

## NSW INFRASTRUCTURE CONTRIBUTION REFORMS

ATTACHMENTS:	<b>1. IMPLICATIONS 2. SUBMISSION: INQUIRY INTO ENVIRONMENTAL PLANNING AND ASSESSMENT AMENDMENT (INFRASTRUCTURE CONTRIBUTIONS) BILL</b>
RESPONSIBLE OFFICER:	<b>DEBRA JUST – CHIEF EXECUTIVE OFFICER</b>
AUTHOR:	<b>LAURA KENDALL – CUSTOMER &amp; CORPORATE DIRECTOR</b>
CITY STRATEGY OUTCOME:	<b>5.2 – DEMONSTRATE LEADERSHIP AND ADVOCACY FOR LOCAL PRIORITIES</b>
MEETING DATE:	<b>12 JULY 2021</b>

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### 1. PURPOSE OF REPORT

To seek Council's endorsement of a submission to a NSW Parliamentary Committee Inquiry into proposed reforms of infrastructure contributions in NSW, and to advise Council of the Northern Sydney Regional Organisation of Councils' (NSROC's) advocacy regarding infrastructure contributions.

### 2. OFFICER'S RECOMMENDATION

That Council:

- 1. Call on the NSW Parliament to halt progress of the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021* until genuine consultation, detailed modelling, and credible impact assessment are undertaken, and it can be demonstrated that no council will be worse off.**
- 2. Note that independent modelling indicates that Willoughby City Council could lose almost \$100m in infrastructure contributions over 20 years if the reforms proceed, leading to a reduction in facilities available to the community.**
- 3. Note and support the Northern Sydney Regional Organisation of Councils' advocacy initiatives to address potentially severe adverse impacts on communities from proposed reforms to local infrastructure contributions.**
- 4. Continue its complementary advocacy for provision of the local infrastructure Willoughby City's community needs and expects to support development, including endorsing the submission at Attachment 2.**

### 3. BACKGROUND

Last year, the NSW Productivity Commission completed a review of the infrastructure contributions system, releasing its final report in November 2020, with a proposed package of reforms. In March 2021, the NSW Government confirmed it had accepted all 29 recommendations of the final report. A framework is expected to be established by 1 July 2022 and apply to new developer contributions plans and draft plans that have not yet been publicly exhibited.

On 24 March 2021, the Minister for Planning and Public Spaces and Minister for Local Government issued a joint media release asserting the combined impacts of two distinct policy reforms would create a “\$400 million infrastructure boost for NSW councils”. The media release cited modelling by the Centre for International Economics, which purported to analyse the consolidated effects on councils’ revenues of the NSW Government’s proposals to link the rate peg to population growth and reform infrastructure contributions.

A Councillor briefing was held on 19 April 2021, outlining:

- the scant information available at the time about reforms to infrastructure contributions
- the process being undertaken by the Independent Pricing and Regulatory Tribunal (IPART) to develop a recommended methodology for linking the rate peg to population growth.

At its meeting on 10 May 2021, Council endorsed a submission in response to IPART’s discussion paper on linking the rate peg to population growth. The submission acknowledged IPART’s terms of reference for this work did not address infrastructure contributions, and nevertheless highlighted Council’s concerns that reforms to local infrastructure contributions could outstrip the benefits of linking the rate peg to population, leaving the Willoughby community significantly worse off.

NSROC engaged GLN Planning in May 2021 to independently assess the potential impacts for NSROC members of reforms to both the rate peg and infrastructure contributions. The NSROC board received a briefing on GLN’s preliminary findings on 3 June 2021. GLN’s analysis discredited the findings of earlier modelling commissioned by the NSW Government, which were distorted by unrealistic assumptions and selective segmentation of NSW councils.

GLN’s findings indicate many NSROC members, including Willoughby City Council, would face vast reductions in funding for community infrastructure as a result of proposed reforms to developer contributions. GLN further found that for Willoughby City Council, these losses are unlikely to be offset by increased rate revenue if the rate peg is linked to population growth.

On 22 June 2021, the NSW Government introduced the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021* (the Bill) to the NSW Parliament, as a cognate to the Government’s annual Appropriation Bill (budget bill) and several other bills. The Bill was passed by the Legislative Assembly and subsequently referred by the Legislative Council to a Parliamentary Committee, which is required to conduct an inquiry on the Bill, and report back to the Legislative Council by 10 August 2021.

On 5 July 2021, Council staff received an invitation to make a submission to the inquiry by 11 July 2021. Due to the very short timeframe, staff made a submission by the closing date, noting that the submission had not been approved by Council, and that staff would provide an update to the Inquiry after Council considers the submission.

This report provides an opportunity for Council to review the submission. The report also outlines advocacy activities undertaken by NSROC with the aim of mitigating the potential for many of the costs of building local infrastructure needed by growing communities to be shifted from developers to ratepayers.

## 4. DISCUSSION

### **Current infrastructure contributions framework**

Willoughby City Council uses infrastructure contributions as a significant and vital source of funding to build infrastructure to meet increased demand generated by development. Council's social license for development and increased density comes from associated improvements to community infrastructure.

Council collects funding for community infrastructure from both section 7.11 contributions and section 7.12 levies. Section 7.11 contributions are payable for additional dwellings, while section 7.12 levies are payable for other types of development, including alterations and additions, and non-residential development that creates additional floor space. The *Willoughby Local Infrastructure Contributions Plan 2019* provides for Council to collect section 7.12 levies of up to 3 per cent of the cost of developments in the Chatswood CBD area and up to 1 per cent in other parts of the City not subject to section 7.11 contributions.

### **Proposed reforms to infrastructure contributions**

Compared to Willoughby City's current settings for local infrastructure contributions, the reforms proposed in the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021* have the potential to vastly reduce funding for infrastructure needed by Willoughby's growing community.

