

ITEM 5.2 **Draft Bankstown Local Infrastructure Contributions Plan and Amendments to Canterbury Development Contributions Plan 2013**

AUTHOR **Planning**

PURPOSE AND BACKGROUND

To consider the exhibition of the Draft Bankstown Local Infrastructure Contributions Plan (draft Contributions Plan) and amendments to Canterbury Development Contributions Plan 2013 to align the contribution approach for the former Council LGAs, ahead of the creation of a single plan.

ISSUE

Three contributions plans with differing approaches apply for the City of Canterbury Bankstown and there is a need to align the approach in collecting contributions.

The Bankstown Section 94A Contribution Plan charges a considerably lower amount of contributions for new developments than the approach undertaken in the Canterbury Development Contributions Plan 2013. Based on the last five years of development consents, contributions levied under the Bankstown Section 94A Contributions Plan was approximately \$12 million lower annually than the Canterbury approach. This means less contributions are collected to fund local infrastructure works to meet the needs of the growing population in the former Bankstown LGA.

Since the cost of providing infrastructure for new residents is the same for both former Council areas, the review recommends changes to the Bankstown contribution plan to align with approach undertaken in the Canterbury Development Contributions Plan 2013.

In addition, minor administrative changes are proposed to the Canterbury Development Contribution Plan 2013 to align processes such as refunds, contribution credits and distribution of administration costs.

It is recommended to exhibit the Draft Bankstown Local Infrastructure Contributions Plan (draft Contributions Plan) and the amendments to the Canterbury Development Contributions Plan 2013.

RECOMMENDATION That -

1. Council exhibit the Draft Bankstown Local Infrastructure Contributions Plan and amendments to Canterbury Development Contributions Plan 2013, as shown in Attachments A and B respectively.

2. Staff establishment be increased by 1 full time equivalent position to adequately implement Council's development contributions framework.
3. The matter be reported back to Council following the exhibition period.

ATTACHMENTS

[Click here for attachments](#)

- A. Draft Bankstown Local Infrastructure Contributions Plan
- B. Draft Canterbury Development Contributions Plan

POLICY IMPACT

The Draft Bankstown Local Infrastructure Contributions Plan (draft Contributions Plan) will repeal the existing Bankstown Section 94A Contributions Plan. For the purposes of aligning the contributions plans across Canterbury Bankstown areas, administrative amendments are also proposed for the Canterbury Development Contributions Plan 2013.

FINANCIAL IMPACT

Over the next 10 years, the draft Contributions Plan outlines approximately \$293 million of infrastructure improvement works in the former Bankstown LGA. The draft Contributions Plan projects contribution income of approximately \$191 million (comprising \$174 million from section 7.11 contributions and \$17 million from section 7.12 levies) from new developments. As a result, Council will be required to supplement funding for capital work commitments listed in the draft Contributions Plan with other sources of funding including grants, general revenue or loans for approximately \$102 million over 10 years. Much of the funding gap is required to provide additional open space and recreation facilities, roads and active transport facilities where Council's delivery plan will be adjusted to account for majority of the deficit.

COMMUNITY IMPACT

The draft Contributions Plan commits approximately \$293 million of infrastructure works for open space and recreation facilities, roads and traffic facilities, community facilities, and public domain facilities over the next 10 years.

Should Council decide to proceed with the draft Contributions Plan, the next step is consultation with the community.

DETAILED INFORMATION

Background

The Draft Bankstown Local Infrastructure Contributions Plan (draft Contributions Plan) has been prepared to align the approach to collecting contributions for new developments across the City and to provide better local infrastructure for new residents.

In the next 10 years, it is projected that an additional 10,700 new dwellings will be built in the former Bankstown LGA, resulting in approximately 28,300 new residents. Based on the growth assumptions, new developments will generate a demand for new or embellishment of local infrastructure such as parks, playgrounds, roads and community facilities.

For the purposes of this report, the Environmental Planning & Assessment Act 1979 allows developers to contribute towards local infrastructure by the following means:

- Section 7.11 contributions (formerly known as Section 94 contributions); and
- Section 7.12 fixed rate levies (formerly known as Section 94A levies).

