.
- Update plans if a VPA is in excess of the contingency and Indexation in the relevant Contributions Plan.

## 9.3. **Accounting and management of funds**

Council is required to comply with a range of financial accountability and public access to information requirements in relation to Development contributions. These are addressed in Divisions 5 and 6 of Part 5 of the EP&A Regulation and include:

- Maintenance of, and public access to, a contributions register;

- Maintenance of, and public access to, accounting records for contributions receipts and expenditure; annual financial reporting of contributions; and
- Public access to Contributions Plans and supporting documents.

These records are to be made available for inspection free of charge at Council. The accounting records for Contributions Plans will indicate the following:

- The various kinds of public amenities or services for which expenditure is authorised by the plan;
- The monetary contributions received under the plan, by reference to the various kinds of public amenities or services for which they have been received;
- In respect of Development contributions paid for different purposes, the pooling or progressive application of the contributions or levies for those purposes, in accordance with any requirements of the plan or any ministerial direction under Division 6 of Part 4 of the Environmental Planning & Assessment Act; and
- The amounts spent in accordance with the plan, by reference to the various kinds of public amenities or services for which they have been spent.

#### 9.4. Investment and interest

Council will invest funds received to maintain the time-value of monetary contributions between the time of payment and the time of expenditure for the purpose for which they are required. Records of contributions (including investment return) will be kept and distinguished from other accounts. This will ensure that interest from Development contributions accounts is returned to the accounts rather than being placed within general revenue funds.

#### 9.5. Review and amendment of Contributions Plans

The Development contributions Practice Notes July 2005 (2005 Practice Notes) recommend Councils commit to reviewing plans at least every five years, or more regularly where an area is growing rapidly.

Council will review Contributions Plans every three years to ensure plans adequately reflect the latest planning assumptions (including population estimates) and best estimates of the cost of providing public infrastructure. Regular review helps to ensure that Council recoups appropriate amounts from new developments.

While the Indexation of contribution rates is an important consideration for Councils when preparing plans, Indexation should not replace regular review of the Contributions Plan.

All new contribution plans should be subject to legal review to ensure they can be properly administered. Contribution plans should also be updated in the event of new case law and legislative changes to ensure currency and best practice.

Contributions Plans will need to be reviewed to:

- Reflect State legislative or Policy changes;
- Reflect significant changes in cost of infrastructure (i.e. due to market and scope changes);
- Reflect any changes in the statutory planning framework, including zoning;



- Minimise financial risk associated with any identified infrastructure cost no longer likely to adequately cover the cost of infrastructure delivery, despite Indexing;
- Reflect significant infrastructure design changes required to achieve better design outcomes or new standard requirements;
- Address 'real world' evidence that indicative yields are inaccurate (e.g. there is a higher number of dwellings being delivered such as Secondary Dwellings, or a lower number of dwellings is being delivered);
- Consider case law that may have an impact on the Contributions Plan;
- Address where there are planning changes that impact Nexus and Apportionment assumptions; or
- Where evidence does not match planning assumptions such as average household sizes.

There may be instances where new greenfield or brownfield development areas are released, and a new Contributions Plan is subsequently prepared. The development within this area will be making contributions towards its own specific facilities, however, it is also likely that the new residents will also be making contributions to facilities that are being provided for the entire local government population. In this case, it is desirable for the new Development Contributions Plan to become a subset of the main Development Contributions Plan so that it is clearly tied to other contributions and underpinning documents.

#### 9.6. Contributions register

A Contributions Register will be maintained for a Contributions Plan in accordance with the EP&A Regulation and may be inspected upon request. This register will be updated at regular intervals and include the following:

- Details of each Development Consent for which contributions have been sought;
- Nature and extent of the contribution required by the relevant condition of Consent;
- Name of the Contributions Plan imposing the condition of Consent; and
- Date the contribution was received, for what purpose and the amount.

At the end of each financial year, Council is required to make an annual statement within the yearly budget. This statement must include the following:

- Opening and closing balances of money held in the Contributions Plan by the Council for the accounting period;
- Total amounts received by way of monetary contribution under this Plan;
- Total amount spent in accordance with this Plan; and
- Outstanding obligations of the Council to provide works for which contributions have been received.