From the detail currently available, it appears that the State Government is seeking to take more decision-making power from local government. The *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021* includes the following elements:

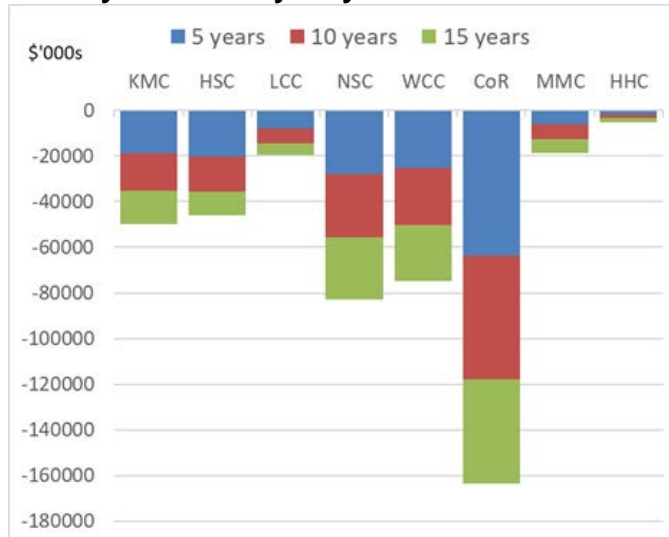
- That the cost of providing public amenities or public services "be calculated in accordance with the regulations and relevant Ministerial directions"
- A requirement that a local infrastructure condition or local levy condition is "imposed in accordance with the regulations and relevant Ministerial directions"
- That the regulations can define when and how monetary contributions must be paid more than currently. This was previously documented by councils in their contributions plans
- That the Minister will be able to issue a direction about "the matters that must be considered when preparing a contributions plan, including matters relating to the efficient design of infrastructure"

These provisions would effectively allow the government of the day to make extensive changes to infrastructure contributions via regulation or ministerial directions. This makes it difficult to assess the Bill's impacts for Willoughby's community precisely.

### **Impacts of proposed reforms**

However, independent modelling by GLN Planning, commissioned by NSROC, illustrates the impacts of eight reform scenarios. The modelling shows that depending on the mix of reforms implemented, NSROC councils face losses of \$171 million in the first five years after the reforms, \$325 million in the first 10 years, and \$461 million in the 15 years after the reforms are implemented. Willoughby City Council facing losses of approximately \$75 million in the 15 years after implementation, as shown in Figure 1.

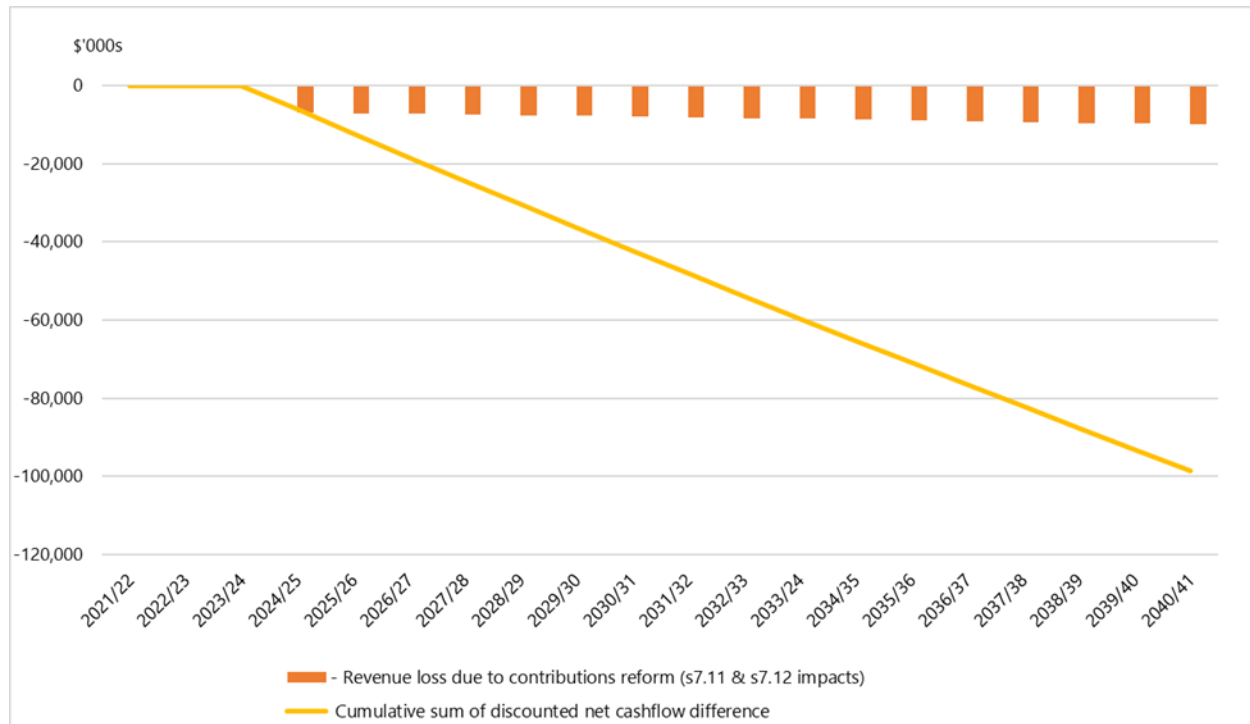
**Figure 1 – Losses faced by northern Sydney councils under one reform scenario**



Note: Scenario assumes community and indoor recreation facilities are excluded from the 7.11 essential works list, there is no s7.12 levy for alterations/additions and a consistent annual average development yield applies.  
 Source: GLN Planning (2021)

GLN’s analysis indicates Willoughby City Council could face losses of almost \$100 million in funding for infrastructure needed by the City’s growing community in the 20 years to 2041, as shown in Figure 2.

**Figure 2 – Cumulative revenue impacts for one reform scenario – Willoughby City Council**



Note: Scenario assumes community and indoor recreation facilities are excluded from the 7.11 essential works list, there is no s7.12 levy for alterations/additions and a consistent annual average development yield applies.  
 Source: GLN Planning (2021)

**Advocacy by Council and NSROC**

Hence, Council staff considered a timely submission to the Inquiry warranted. The submission in **Attachment 2** was dispatched to the Inquiry yesterday, noting that Council would consider it today.

