

## Item # – Draft Warrumbungle Section 7.12 Contributions Plan

<b>Division:</b>	Environment and Development Services
<b>Management Area:</b>	Planning and Regulation
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<b>CSP Key Focus Area:</b>	Rural and Urban Development
<b>Priority:</b>	RU1.1 – Council conducts periodic reviews of its planning instruments to ensure that land use planning support the long term sustainability of our local communities and our economy

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### Reason for report

The purpose of this report is to seek Council resolution to exhibit the draft *Warrumbungle Section 7.12 Contributions Plan* for public comment. This Plan will supersede the existing *2010 Section 94A Contributions Plan*, which is out of date.

### Background

Section 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (the Act) allow Councils to include a condition in a development consent that requires a developer to contribute toward the cost of new/additional infrastructure that meets demand arising from development.

For example, if a residential development generates a demand for additional open space, Sections 7.11 or 7.12 could be used to require a contribution toward the cost of land for open space and for the provision of recreational facilities on that open space.

Local infrastructure contributions (more commonly called development contributions) can only be levied if a Council has an adopted plan (contributions plan) that describes the nature of the contribution, the justification for the contribution, and the purpose to which it will be put.

A Section 7.11 Plan (formerly Section 94) has contributions directly linked (nexus) to the demand for infrastructure to be provided in response to increased demand arising from the development. The amount of a contribution is determined by the cost of the infrastructure required, and the financial contribution stated in the Plan.

A Section 7.12 Plan (formerly Section 94A) has contributions based on a fixed percentage of the cost of a development. While there should be a general relationship between the infrastructure to be funded by the contribution and development, a direct link between a specific development and a specific item of infrastructure does not need to exist for a Section 7.12 contribution, unlike a Section 7.11 contribution.

Section 7.12 Plans are particularly suited to localities where development rates are variable, or the nature of development is difficult to determine, such as infill residential development, in some commercial and industrial areas, or in regional and rural areas. Section 7.11 plans tend to be more suited to areas with high and relatively predictable growth levels and/or a spatially focused area of growth, such as a fast-growing large urban release area.

Council's existing Section 94A Plan (Section 7.12 replaced Section 94A) is now dated. Many of the projects listed in the Plan's work schedule in the Plan are now complete, and in some cases, no longer relevant. The Section 94 Plan that applied to the former village zone of

Coonabarabran and the rural zone of the previous Coonabarabran Shire Council was not formally repealed when the 2010 Section 94A Plan was adopted, although it does not appear to have been used since. As a formal housekeeping measure, is proposed to repeal this Section 94 Plan when the new Section 7.12 Plan is adopted.

The draft Section 7.12 Plan provides an updated work schedule that provides a range of infrastructure within the Shire's towns and villages. The work schedule has been developed to only include projects that meet legislative requirements under the Act. The work schedule is prioritised in broad 3-year periods to provide flexibility.

Importantly, it is not proposed to change the existing contributions rate.

### **Issues**

In order for Council to levy development contributions, it is necessary to have a contributions plan. This plan must meet legislative and State Government policy requirements. A draft Plan must be exhibited to the public for comment prior to Council adoption. Further, Council must administer the funds received as contributions consistent with State Government requirements, and have certain information on monies received and spent available for continuous disclosure to the public. In addition, contributions plans must be reviewed regularly.

The work schedule has been developed by Council officers based on priorities expressed during the integrated strategic planning process, community consultations and Council discussions. The work schedule reflects Council's priorities, and development contributions provide a way of resourcing these priorities.

It is not proposed to change the current long-standing rate of contribution (which is a percentage of development cost). Most Councils set their contributions at this level. Increasing the rate would require State Government approval.

The rate is:

<b>Proposed cost of the development</b>	<b>Maximum percentage of the levy</b>
Up to \$100,000	Nil
\$100,001 – \$200,000	0.5 percent
More than \$200,000	1.0 percent

### **Options**

Council could resolve to do one or more of the following:

1. Adopt the draft Section 7.12 Plan, as attached, for the purpose of public exhibition
2. Amend the works schedule
3. Propose a changed contribution level
4. Propose to investigate a Section 7.11 Plan
5. Resolve to not charge development contributions

It is recommended that Council adopt the draft Section 7.12 Plan for public exhibition to gauge community views. A Section 7.12 Plan best meets Council's needs and circumstances, and has considerably more flexibility and less administrative burden than a Section 7.12 Plan.

### **Financial Considerations**

Development contributions provide a useful source of revenue for Council to meet the needs of the community arising from development. It should be noted that these funds are only for capital works and must be used for the items shown in the work schedule. They complement Council's other revenue sources.

It should be noted that other funds available to Council, such as grants, could be used in concert with contributions to accelerate the implementation of the work schedule. Alternatively, contributions funds could be used to supplement grants or community fund raising for these infrastructure items.

While there is a "compliance cost" of administering development contributions, the benefits outweigh this cost, and the requirements reflect good administrative practice in any case.

### **Community Engagement**

The level of community engagement is Inform + Consult.

The community is informed through the Council business paper, website, social media, print media and customer service centres.

The community is consulted through the Have Your Say function, whereby community members are invited to make written submissions on the draft policy.

### **Attachments**

1. Draft Warrumbungle Shire Section 7.12 Contributions Plan

### **RECOMMENDATION**

That:

1. Council adopts the draft *Warrumbungle Section 7.12 Contributions Plan* for the purposes of public exhibition for a minimum of 28 days, pursuant to the *Environmental Planning and Assessment Act, 1979*.
2. A further report be presented to Council on the draft Plan after the public exhibition period is completed.