

ITEM 5.1 Consolidated Local Infrastructure Contributions Plan

AUTHOR Planning

PURPOSE AND BACKGROUND

The report seeks Council's endorsement to exhibit a new local infrastructure contributions plan for Canterbury Bankstown (the draft plan), which will consolidate the three existing plans into one.

ISSUE

Council's current projections under its Local Strategic Planning Statement and Housing Strategy identify that up to an additional 50,000 dwellings will be delivered across the city between 2016 to 2036. The proposed contributions plan will deliver necessary infrastructure upgrades within town centres and suburban areas to manage and support growth needs associated with increasing community demands across city.

An essential element in Council's planning and infrastructure funding frameworks is ensuring Council's contributions plan remains contemporary, undergoes regular review, tests plan assumptions and reviews the works plan certifying that it remains relevant, is reflective of community expectations and supports Council's ability to fund community infrastructure.

The local infrastructure contributions plan presented in this report will enable Council to seek monetary and land contributions from new development to meet the increased demand for infrastructure that will service and support the Canterbury Bankstown community to 2036 and beyond.

This new consolidated plan creates a simpler and more consistent policy for capturing funding for local infrastructure to support growth. It is also an opportunity for Council to update the list of infrastructure that has been identified to support growth in the city to ensure it aligns with Council's strategic priorities.

The changes to contribution rates proposed in this report are comparable with the existing rates, with all rates increasing moderately except those that have reached the current cap set by the State Government.

RECOMMENDATION That -

1. Council exhibit the Draft Canterbury Bankstown Local Infrastructure Contributions Plan as shown in Attachment A.
2. The matter be reported back to Council following the exhibition period.

ATTACHMENTS

[Click here for attachments](#)

- A. Draft Canterbury Bankstown Local Infrastructure Contributions Plan
- B. Comparison of Secondary Dwelling Rates

POLICY IMPACT

The draft plan will repeal the three existing contributions plans from the former Bankstown and Canterbury Councils and provide a set of consistent provisions for local infrastructure contributions.

It aims to fulfil Action E6.12.140 of Connective City 2036: *Prepare a new development contributions plan.*

FINANCIAL IMPACT

The draft plan outlines approximately \$935 million of infrastructure improvement works in Canterbury Bankstown to occur over the next 15 years, of which \$656 million will be fully funded under the plan from local infrastructure contributions paid by new developments. Council will be required to supplement funding for capital work commitments listed in the draft plan with other sources of funding including accumulated unspent contributions, grants, general revenue or loans for approximately \$279 million over 15 years. Under NSW legislation, contributions only cover works attributable to the increased population, where an identified capital work serves the existing population then Council will need to co-fund this work with alternative funding sources.

COMMUNITY IMPACT

The draft plan commits provides for infrastructure works such as open space and recreation facilities, community and cultural facilities, and access and public domain facilities over the next 15 years. The provision of this infrastructure will have a positive impact on the City for existing and new residents and provides necessary financial assistance to Council to adequately support and manage growth across the city.

DETAILED INFORMATION

OVERVIEW

This report seeks Council's endorsement to exhibit a draft consolidated local infrastructure contributions plan for Canterbury Bankstown. Because of the specialised nature of contributions plans and the contributions process, some explanatory information is set out below. A copy of the draft plan is provided at Attachment A.

What is a Contributions Plan?

Local infrastructure contributions (also known as development contributions) are monetary and land contributions from new development that enable Council to provide infrastructure for services and facilities to support growth. The services and facilities can include open space, community facilities, public domain (streetscape) works, roads and transport infrastructure. Local infrastructure contributions are one of many sources of revenue that Council uses to fund new facilities, others include general revenue, grants, and special levies.

Under the Environmental Planning and Assessment (EPA), 1979, Council can only require local infrastructure contributions if it has a local infrastructure contributions plan in place. A contributions plan contains information such as contributions rates, works schedule, justification for the contributions amount, payment details, and mapping of facilities. The plan content is governed by legislation with supporting practice notes, and the plan must undergo community consultation before it is made.