During June 2021, NSROC initiated dialogue with senior staff of the Department of Planning, Industry and Environment regarding the proposed contributions reforms, with the meeting attended by all eight CEO/General Managers (GMAC). GMAC and NSROC representatives (including Willoughby's Mayor and CEO) also met with LGNSW President, Linda Scott and senior staff, and reviewed LGNSW's submission to the Inquiry. Further, GMAC has reached out to other CEOs/GMs and Regions of Councils to share information and advocacy materials.

NSROC also sought urgent meetings with the Minister for Local Government, the Minister for Planning and Public Spaces, the Treasurer, and numerous Members of Parliament for electorates throughout the northern Sydney region, including the Premier, and several senior cabinet members. NSROC representatives will use these meetings to seek a pause in implementation of the reforms, to allow time for more rigorous assessment of the impacts, and for genuine consultation with communities and councils.

A number of meetings have been planned with others, with the aim of registering NSROC members' alarm at the prospect of severe adverse impacts on local communities from proposed reforms to infrastructure contributions. This joined up approach to advocacy, on an issue that is very widely shared across local governments in NSW, will continue beyond the submission, including presentations to Ministers and MPs.

## 5. CONCLUSION

The submission in **Attachment 2** complements advocacy efforts pursued by NSROC to bring parliamentarians' attention to potential acute shortfalls in infrastructure needed by growing communities in several local government areas in northern Sydney. It is recommended for Council's endorsement.

IMPLICATIONS	COMMENT
<p><b>City Strategy Outcome</b></p> <p><b>Business Plan Objectives, Outcomes / Services</b></p>	<p>5.2 – Demonstrate leadership and advocacy for local priorities</p> <p>The report’s recommendation is consistent with Council’s recognition of its role in creating new liveable places, strong communities, and homes for the future, expressed in the <i>Community Strategic Plan: Our Future Willoughby 2028</i>.</p>
<b>Policy</b>	<p>This matter relates to the <i>Willoughby Local Infrastructure Contributions Plan 2019</i>.</p>
<b>Consultation</b>	<p>Consultation with the staff of NSROC and several of its member councils informed the development of this report.</p>
<b>Resource</b>	<p>This report was developed using existing resources.</p>
<b>Risk</b>	<p>There are no significant risks directly associated with the report’s recommendation. However, there are a range of significant financial and service delivery risks associated with proposed reforms to infrastructure contributions. The submission at <b>Attachment 2</b>, and other advocacy activities by NSROC, outlined in the report, aim to mitigate those risks.</p>
<b>Legal</b>	<p>There are no legal considerations applicable to this report.</p>
<b>Legislation</b>	<p>This report concerns proposed amendments to the <i>Environmental Planning and Assessment Act 1979</i>.</p>
<b>Budget/Financial</b>	<p>There are no direct financial implications of this report’s recommendation. However, the recommendation is consistent with Council’s demonstrated intent, evident in its Long Term Financial Plan, to fund infrastructure needed to support ongoing growth of the City’s population of residents, workers and visitors.</p> <p>Developer contributions are used to fund public facilities to meet increasing community demand. This takes the form of augmenting existing public facilities and providing new public facilities. Council has a strong history of delivery high quality and needed facilities through this funding.</p> <p>The Government’s proposed reforms of infrastructure contributions would be significant for Council’s future financial sustainability and performance.</p>

The Office of the Chief Executive

11 July 2021

Ms Cate Faehrmann MLC  
Chair  
Legislative Council Portfolio Committee No. 7 – Planning and Environment  
Parliament House  
6 Macquarie Street,  
SYDNEY NSW 2000

Submitted online via [www.parliament.nsw.gov.au](http://www.parliament.nsw.gov.au)

Dear Ms Faehrmann


**Willoughby City Council submission: Inquiry into the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021***

Thank you for the invitation to make a submission to Legislative Council Portfolio Committee No. 7's inquiry into the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021* (the Bill).

As you know, stakeholders were offered a relatively short timeframe in which to make submissions. It was not practicable to obtain endorsement of Willoughby City Council's elected governing body within that timeframe, and the attached submission has been prepared by Willoughby City Council staff. However, the submission will be considered by Council for endorsement at the Ordinary Council Meeting on 12 July 2021. I will advise you as soon as possible after that meeting of Council's resolution regarding this submission.

To discuss this submission further, please contact me by emailing [Debra.Just@Willoughby.nsw.gov.au](mailto:Debra.Just@Willoughby.nsw.gov.au) or by telephoning 9777 1010.

Yours sincerely



Debra Just  
CHIEF EXECUTIVE OFFICER

Encl: Willoughby City Council submission: Inquiry into the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021*



# Willoughby City Council submission

## *Inquiry into the Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021*

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## About Willoughby City

The City of Willoughby occupies 23 square kilometres on the lower north shore of Sydney, with its own CBD of Chatswood and a large part of St Leonards. Located 8.5 kilometres north of the Sydney CBD, Willoughby City incorporates the suburbs of Artarmon, Castle Cove, Castlecrag, Chatswood, Middle Cove, Naremburn, Northbridge and Willoughby, as well as parts of Gore Hill, Lane Cove North, St Leonards and Roseville.

The Lane Cove River and the foreshore of Middle Harbour feature treasured bushland, while our City's residential areas are home to more than 81,000 people. Industrial and commercial zones support approximately 73,000 jobs and a gross regional product of \$11.5 billion.

The City of Willoughby's population is forecast to grow to 104,000 in 2041. During the same period, the City expects to support approximately 530 new workers per year.