In addition to the growth assumptions, there are two differing approaches to collecting contributions in the City of Canterbury Bankstown:

- In the former Canterbury LGA, Canterbury Development Contributions Plan 2013 applies Section 7.11 contributions for new residential developments and Section 7.12 fixed rate levies on all other developments.
- In the former Bankstown LGA, Bankstown Section 94A Contributions Plan applies Section 7.12 fixed rate levies for all new developments.

Based on development consents issued for the last 5 years, the Bankstown Section 94A Contributions Plan has collected an approximately \$4 million annually for local infrastructure works. This trend is assumed to continue under the existing contributions approach.

However, if the contribution approach was aligned with the Canterbury Development Contributions Plan 2013, the expected annual income will increase to approximately \$17 million, a difference of approximately \$12 million annually (refer to Figure 1 – Comparison of contributions income).

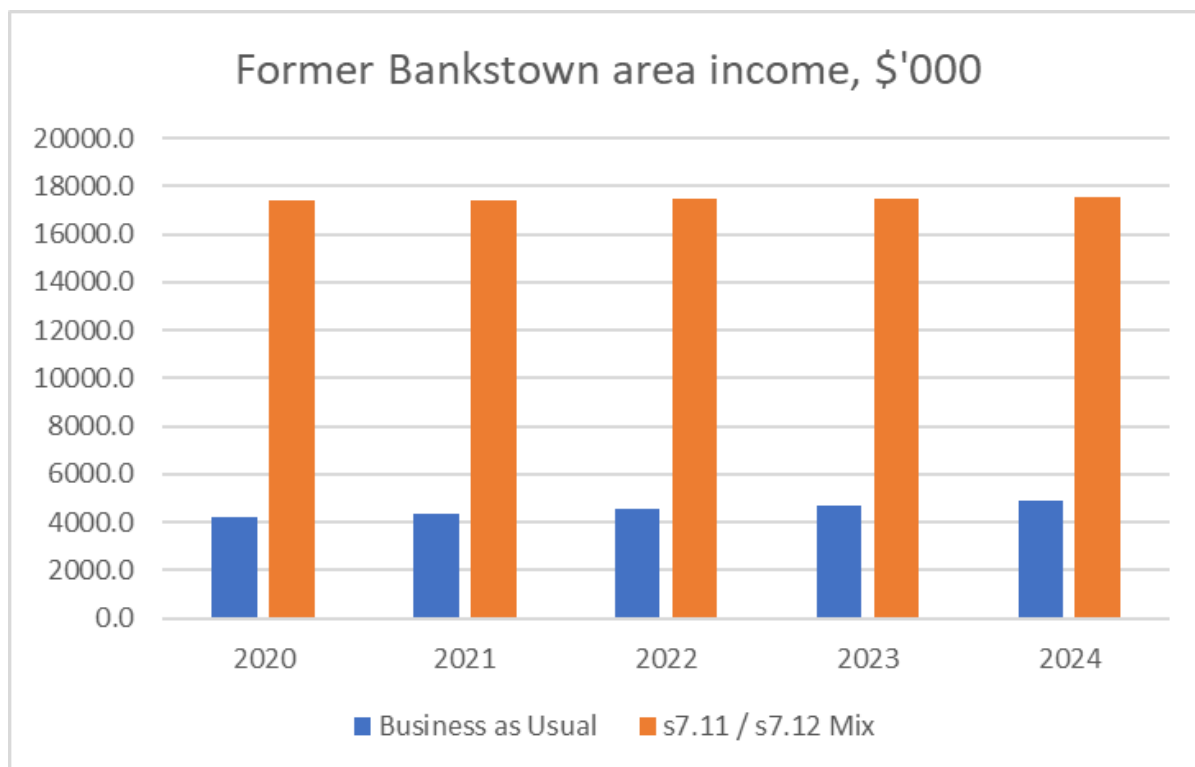


Figure 1 – Expected annual income between Section 7.12 levies (business as usual) and Mix approach (Section 7.11 and Section 7.12 mix) over next 5 years.