There are two main types of contributions:

Section 7.11 Contributions

These contributions apply to development that directly result in an increased demand for services and facilities. The relationship between new development and the increased demand for services is known as nexus. An example is new housing redevelopment that results in an increase in population, and therefore creates a demand for additional recreation and community facilities. These contributions are capped - unless a variation is sought from the NSW Independent Pricing and Regulatory Tribunal (IPART), no more than \$20,000 per dwelling can be charged in Canterbury Bankstown under current legislation.

Section 7.12 Contributions

These contributions are levied using a percentage rate based on the cost of works. They are often used when there is not a strong relationship or nexus between new development and additional services and facilities. Examples in our current plans include alterations and additions to buildings and new industrial development. Council has more flexibility in spending this type of contributions, but the amount collected is normally less than a Section 7.11 contribution for comparable types of development. Thresholds apply to set the percentage applicable, with contributions applying to development over \$100,000.

What is the current contributions plan framework?

There are three contributions plans currently in effect within the City of Canterbury Bankstown, with a summary of each below:

Canterbury Town Centre & Riverfront Precinct Development Contributions Plan (2011)

This plan enables Council to require contributions for new development in Canterbury Town Centre including the redevelopment area between the town centre and Cooks River. The main facilities provided under the plan are new public domain and road works. This plan requires new development affected by this plan to provide Section 7.11 contributions.

Canterbury Development Contributions Plan (2013)

This plan covers the remainder of the former Canterbury Council area and allows for the levying of both Section 7.11 and 7.12 contributions, depending on the type of development.

Bankstown Development Contributions Plan (2019)

This plan covers the former Bankstown Council area and it also allows for the levying of both Section 7.11 and 7.12 contributions, depending on the type of development. This plan was brought into effect in 2019 to provide the first stage in a consistent approach in contributions between the two former Councils, by replacing the previous Bankstown Plan that only enable levying of Section 7.12 contributions.

Why is consolidation of these plans being proposed?

There has been considerable work invested in consolidating and harmonising planning controls applying to the two former Councils, as well as preparing a consolidated LEP which is currently awaiting gazettal. The advantages of doing this are consistency – having a unified set of controls, and simplicity – having all the controls in one document. The preparation of this draft plan also considered the following matters:

Implementing the recommendations of the Bankstown and Canterbury Master Plans

At the same time as the consolidated plan was being prepared, master planning of these two centres was being carried out. The draft plan considers the specific infrastructure provision required by the Master Plans, reflecting the proposed growth in both centres. Separate contribution rates will apply to both master plan areas. This is in keeping with Action E10.6.196 of Connective City 2036, which is:

Update the Canterbury-Bankstown 7.11 Plan upon completion of the master plans for each centre based on infrastructure needs to respond to planned growth.

Notwithstanding the masterplans for Bankstown and Campsie, the proposed plan will deliver necessary infrastructure upgrades within and outside town centres to help manage and support growth needs associated with increasing community demands. The Contributions plan will also undergo regular review to ensure plan assumptions and the associated works plan remain relevant, reflect community expectations and Council's ability to co-fund community infrastructure.

It is important to note that this is not predicated on any masterplan in any form being adopted by Council. There are currently several planning proposals held awaiting the masterplan outcomes, but notwithstanding, they must be dealt with and in the absence of a Council strategy more will come. There is currently no up to date plan for contributions or infrastructure for ad-hoc proposals and for this reason along this plan is critical for orderly development in our city.

The impact of proposed contributions reforms

The draft plan has been prepared in the context of ongoing reforms of the contributions system proposed by the NSW State Government.

While there has been some uncertainty in preparing a draft plan due to the possibility of major changes to the contributions system that were exhibited by the State Government in 2021, there is no visibility if and when any of the reforms will be implemented. To best enable Council to plan appropriately for local infrastructure, preparation of this draft plan has been progressed.

Should the reforms in part or whole be adopted, then a further report would be prepared on the implications of the reforms on the draft plan along with any proposed changes to Council's contribution plan.

DRAFT STRUCTURE

The proposed structure of the draft plan is as follows:

1. Scope of the Plan

This section outlines where the plan applies and what development it applies to, contribution types and amounts, and exemptions.

2. Calculating the contribution amount

Outlined in this section is how to calculate Section 7.11 and 7.12 contributions.

3. How and when contributions will be imposed

This section refers to indexing, obligations of registered certifiers in applying contributions, cost summary reports, and discounts for secondary dwellings.