Council is the custodian of a diverse portfolio of community infrastructure assets, including 21 sports fields, 17 public halls, seven libraries, a regional performing arts centre, two visual arts spaces, three public swim centres, 425 hectares of open space, 330 hectares of bushland, 60,000 street trees, 288 kilometres of roads, and much more. Those infrastructure assets are the foundation of an even more diverse array of services highly valued by local communities. 96% of Willoughby City residents somewhat satisfied, satisfied, or very satisfied with Council, which compares positively to a benchmark for metropolitan councils of 89%<sup>1</sup>.

Willoughby City Council's social license for development and increased density comes from associated improvements to community infrastructure. Council uses development contributions to build infrastructure to meet increased demand generated by development.

Willoughby City Council currently collects funding for community infrastructure from both s.7.11 contributions and s.7.12 levies. Section 7.11 contributions are payable for additional dwellings, while s.7.12 levies are payable for other types of development, including alterations and additions, and non-residential development that creates additional floor space.

The *Willoughby Local Infrastructure Contributions Plan 2019* already provides for Council to collect s.7.12 levies of up to 3% of the cost of developments in the Chatswood CBD area.

Compared to Willoughby City's current settings for local infrastructure contributions, the reforms proposed in the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021* could see our community miss out on almost \$100 million in funding for local infrastructure in the 20 years to 2041<sup>2</sup>.

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<sup>1</sup> Micromex Research. (2020). *Willoughby City Council community perception research 2020*.

<sup>2</sup> GLN Planning, (2021). *Impacts of local government rates and infrastructure contributions reforms: Northern Sydney Region of Councils (NSROC), draft 1-e, 21/6/21*



## Positive elements of the Bill

Willoughby City Council supports the NSW Government's stated intent to reform infrastructure contributions to unlock housing supply more efficiently, and to make more homes available and affordable<sup>3</sup>. Council also supports several elements of the Bill that are aligned to this goal, including:

- aligning timeframes for local strategic planning statements, state infrastructure strategies and regional plans;
- provisions that support councils to pool infrastructure contributions funds to forward fund local infrastructure;
- introduction of a mechanism to capture part of land value uplifts from rezoning to fund land required for public purposes. It is unclear whether these provisions would be of material benefit to Willoughby City, where land values make it challenging for Council to purchase land for community infrastructure.

## Adverse implications of the Bill

*Reduced local infrastructure investment is a handbrake on jobs and economic growth*  
Provision of a high quality public domain and facilities by Council is instrumental in driving commercial demand and investment by developers, and therefore essential in supporting the NSW Government's commitment to commercial and economic growth.

Council's spending on infrastructure increases private sector investment, which generates new business sectors, new business formation and job creation. Businesses want to be near other successful businesses, in an area with a skilled workforce, and high levels of expenditure, foot traffic, and public safety.

The potential for the Bill to reduce Council's investment infrastructure will diminish confidence in Willoughby's economy and decrease private sector investment. Council's investments in streetscapes, parks, sports facilities, etc. stimulate further private sector investment that leverages our public domain investments. If the Bill is not significantly amended, Council expects to make less public investment, with a corresponding decrease in private investment.

This will directly affect employment relating to design, project management and construction. It will also have an indirect impact on the use of consultants and contractors undertaking the work. Further, many of Council's infrastructure projects attract employees at the construction phase who spend locally on goods and services (car parking, food and drink, entertainment, construction materials). They also encourage further visits to our City by workers that are new to the area. The economic benefits generated by these activities will be lost as less Council infrastructure is built.

Unlike other sectors, local government spending is not cyclical. It occurs through economic booms, busts and everything in between. It provides ongoing potential for job creation, retention and growth, and a steadying influence on the NSW economy. A continuing level of investment creates opportunities for new businesses to start up and for existing businesses to prosper and grow, resulting in additional employment opportunities.

### *Reduced Parliamentary oversight of the contributions system*

Council is very concerned that other parts of the Bill jeopardise our capacity to fund vital local infrastructure as the City's population grows. Such elements would afford inappropriate power to the Minister to reduce local infrastructure contributions via Ministerial directions rather than

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<sup>3</sup> Parliament of NSW. Legislative Assembly. (2021). *Parliamentary debates (Hansard proof)*. <https://www.parliament.nsw.gov.au/Hansard/Pages/HansardResult.aspx#/docid/HANSARD-1323879322-118177/HANSARD-1323879322-118177>



through regulation, which can be scrutinised through the parliamentary disallowance process. Examples include the Bill's proposed amendments to the following sections of the *Environmental Planning and Assessment Act 1979* (EP&A Act):

- Section 7.17, where proposed amendments would entrench and extend the Minister's power to direct a council regarding the types of works for which it can collect infrastructure contributions, the way in which contributions are determined, the maximum amount (cap) for a contribution, and the time at which contributions are payable.
- Sections 7.18 and 7.19, where proposed amendments allow the making of regulations to dictate the content of contributions plans and the approval pathways for contributions plans. There appears to be significant overlap between the scope of Ministerial directions under proposed section 7.17 and the regulations contemplated by proposed section 7.18A.

**The increased reliance upon Ministerial directions will vastly diminish Parliament's capacity to oversee the state's infrastructure contributions framework with appropriate democratic checks and balances, and concentrate power in the hands of the planning minister of the day.**

Council is also concerned that the is Bill intent on increasing the prominence of regulation in the infrastructure contributions system, via amendments to the following sections of the (EP&A Act):

- Section 7.12, where proposed amendments allow regulations to specify which councils may (or may not) collect fixed-rate infrastructure levies for local infrastructure. Proposed amendments also replicate existing provisions allowing regulations to specify maximum amounts (caps) for these levies, and the types of development for which councils can charge these levies.
- Section 7.16, where proposed amendments seek to allow the making of regulations that dictate how councils determine local infrastructure contributions, as well as where and how contributions are to be paid.

Noting that regulation can only be disallowed via retrospective resolutions of both houses of Parliament, heavy reliance on regulation is also likely to concentrate power in the hands of a government with a majority in one parliamentary chamber.