Contributions types

There are two ways to collect contributions to fund local infrastructure:

1. Section 7.11 contributions

Section 7.11 contributions approach is based on population projections and requiring every new resident contributing to the local infrastructure needs in an area. Some other characteristics are:

- a. Generally a higher amount of contributions can be levied compared with section 7.12 levies.
- b. This approach has more legal restrictions on how contributions are collected and expended. The local infrastructure works program must have a relationship to where the contribution is collected and spent (nexus).
- c. Further, the contributions must be used to fund local infrastructure cost where the new residents will benefit from the infrastructure. The cost of the infrastructure works have to be apportioned between the demand generated by the new residents and existing residents (apportionment).
- d. Department of Planning, Industry & Environment has placed a construction threshold (cap) of \$20,000 per dwelling. Any contributions plan seeking contributions above the threshold requires approval from the Independent Pricing and Regulatory Tribunal (IPART) based on more restrictive assessment criteria.

2. Section 7.12 levies

The Section 7.12 levies approach is based on a fixed percentage applied to the estimated cost of works, where the percentages are set by legislation, as show in Figure 2 below:

Development type	Levy rate
Development that has a proposed cost of carrying out the development:	
• Up to and including \$100,000	Nil
• More than \$100,000 and up to and including \$200,000	0.5% of that cost
• More than \$200,000	1% of that cost

Figure 2 – Section 7.12 levy rates

Some other characteristics are:

- a. Generally collects less amount in levies than Section 7.11 contributions and the fixed rates are unlikely to be increased by the Department.
- b. The main advantage is that there are no restrictions on how the levies are spent as there is no need to prove nexus and apply apportionment.

Draft Bankstown Local Infrastructure Contributions Plan

The draft Contributions Plan seeks to apply Section 7.11 contributions for residential developments and Section 7.12 fixed rate levies for all other developments, which is consistent with the approach taken by the Canterbury Development Contributions Plan 2013. A copy of the draft Contributions Plan is shown in Attachment A.

Key aspects of the draft plan are outlined below.

1. Works schedule

The draft Contributions Plan derives the local infrastructure works program for the next 10 years from the following programs and strategies:

- 4 year capital works program
- Works identified in the local area plans
- Bankstown Open Space Strategic Plan 2020
- Draft Playgrounds and Play Spaces Strategic Plan
- Leisure and Aquatic Strategic Plan
- Liveable Centres Program
- Walking and Cycling Plan

Based on the projections of approximately 28,300 new residents in the next 10 years, apportionment was applied for the individual infrastructure item. The draft Contributions Plan identifies a works program worth approximately \$294 million where new residential developments will contribute a total of approximately \$174 million (refer to Figure 3 – Summary of the works program).

The works program will generate most contributions to be collected for open space and recreation facilities (61% of the cost attributed to new development), and roads and active transport infrastructure (19% of the cost attributed to new development).

Type of local infrastructure	Total cost of works	Cost attributable to new development
Open space and recreation facilities	\$174,872,806	\$106,583,080
Public domain facilities	\$20,450,000	\$20,450,000
Community facilities	\$26,200,000	\$12,621,575
Roads and active transport	\$71,155,300	\$33,279,825
Plan administration and management	\$1,515,452	\$1,515,452
Total	\$294,193,558	\$174,449,932

Figure 3 – Summary of the works program in the Draft Bankstown District Contributions Plan

2. Contribution rates for residential developments

Based on the apportionment calculations, the Section 7.11 contribution rates for some of the common residential developments is summarised in the Figure 4 below:

Infrastructure item	Per secondary dwelling	Per self-contained seniors housing dwelling	Per 0 or 1 bed dwelling or boarding house rooms	Per 2 bed dwelling	Per 3 or more bed dwelling
Open space and recreation facilities	\$2,630	\$5,260	\$5,260	\$9,017	\$12,570
Roads and active transport	\$505	\$1,009	\$1,009	\$1,730	\$2,427
Community facilities	\$311	\$623	\$623	\$1,068	\$1,488
Public domain facilities	\$698	\$1,396	\$1,396	\$2,393	\$3,336
Plan administration and management	\$37	\$75	\$75	\$128	\$179
Total	\$4,181*	\$8,363	\$8,363	\$14,336	\$20,000

* Note - 50% discount of the contributions rate for secondary dwellings

Figure 4 – Proposed contributions rates for common residential development types

3. Comparison of contribution rates with existing rates and adjoining councils

For residential developments, the proposed 7.11 contribution rates will be higher than the existing section 7.12 levies in the former Bankstown area (refer to Figure 5 – Comparison of contribution rates for typical residential developments).