4. Paying the contribution

This section explains when and how to pay contributions, indexing, and alternatives to monetary contributions.

5. Other plan matters

Here are included administrative matters such as transitional arrangements, pooling of funds, deferred payments, use of previously collected monies, and monitoring and review.

Appendix A: Definitions

This appendix defines key terms in the plan

Appendix B: Infrastructure schedule and location map

This contains the schedule of works funded under the plan, and a map showing their location.

Appendix C: Infrastructure demand and the calculation of contribution rates

This appendix explains the justification for facility provision in the plan and resultant Section 7.11 rates

Appendix D: Cost summary reports

These are report templates used for calculating Section 7.12 contributions.

KEY ISSUES OF THE DRAFT PLAN

Key issues include:

Contribution Rates

Section 7.11 contributions

Current situation: All of the existing contributions plans charge Section 7.11 contributions based on the population forecasts and infrastructure strategies at the time the plans were prepared. The former Canterbury Plans and rates are dated and require review.

Issue: The section 7.11 contributions in the draft plan are based on more recent population growth and infrastructure strategies. This has impacted the contribution rates, with the current and proposed rates for common development types is set out in Table 1 below. No rates exceed \$20,000 per dwelling, to align with IPART requirements. The IPART review process is lengthy and limits the types of facilities Council can levy for, excluding key facilities such as aquatic centres, and most community facilities. For these reasons the IPART approach was not favoured for the plan review.

Table 1: Current vs Proposed Contribution Rates

	1 bedroom dwellings		2 bedroom dwellings		3 bedroom dwellings	
	Current	Proposed	Current	Proposed	Current	Proposed
Bankstown Town Centre	\$8,363	\$10,422	\$14,336	\$16,689	\$20,000	\$20,000
Campsie Town Centre	\$9,317	\$10,336	\$14,549	\$16,552	\$20,000	\$20,000
Rest of LGA	\$8,363 / \$9,317 ¹	\$9,385	\$14,336 / \$14,549 ¹	\$15,028	\$20,000	\$20,000

¹ reflects the existing contributions plans

Recommendation: The proposed rates are comparable with the existing rates, with all rates increasing where rates are not already capped. Most increases are moderate to keep rates at a reasonable level. It is recommended that the proposed rates be adopted for the draft plan.

Section 7.12 contributions

Current situation: Section 7.12 contributions are based on the cost of development with thresholds determining the rate involved. Council uses in its plans the maximum thresholds and rates set by the Environmental Planning and Assessment Regulation 2021.

Issue: The current section 7.12 thresholds have not been adjusted since being introduced in 2005. Over time more and more development has been subject to these contributions due to cost increases in development – creating “bracket creep”. The main impact is on “mum and dad” and small business applicants carrying out alterations and additions to existing houses and businesses.

Recommendation: It is proposed to adjust the thresholds by CPI, which will provide relief to those undertaking small scale developments. The current and proposed rates are set out in the table below. The loss of income if this adjustment is implemented is estimated to be less than \$100,000 per annum, which is minimal compared with the amount of contributions proposed to be collected under the plan.

Table 2: Current v Proposed Section 7.12 Contribution Rates

S7.12 threshold - Existing Plan	S7.12 threshold - Proposed	Contribution rate
Up to and including \$100,000	Up to and including \$150,000	Nil
More than \$100,000 and up to and including \$200,000	More than \$150,000 and up to and including \$300,000	0.5% of development cost
More than \$200,000	More than \$300,000	1% of development cost

Infrastructure to be provided through the Plan

Current situation: The existing plans provide for a total of \$458.7 million worth of infrastructure, with \$295 million being met by contributions, and the remainder \$163.7 million is required to be funded from alternative sources by Council.

Issue: The new plan will provide for an increased level of infrastructure, with \$935 million worth of infrastructure (refer to Table 3). This is a substantial increase in works from the existing plans. It reflects the higher levels of growth forecast to occur in the LGA over the next 15 years compared with previous plans which were based on population forecasts from as early as 2012.

Contributions will provide for \$656 million of this infrastructure, and the balance is intended to be met from alternate sources including accumulated unspent contributions, grants, general revenue or loans. This is because some of the works in the plan also meet demand by the existing population, and s7.11 contributions cannot be used to fully fund such works.