This is concerning because the NSW Government has signalled its intent<sup>4</sup> to shift costs for infrastructure needed by growing communities from developers to citizens, we hope the Bill's extensive provisions for regulations and ministerial directions do not represent an attempt to evade scrutiny of the Government's policy agenda by communities, councils and media.

Instead of entrenching the reliance of the contributions system on regulation, the Bill should reduce the provisions in the EP&A Act (e.g. s.7.18) requiring compliance with the EP&A Regulation. In practice, these provisions give extensive power to the Planning Secretary to dictate the content of contributions plans. This is because the EP&A Regulation (clause 26(1)) requires councils to have regard to practice notes issued by the Secretary when making contributions plans. Such practice notes have been used as a mechanism to constrain the types of works for which councils can collect s.7.11 contributions, via an 'essential works list', with little regard for local communities' needs and preferences. The Bill

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<sup>4</sup> Centre for International Economics. *Revenue projections for changes to local government rates and local infrastructure contributions*, attached to NSW Government (2021, March 24). *\$400 million infrastructure boost for NSW councils* [Media release]. Retrieved from <https://www.olg.nsw.gov.au/media-releases/400-million-infrastructure-boost-for-nsw-councils/>



seeks to strengthen mechanisms for restricting the types of infrastructure works that can be included in s.7.11 contributions plans, by requiring contributions plans to be made in accordance with ministerial directions too.

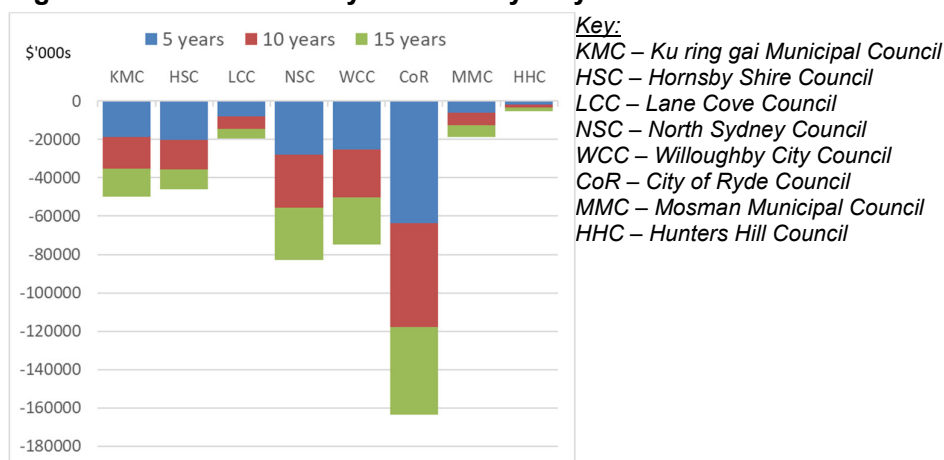
We are further concerned that the introduction of Regional Infrastructure Contributions would create even greater political impetus for state governments to squeeze local infrastructure contributions. When combined with an increased reliance on regulation and ministerial directions, this elevates the risk that communities will miss out on vital infrastructure as they grow.

*Paving the way for costs of additional community infrastructure to be shifted from developers to the existing community.*

As noted previously, the Bill's amendments to sections 7.12 and 7.17 of the EP&A Act lay groundwork for the Government to restrict the works for which councils can collect local infrastructure contributions. This would make it much easier for a state government to reduce infrastructure contributions for construction of community infrastructure.

For example, GLN Planning estimates Willoughby City Council would face losses of approximately \$75m over 15 years (Figure 1) if the Government restricts the types of works that can be funded by development contributions, exempts development involving alterations and additions to existing development, and caps s.7.12 contributions at \$10k for houses and \$8k for apartments. Over the same period, the eight councils in the North Shore Regional Organisation of Councils would face combined losses of \$461 million.

**Figure 1 – Losses faced by northern Sydney councils under one reform scenario**



Note: Scenario assumes community and indoor recreation facilities are excluded from the 7.11 essential works list, there is no s7.12 levy for alterations/additions and a consistent annual average development yield applies.

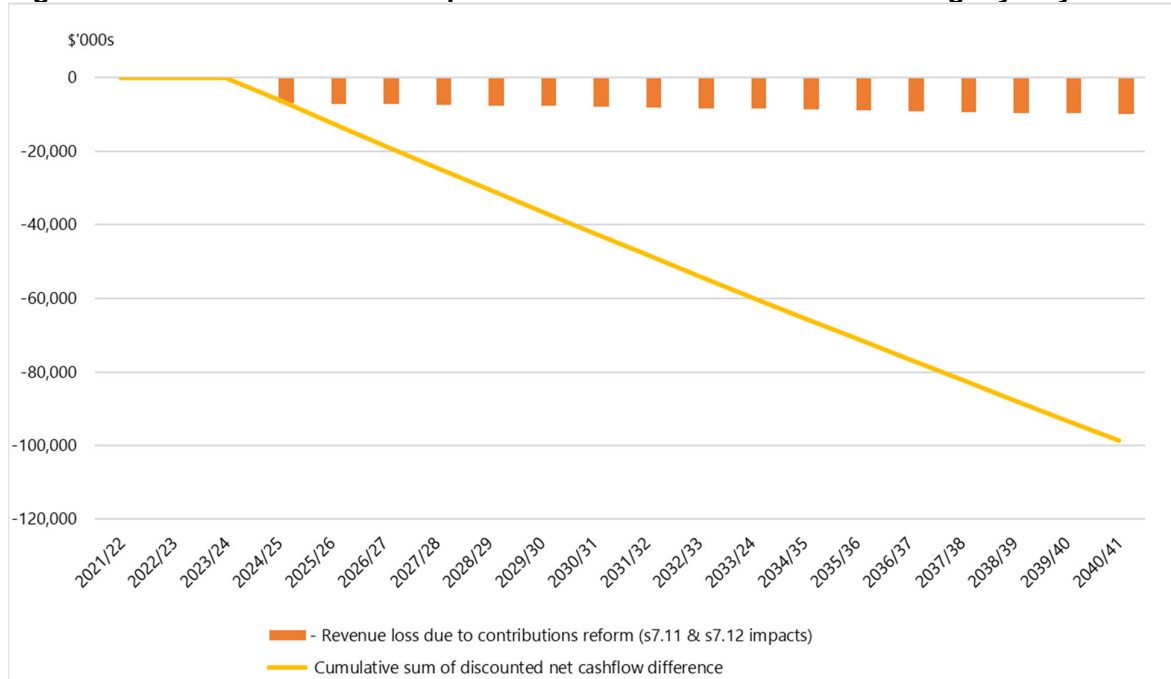
Source: GLN Planning, 2021.