Dwelling type	Current (based on estimated cost of development)	Proposed
Secondary dwelling	\$0 if cost below \$100K	\$4,181
1 bedroom	\$1,500 - \$2,000	\$8,363
2 bedroom	\$2,000 - \$3,000	\$14,336
3+ bedroom	\$3,500 - \$6,000	\$20,000

Figure 5 – Comparison of current section 7.12 levies and proposed s.7.11 contributions for typical residential developments

In comparison to the adjoining councils, the contribution rates are considered to be comparable in Figure 6 below:

Council	Per Secondary dwelling	Per 1 bed dwelling	Per 2 bed dwelling	Per 3 or more bed dwelling
<i>Proposed Bankstown Plan</i>	<i>\$4,181</i>	<i>\$8,363</i>	<i>\$14,336</i>	<i>\$20,000</i>
CBC (Canterbury)	\$4,659	\$9,317	\$14,549	\$20,000
Cumberland (Holroyd)	\$8,173	\$8,173	\$13,822	\$19,351
Fairfield	\$3,843	\$4,997	\$9,226	\$14,220
Georges River (Hurstville)	-	\$9,635	\$15,269	\$20,000
Inner West (Marrickville)	\$14,745	\$14,745	\$20,000	\$20,000
Liverpool:	\$5,280	\$5,280	\$6,651	\$8,997
• Brownfield areas				
• Greenfield areas	-	\$20,522	\$25,313	\$35,964
Strathfield	\$10,264	\$10,264	\$14,827	\$18,345
Sutherland (growth centres)	Nil (exempt)	\$19,948	\$19,948	\$19,948

Figure 6 – Comparison of Section 7.11 contribution rates with adjoining councils

4. Section 7.12 levies for all other developments

The draft Contributions Plan will continue to apply Section 7.12 levies for all other development types that are not subject to Section 7.11 contributions, such as commercial and industrial developments.

This approach is a continuation of the existing Bankstown Section 94A Contribution Plan, and is also consistent with the approach undertaken in the Canterbury Development Contributions Plan 2013.

Other policy matters

To align the draft Contributions Plan and the Canterbury Development Contributions Plan 2013, the following policy matters are proposed to be reflected in the plans:

- **Exempt Section 7.12 fixed rate levies for alterations and additions to an existing dwelling house, and knockdown rebuild of a dwelling house**

The Bankstown Section 94A Contributions Plan and the Canterbury Development Contributions Plan 2013 applies section 7.12 fixed rate levies for alterations and additions to an existing dwelling, or for knockdown rebuild of a new dwelling, where the construction cost exceeds \$100,000.

The current policy is considered unfair for families who are seeking to replace or improve the existing house without increasing the gross floor area substantially. It is considered that the demand for infrastructure will not substantially increase if an existing house is replaced by a similar sized house.

For fairness, it is proposed to exempt section 7.12 levies for alterations and additions to an existing dwelling, or replacement of an existing dwelling where the new dwelling does not result in an increase of the gross floor area by 10% of the gross floor area of the existing dwelling house. Where the gross floor area increases by more than 10% of the existing dwelling house, section 7.12 levy will apply to the total cost of the construction.

As part of the transition phase, it is proposed to apply the same section 7.12 levy exemption for both the draft Contributions Plan and the Canterbury Development Contributions Plan 2013.

- **Apply a discounted contribution rate for secondary dwellings**

The Canterbury Development Contributions Plan 2013 provides a 50% discount of the section 7.11 contribution rate for secondary dwellings, which is based on the rate for 1-bedroom dwelling. The reason for this policy position is to not disadvantage extended families who may co-locate on a property.

As part of the first stage of the alignment, it is proposed to apply the same discount for secondary dwellings in the draft Contributions Plan, and review this policy position when the contributions plans are merged into one plan.

- **Contribution credit system for existing dwellings**

It is industry accepted practice to provide a contribution credit for the existing dwelling when land is redeveloped, e.g. when an existing 3-bedroom dwelling house proposed to be demolished and a dual occupancy is built, a contribution credit based on the section 7.11 contribution rate for a 3-bedroom dwelling is given for the existing dwelling house.