#### 9.7. Amendment and Retirement of Contributions Plans

In accordance with the EP&A Regulation, Council may amend a Contributions Plan as result of a subsequent Contributions Plan. Council may also make the following kinds of amendments to a Contributions Plan without the need to prepare a new Contributions Plan:

- Minor typographical corrections;

- Changes to the rates of section 7.11 monetary contributions set out in the plan to reflect quarterly or annual variations to:
  - Readily accessible Index figures adopted by the plan (such as a Consumer Price Index), or
  - Index figures prepared by or on behalf of the Council from time to time that are specifically adopted by the plan; or
- The omission of details concerning works that have been completed.

In accordance with the EP&A Regulation, Council may also retire a Contributions Plan as result of a subsequent Contributions Plan, or for other reasons, however this intention must be published on Council's website 14 days prior to the decision, including the reasons for the decision.

Even if retired, contributions still apply to any valid and existing Development Consents issued under the respective Contributions Plan.

The triggers for the requirement to prepare a new Development Contributions Plan include:

- If the works program within the Contributions Plan is to be amended (apart from the removal of items that are complete) which may have consequent impacts on contributions such as increasing the levels or changing the proportional responsibility for provision (Apportionment);
- If the basis of the Contributions Plan is to be changed such as the base population in an area, occupancy rates, standards of provision or timing of delivery in the event the catchment area changes. This may be the result of a boundary change to a local government area or be necessitated for function reasons; and
- If, in the case of a joint Contributions Plan, one or both Councils propose any of the above.

As the reviewing of a Contributions Plan, in accordance with the above, is done by way of a new Contributions Plan, the requirements for public consultation also apply to the amending plan. For example, there are also likely to be population changes during the life of a Contributions Plan (or plans) that must be recognised such as changes in the demand for childcare and youth facilities. Ongoing review of the Contributions Plan enables the projections to be closely monitored and adjusted as more accurate information becomes available.

#### 9.8. **The Development Contributions Management Committee (DCMC)**

Council's approach is an integral component of Council's financial management. A contributions system must have regard to the IPR Framework as well as other relevant adopted plans, strategies and policies to ensure that contributions are integrated within the overall management framework.

Given that Contributions Plans are one of several mechanisms for funding public infrastructure, the Development contributions system should also integrate with relevant financial management plans prepared by Council for budgeting and expenditure purposes.

The implications arising from the adoption of any Development Contributions Plan or entering into a Planning agreement must be considered in the context of

Council's overall service delivery function. The Development contributions system affects all sections/departments of Council including:

- Planning and Environmental Services – forecasting and facilitating development, preparing and reviewing Contributions Plans and providing advice on Planning agreements as well as the issue and enforcement of Development Consents;
- Engineering, Community and Recreation Services – providing and managing Public Facilities; and
- Corporate Services – managing the administrative, legal and financial accounting processes.

It is therefore critical that the preparation and ongoing administration of the Development contributions system involves all relevant departments of Council.

The DCMC is an internal Council committee comprised of senior management and specialist staff representing the strategic planning, , finance and capital works departments.

The DCMC meets on a regular basis to manage the Development contributions system. DCMC meetings are closed to the public and decisions are made unanimously. DCMC meeting minutes, decisions and recommendations in relation to Works-in-Kind agreements/Voluntary Planning agreements are communicated directly to the applicant who makes a written application.

Decision making is guided by the Development Contributions Management Committee Terms of Reference 2023 (as amended from time to time).

□ \* \* \*

<b>RELEVANT LEGISLATIVE INSTRUMENTS:</b>	<i>Environmental Planning and Assessment Act 1979</i> <i>Environmental Planning and Assessment Regulation 2000</i> <i>Land Acquisition (Just Terms Compensation) Act 1991</i> <i>Local Government Act 1993</i> <i>State Environmental Planning Policy (Affordable Rental Housing) 2009</i> <i>State Environmental Planning Policy (Exempt and Complying Development Codes) 2008</i> <i>State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004</i>
<b>RELATED POLICIES, PLANS AND PROCEDURES:</b>	Camden Works-in-Kind Policy Camden Planning Agreements Policy Development Contributions Management Committee Terms of Reference 2019
<b>RESPONSIBLE DIRECTOR:</b>	Growth & Finance
<b>APPROVAL:</b>	Council

**HISTORY:**

<b>Version</b>	<b>Approved by</b>	<b>Changes made</b>	<b>Date</b>	<b>EDMS Number</b>
1	ELG	New	24/09/2020	20/313859
2	Council	Changed from a Category 3 – Operational Policy to a Category 2 – Strategic Policy, expanding the variety of constraints on land, adding a definition for ILP	20/10/2023	20/313859