*Willoughby community worse off*

**Depending on the mix of regulations and ministerial directions enacted by the Government, to adjust infrastructure contributions, Willoughby City Council could face cumulative losses of almost \$100m over the 20 years to 2041, as shown in Figure 2.**



**Figure 2 – Cumulative revenue impacts for one reform scenario – Willoughby City Council**



Note: Scenario assumes community and indoor recreation facilities are excluded from the 7.11 essential works list, there is no s7.12 levy for alterations/additions and a consistent annual average development yield applies.  
 Source: GLN Planning (2021)

Even if the Government’s proposed reforms to the rate peg proceed as currently anticipated, councils like Willoughby, with significant infill development, will not be able to stretch rate income to cover the costs of building new community infrastructure. Rate income will continue to be consumed by providing services and maintaining existing assets. IPART’s recent draft report recognises that rate income maintains service levels that growing communities expect, and that “councils should use infrastructure contributions to fund infrastructure needed to service development”<sup>5</sup> (IPART, 2021, p.21).

Reducing local infrastructure contributions will create a perverse incentive against development, because it will require:

- i) costs of meeting increased infrastructure demand generated by developers to shift to existing members of the Willoughby community; or
- ii) that Willoughby City Council delays or removes projects from its infrastructure contributions plans; or
- iii) a combination of both the outcomes listed above.

A sample of projects that may no longer proceed as currently planned is shown in Table 2. This list is illustrative, not exhaustive.

NSW <sup>5</sup>Independent Pricing and Regulatory Tribunal. (2021) *Review of the Rate Peg to Include Population Growth, Draft Report, June 2021*



**Table 2 – Projects at risk due to proposed contributions reforms**

Project	Description	Contribution Funding per WLIC Plan	Total Project Cost
Gore Hill Park indoor sports centre	Indoor courts, sports hall, gym, multi-purpose area and ancillary facilities to meet population growth	\$ 7,500,000	\$ 57,900,000
Willoughby Leisure Centre	Replacement and upgrade facilities	\$ 5,950,000	\$ 22,700,000
Bushland walking track facilities	Projected 15-year expenditure based on recent annual allocations	\$ 5,250,000	\$ 5,250,000
Northbridge Baths	Northbridge Baths renewal	\$ 2,300,000	\$ 4,000,000
Chatswood Rotary War Memorial Athletics Field	Implement Masterplan	\$ 1,500,000	\$ 1,500,000
Northbridge Park	Reconstruct existing sandstone retaining wall with wide steps for grandstand seating	\$ 1,500,000	\$ 2,000,000
The Haven Amphitheatre	New outdoor stage, undercroft and access ramp	\$ 1,286,565	\$ 1,388,000
Gore Hill Oval	Synthetic surface renewal	\$ 1,000,000	\$ 1,000,000
Gore Hill Oval	Synthetic surface renewal	\$ 1,000,000	\$ 1,120,000
Northbridge Oval	Synthetic surface renewal	\$ 715,000	\$ 765,000
Chatswood High School Oval	Synthetic surface renewal	\$ 530,000	\$ 615,000
Chatswood High School Oval	Synthetic surface renewal	\$ 530,000	\$ 770,000
Bales Park	Implement Masterplan	\$ 500,000	\$ 550,100
Willoughby Oval 1 & Alan Hyslop Oval	Upgrade drainage to No 1 and drainage laterals to No2 , irrigation and tank for No 1 & oval surface to couch for No 1 and No 1	\$ 465,000	\$ 900,000
Artarmon Reserve	Implement Artarmon Reserve Masterplan review	\$ 450,000	\$ 700,000
Bicentennial Oval	Upgrade drainage, irrigation (incl pump & tank) & oval surface.	\$ 430,000	\$ 430,000
Muston Park	5 new pavilions with lighting if required. New sign, retaining walls, handrails & steps. Excavate, drain and returf grassed area to provide extra level grassed area. New paving under walkways, 3 new seats, Angophora in planter box. Screening if required	\$ 400,000	\$ 475,100
Hallstrom Park	Playground renewal and upgrade	\$ 400,000	\$ 910,000
Thomson Park Oval	Synthetic surface renewal	\$ 350,000	\$ 595,000
Thomson Park Oval	Synthetic surface renewal	\$ 350,000	\$ 755,000
Bicentennial Netball x 9	Renew court surface	\$ 333,000	\$ 333,000
OH Reid Oval	Upgrade drainage, irrigation & oval surface, install water tank & pump	\$ 315,000	\$ 550,000
Beauchamp Park	Playground renewal and upgrade	\$ 300,000	\$ 630,000
Artarmon Oval	Oval irrigation system	\$ 260,000	\$ 260,000
Northbridge Park	Pedestrian access ways, bus stop relocations and wombat crossings.	\$ 250,000	\$ 350,100
Beauchamp Park	Renovate the pavilion to provide enlarged hall, new verandah, kiosk/kitchen, steps, storage space and improved disabled access	\$ 250,000	\$ 250,000
Bicentennial Baseball	Oval irrigation system	\$ 225,000	\$ 225,000
Bales Oval	Oval irrigation system	\$ 210,000	\$ 210,000
Beauchamp Park	New path to proposed oval viewing platform. New stairs E. side of oval. Replace casuarinas on either side of the structure. Plant embankment . Underplant existing trees on east side of oval.	\$ 185,000	\$ 275,000
Thomson Park	Increase parking opportunities for the park and provide 12 off-street carparking spaces	\$ 150,000	\$ 215,000



**Figure 2 – Case Study – Willoughby sportsground renovations and capital works to increase capacity**



Council has a limited number of sportsgrounds across the City and the only way to cater for an increase in population is to improve the capacity of the ground to withstand higher usage and to increase access hours to the ground. Developer contributions have assisted Council in:

1. Synthetic turf conversion on Northbridge Oval and Thomson Park Oval
2. New floodlights on Bicentennial Oval and Mowbray Public School Oval
3. Renovations (drainage, irrigation and new turf) at Willoughby No 1 Oval, Bales Park Oval, Chatswood Oval, Naremburn Park Ovals and Chatswood Rotary Athletic Field.