In addition, in circumstances where there is one dwelling house over a number of allotments, it is proposed to give a section 7.11 contribution credit for only one of the allotments and not for each of the allotments.

It is proposed to apply the same contribution credit approach for the existing dwelling for both the draft Contributions Plan and the Canterbury Development Contributions Plan 2013.

- **Refund policy**

In the Bankstown Section 94A Contributions Plan, Council adopted a refund policy that allows a refund if a development consent is surrendered where:

- a) the development application has not lapsed; and*
- b) the surrendered development consent takes effect in accordance with the Environmental Planning and Assessment Act 1979; and*
- c) no demolition, building, engineering or construction work has physically commenced that results in gross floor area on the site; and*
- d) Council is to retain 10% of the levy payment where any works have commenced.*

Since the introduction of the refund policy, Council has received numerous refund requests from surrendering Complying Development Certificates in addition to development consents.

It is proposed to amend the refund policy to also apply to the surrender of Complying Development Certificates, and make the revised refund policy applicable to both the draft Contributions Plan and Canterbury Development Contributions Plan 2013.

- **Administration cost**

The Environmental Planning & Assessment Act 1979 allows administration cost to be collected as part of the Section 7.11 contribution to employ staff to monitor and implement the contribution plans. The Canterbury Development Contributions Plan 2013 currently collects administration cost that includes 0.5 full time equivalent (FTE) staff to administer the plan.

It is proposed to adjust the draft Contributions Plan and Canterbury Development Contributions Plan 2013 to distribute the cost of a 1.5 FTE staff dedicated to administering, monitoring and accurately implementing both the plans in accordance with the Act. The proposed administration cost distribution will result in the net increase of 1 FTE staff to Council's establishment.

A copy of the amended Canterbury Development Contributions Plan 2013 is shown in Attachment B.

Next steps

Should Council support the recommendations in this report, the Draft Bankstown Local Infrastructure Contributions Plan and the amended Canterbury Development Contributions Plan 2013 will be exhibited for a minimum 28 days.

Following the exhibition, this matter will be reported back to Council with the outcomes of the exhibition.

CANTERBURY BANKSTOWN
MINUTES OF THE
ORDINARY MEETING OF COUNCIL
HELD IN COUNCIL CHAMBERS
ON 23 JULY 2019

3. Council note that a further Heritage Grant Funding round will be implemented for the 2019-2020 Financial Year.

- CARRIED

For:- Clrs Asfour, Kuskoff, El-Hayek, Ishac, Raffan, Zakhia, Waud, Downey, Eisler, Huda, Zaman, Saleh, Madirazza, Harika, Tuntevski

Against:- Nil

ITEM 5.2 DRAFT BANKSTOWN LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN AND AMENDMENTS TO CANTERBURY DEVELOPMENT CONTRIBUTIONS PLAN 2013

(634) CLR. ISHAC:/CLR. TUNTEVSKI

RESOLVED that

1. Council exhibit the Draft Bankstown Local Infrastructure Contributions Plan and amendments to Canterbury Development Contributions Plan 2013, as shown in Attachments A and B respectively.
2. Staff establishment be increased by 1 full time equivalent position to adequately implement Council's development contributions framework.
3. The matter be reported back to Council following the exhibition period.

- CARRIED

For:- Clrs Asfour, Kuskoff, El-Hayek, Ishac, Raffan, Zakhia, Waud, Downey, Eisler, Huda, Zaman, Saleh, Madirazza, Harika, Tuntevski

Against:- Nil

ITEM 5.3 PLANNING PROPOSAL: 353-355 WATERLOO ROAD, GREENACRE

MR DAN MAURICI ADDRESSED COUNCIL

MR JOHN ROTH ADDRESSED COUNCIL

CLR KUSKOFF VACATED THE CHAMBER AT 6.24 PM AND RETURNED AT 6.25 PM.

(635) CLR. EL-HAYEK:/CLR. ZAKHIA

RESOLVED that

1. Council prepare and submit a planning proposal to seek a Gateway Determination for the following amendments to Bankstown Local Environmental Plan 2015:
 - (a) For the site at 355 Waterloo Road, Greenacre (Chullora Marketplace):