Table 3: Local Infrastructure Breakdown

Type of local infrastructure	Total cost of infrastructure
Open space and recreation facilities	\$557,500,000
Access and public domain facilities	\$227,390,000
Community and cultural facilities	\$150,120,000
Total	\$935,010,000

Key infrastructure items proposed under the consolidated plan have been identified from the detailed analyses prepared for all masterplans (including site specific plans such as Belmore Sports and Recreation Precinct) and other strategic plans. As well as site-specific projects, flexibility has been built into the plan to allow Council to respond to changing priorities over time. Not all of the works proposed in the plan are new, many have been carried across from the existing plans. Previously collected contributions will be used to fund the infrastructure schedule in the draft plan.

Council's current projections under its Local Strategic Planning Statement and Housing Strategy identify that up to an additional 50,000 dwellings will be delivered across the city to 2036. The proposed contributions plan will deliver necessary infrastructure upgrades within town centres to manage and support growth needs associated with increasing community demands across city. Importantly, the Contributions plan will undergo regular review to ensure plan assumptions and the associated works plan remain relevant, reflect community expectations and Council's ability to co-fund community infrastructure.

Projects within the plan have been placed into infrastructure categories which assist in aligning the proposed items. These categories include open space and recreation, access and public domain, and community and culture. Key projects proposed include:

Open Space and Recreation

- Land acquisition – approximately \$122 million
- Leisure and Aquatic Centres – Birrong, Canterbury, Max Parker and Roselands
- Metro Greenspace Spatial Framework Corridors – Cooks River, Salt Pan Creek and Wolli Creek
- Playgrounds
- Site specific masterplans - Belmore Sports and Recreation Precinct, Gough Whitlam and Waterworth Park, Kelso Park North, Salt Pan Creek Reserve, Paul Keating Park

Access and Public Domain

- Bankstown Complete Streets
- Campsie Complete Streets
- Liveable Centres Program – Local Centres and Other Centres
- Cycleways/Active transport routes
- Footpaths
- Pedestrian network facilities upgrades
- Priority bridges

Community and Cultural Facilities

- Campsie Civic Centre Hub/Cultural Precinct
- High priority actions from the draft Community Facilities Strategic Plan – facilities at Greenacre, Hurlstone Park, Padstow, and Villawood

The Infrastructure Schedule in Appendix B of the draft plan contains fuller details of the facilities to be provided.

Recommendation: The draft plan contains a revised works schedule, based on existing strategic work, to service the incoming population.

Exemptions

Current situation: The current plans have provisions to exempt certain developments from contributions. This includes rebuilding from natural disasters, Council developments, and those exempted by State Ministerial Directions. These exemptions are proposed to be carried across into the new plan.

Issue: As part of the plan review work two other development types were considered to have merit in being included in the exemptions:

- Affordable housing by a registered social housing provider, provided the housing remains affordable in perpetuity
- Short term (less than 2 weeks) emergency accommodation by a community service organisation.

Both are forms of social infrastructure that is desirable to encourage in the City and will complement the affordable housing contributions scheme that Council has endorsed.

Modelling indicates that the loss of income arising from these further exemptions is likely to be minimal – approximately 1% of total contributions. Infill multi dwelling housing (up to 50 dwellings) and seniors housing provided by Land and Housing Corporation (former Department of Housing) is currently exempt from paying contributions.

Recommendation: The draft plan proposes to retain existing exemptions, in addition to the ones proposed above.

Refunds and contributions credits

Current situation: Our current plans allow for a refund of paid contributions. This applies essentially where development has not commenced and has therefore not created a demand for infrastructure.

Issue: Council has recently received legal advice that issuing of refunds is contrary to the s7.3(1) of the EPA Act. A transfer of paid contributions or contribution credits between different consents is possible however will be of little value to “mum and dad” developers who have represented the majority of refund recipients.

Recommendation: The plan be amended to no longer permit refunds because of the legislative requirement. Notwithstanding, this approach does not present as good policy and Council officers have separately written to the State Government to highlight the issue and request that the relevant planning provisions under NSW planning law be reviewed to permit refunds in limited circumstances.

In place of refunds, provisions for the transfer of contributions credits be included into the plan.