Of more than \$99m for sportsground improvements required in response to growth, around **\$64m is to be provided from developer contributions**.

**Community infrastructure investment fuels our economy**

These projects will generate **direct economic benefits estimated\* at \$495m and 660 jobs\*\***.

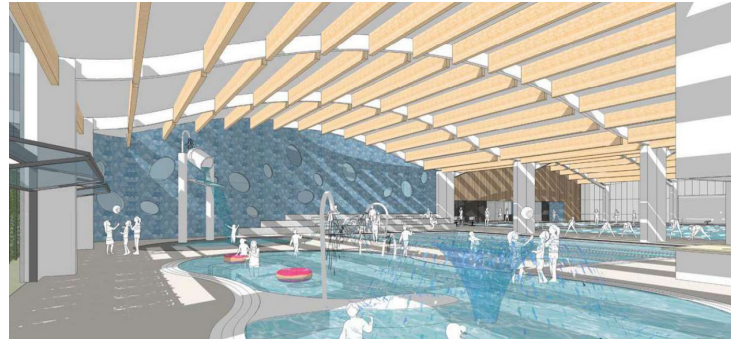
\* Estimated using Reserve Bank of Australia resources retrieved from <https://www.rba.gov.au/education/resources/explainers/economic-growth.html>

\*\* Inferred from <https://www.nsw.gov.au/media-releases/3-billion-boost-creates-100-billion-infrastructure-and-jobs-pipeline>





**Figure 3 – Case Study – Willoughby Leisure Centre Pool Hall Upgrade**



Willoughby Leisure Centre opened in 1990 and is extremely popular with the local and district community, receiving more than 300,000 visits annually. The existing aquatic facilities are reaching the end of their life and will be redesigned to best meet the needs of our growing community.

Key features of the new design are:

- 25-metre lap pool with access ramp
- Warmer pool for programs such as warm water exercise
- Learn to swim pool
- Toddler pool
- Play pools
- New spa and sauna
- External cladding and re-roofing of the whole centre

These features will be used to provide programs to important segments of our community. For example, the learn-to-swim pool would provide recreation and encourage a healthy lifestyle for children. The growing number of older residents demands a stronger health and wellbeing focus, which would be met with classes such as aqua aerobics and warm water space for rehabilitation.

With a total cost in the order of \$23m, this project will benefit from **approximately \$6m of developer contributions, without which, the project would likely need to be delayed** until Council could secure other sources of funding to complete the project.

This would mean **deferring \$115m in economic activity\* and 150 jobs\*\***.

### *Timing of infrastructure contributions payments*

Council objects to the Bill's proposed changes to section 7.17 of the EP&A Act, which seek to make permanent provisions to allow developers to delay payment of local infrastructure contributions until the occupation certificate stage of a development.

The Bill proposes to replace existing provisions which apply only during the prescribed COVID-19 pandemic period with new permanent provisions that enable Ministerial directions to set the timing of contributions payments at any time beyond the pandemic period. This is a significant overreach of Ministerial powers and is strongly opposed by LGNSW and the local government sector.





**There is no evidence provided on which to base this significant policy change**, nor any regulatory impact analysis of the consequences for local infrastructure delivery.  
**Willoughby City Council resolutely opposes this amendment.**

Reasons for our opposition to making this measure permanent include:

- Permanent deferral of contributions payments to councils will delay provision of essential community infrastructure, or require existing communities to carry the burden of paying for the infrastructure costs for new developments until the payments are made. Communities expect that essential services and facilities will be available when residents move into an area.
- Council does not have the financial capacity to forward fund multiple infrastructure projects while awaiting vital contributions payments from developers for those projects.
- Council already faces challenges recovering money owed for infrastructure contributions where private certifiers have issued occupation certificates. The time and administrative costs in pursuing these outstanding payments can be substantial, especially when protracted debt recovery proceedings are required.

#### *No credible evidence of a net positive impact*

The Government has not (to our knowledge) provided any evidence or modelling to demonstrate the Bill will deliver net benefits to NSW communities. Modelling results accompanying the Ministerial media release of 24 March 2021<sup>6</sup> were based on flawed assumptions, and coarse segmentation of classes of councils and averages, leading to overstatement of the benefits of proposed reforms. The results gave an impression the proposed reforms would deliver net benefits to NSW communities collectively.

Our reading of the Bill reveals it could have vast differences in impacts across local government areas, largely at the discretion of the planning minister of the day. It is incumbent on the Government to comprehensively demonstrate its suite of proposed reforms to infrastructure contributions will deliver a net benefit to every NSW community.

#### **Recommendations**

Due to the short timeframe for submissions to the Inquiry into the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021*, Willoughby City Council is not in a position to provide a comprehensive list of suggested amendments to the Bill to ensure no local community or council is worse off. Information available to councils prior to the Bill's introduction to Parliament in June 2021 was incomplete or imprecise regarding critical elements of the proposed reforms. Consequently, Council has had only two and a half weeks to try to assess the Bill's potentially severe adverse impacts on communities within a complex policy landscape.