Secondary Dwellings (“Granny Flats”)

Current situation: Secondary dwellings have proven to be a popular form of development in the LGA, with an estimated 1,000 completions in the period 2016-2021. However, the contribution rate for secondary dwellings is heavily discounted, being 50% of the 1 bedroom rate. Most secondary dwellings are 2 bedrooms.

The discounted rate was introduced for two primary reasons:

- Secondary dwellings were considered a form of affordable housing.
- They provided for extended family accommodation.

Issue: Secondary dwellings are no longer regarded in legislation as affordable housing. A SSROC report prepared in 2020 revealed that secondary dwellings on the private rental market did not provide an affordable housing option.

A survey of adjoining and comparable Councils shows for the most part they either charge the full s7.11 rate or apply a much lesser discount (see Attachment B for a table showing the 16 Councils surveyed and their current rates for secondary dwellings, including Canterbury Bankstown).

Other considerations are:

- Secondary dwellings create a demand for services and facilities as much as any other development and have been built in large numbers in the LGA.
- The principal private open space requirement for secondary dwellings is low. Under State legislation this must be greater than 24m² on the land which the dwelling is located (which can include a balcony/deck).
- Secondary dwellings reduce the amount of private open space available to the main dwelling through their siting, often to a significant extent on smaller lots.
- Applying the current discount means Council would forgo between approximately \$35 million in contributions over the 15-year period of the plan.

Recommendation: Consideration was given to implementing the full plan rates for secondary dwellings given the implications of this type of development on infrastructure. However, this would result in a significant increase in contribution rates, particularly for 2 bedroom secondary dwellings, which would see the rates increased by up to 400%. It is proposed to maintain a discount to secondary dwellings but reflect the discount relative to the secondary dwelling size. This approach continues to acknowledge the important contribution this form of housing provides across the City whilst balancing the need to fund infrastructure demands generated by secondary dwellings across the city.

Table 4: Current v Proposed Secondary Dwelling Contribution Rates

	Secondary dwellings		
	Current rate	Proposed rates	
		1 bedroom	2 bedroom
Bankstown	\$4,181	\$5,211	\$8,345
Campsie	\$4,659	\$5,168	\$8,276
Rest of LGA	\$4,181 / \$4,659 ¹	\$4,692	\$7,514

¹ reflects the existing contributions plans

The loss of revenue compared to Council applying the full rate is approximately \$17.6 million however represents a balanced approach between supporting this form of housing and securing adequate revenue to support associated demands on infrastructure generated.

Centre car parking shortfalls

Current situation: The existing 2013 Canterbury Plan allows s7.11 contributions to be paid if a development has a shortfall of car spaces for non-residential purposes, to provide for additional public car parking. This applies to the following centres:

- Campsie
- Belmore
- Lakemba

- Punchbowl

By comparison the existing Bankstown Contributions Plan does not have provision for payment of contributions for parking shortfalls. Provisions in the Planning Agreement Policy instead allow for a monetary payment to be paid for parking shortfalls in Bankstown and Chester Hill centres.

Issue: There are no specific plans to create additional public car parking spaces in any of the above centres. On this basis, it is not appropriate to continue to levy contributions for car parking in relation to these centres in the draft plan.

Council can however continue to collect contributions for car parking shortfalls using planning agreements. The Planning Agreements approach offers far more flexibility in how any contributions received for shortfall can be spent, particularly as approaches to dealing with car parking in centres have diversified, with alternate measures to reduce car usage (and therefore parking demand) and introducing parking technology to make better use of existing resources becoming more favoured, as in the Bankstown Complete Streets approach. Planning Agreements can also better deal with the intermittent nature of receiving contributions.

Planning Agreements are however more administratively complex compared with levying through a contributions plan, though the impact of this can be mitigated by using standard agreements – an approach used in the former Bankstown. An amendment to the Planning Agreements policy would be required to change the current approach.

Recommendation: Extend the use of Planning Agreements for car parking contributions within the four centres in the existing Canterbury plans.

A further report will be submitted to Council on amendments to the Planning Agreements policy to enable for the provision of car parking, including within the four centres identified above.

NEXT STEPS

Should Council support the recommendations in this report, the Draft Canterbury Bankstown Local Infrastructure Contributions Plan will be exhibited for a minimum of 28 days and in accordance with the Community Participation Plan. Following exhibition, this matter will be reported back to Council with an assessment of any submissions received.