Our first and most important recommendation is that the passage of the Bill is halted until proper impact assessment and consultation is completed. Our subsequent recommendations illustrate the type of detailed work required.

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<sup>6</sup> Centre for International Economics. *Revenue projections for changes to local government rates and local infrastructure contributions*, attached to NSW Government (2021, March 24). *\$400 million infrastructure boost for NSW councils* [Media release]. Retrieved from <https://www.olg.nsw.gov.au/media-releases/400-million-infrastructure-boost-for-nsw-councils/>



***Recommendation #1: That the Bill not be progressed until detailed, rigorous modelling and assessment of impacts is undertaken, along with genuine stakeholder consultation***

The NSW Government should undertake further detailed modelling at the individual council level to understand impacts of the proposed reforms on each council, rather than relying on its generalised modelling of impacts released to date. In particular, existing local contributions settings, historical data, and robust assumptions should underpin the proposed infrastructure contributions reforms. Willoughby City Council would be pleased to assist with this assessment.

A copy key outputs from GLN Planning's modelling of infrastructure contribution reforms is attached at **Appendix 1**. It illustrates the fine-grained approach required to properly assess the impacts of changes to local infrastructure contributions.

This will require a sensible commitment from the NSW Government to defer implementation of infrastructure contributions reforms, which are currently proposed to commence from 1 July 2022. This timeframe is unlikely to allow permit rigorous assessment of the impacts of the proposed reforms, or genuine consultation with affected stakeholders, including councils.

***Recommendation #2: That costs for infrastructure to support development not be shifted from developers to residents***

If passed into legislation in its current form, the Bill would make shifting costs for local infrastructure required to support development from developers to local communities and councils. This would decrease local communities' willingness to accept development, and damage the social license of developers, the NSW Government and councils to facilitate development.

***Recommendation #3: That the Bill not progress until credible impact analysis shows no local community or council will be worse off***

Council respectfully recommends parliamentarians ensure the passage of the Bill does not progress until the Government takes the time to prepare legislation to reform infrastructure contributions that ensures no local community or council is worse off.

***Recommendation #4: That the Bill not progress until it includes a requirement for local infrastructure contributions to be paid at the construction certificate stage.***

Retaining the EP&A Act's pre-COVID requirement (s.7.17) for contributions to be paid prior to issue of construction certificates will reduce the likelihood of delays to vital community infrastructure. It will also reduce the potential for existing communities being burdened with infrastructure costs for new developments until after occupation is permitted.

***Recommendation #5: That the Bill not progress until elements that would allow the minister or government to make sweeping changes to infrastructure contributions without consultation are removed***

As previously outlined, Council is gravely concerned the Bill represents an attempt to further concentrate power to determine local infrastructure contributions in the hands of the planning



minister and government of the day. That this is proposed alongside the introduction of Regional Infrastructure Contributions is particularly disturbing.

We are alarmed at the prospect of a state government using these two elements of the Bill to squeeze local infrastructure contributions, and deny growing communities access to critical local infrastructure. On that basis, Council calls on Parliamentarians to carefully consider amending the Bill so as to narrow opportunities for the government of the day to make sweeping changes to infrastructure contributions without recourse to Parliament.

### **Concluding remarks**

Willoughby City Council opposes the passage of the Infrastructure Contributions Bill and requests it be withdrawn to allow time for genuine consultation with local government and other stakeholders. Council cannot support the Bill until it is assured Willoughby's community will not be worse off under the legislation. More detail is required about regulations and subordinate legislation that will follow. It is premature to push forward with this legislation while so much of the infrastructure reform agenda remains unknown.

Willoughby City Council would welcome further engagement on this matter as the new policy settings are developed. If the Inquiry requires further information, please contact Chief Executive Officer, Debra Just, by telephoning 02 9777 1010, or by emailing [Debra.Just@Willoughby.nsw.gov.au](mailto:Debra.Just@Willoughby.nsw.gov.au) .



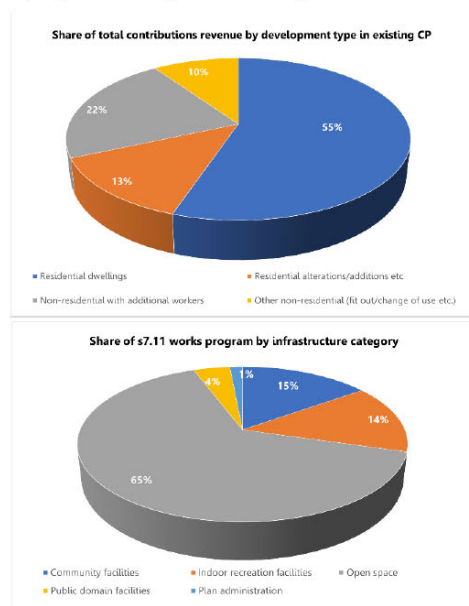
## Appendix 1 – Modelled impacts of reform scenarios

### WILLOUGHBY LGA CONTRIBUTIONS & RATE PEG REFORM IMPACTS

- **Existing framework:** Hybrid contributions plan June 2019 with \$82m growth infrastructure & s7.11 contributions on additional dwellings LGA-wide at cap (3 bedders), s7.12 levies on all other development inc. non-residential development (with additional floorspace) & alts & adds. Chatswood CBD s7.12 levy @ 3%
- **Population growth** to avg 0.9% or 692 residents/338 dwellings p.a. to 2041 **New workers** 530 p.a. to 2041
- **Additional rates growth** with the population factor estimated to avg \$3.2m p.a. to 2041 (real)
- **Community & indoor recreation facility s7.11 revenue** \$2.0m p.a.; **public domain facilities** \$0.9m (real)
- **S7.12 revenue** \$2.5m p.a. for non-residential 'demand-based' development & \$2.5m p.a. for alts/adds etc. (real)
- **Significant risk of sustained income losses** for 20 years+ as a result of possible reform outcomes, partly because of s7.12 changes which affects its non-residential and alts/adds revenue but also because of possible EWL changes

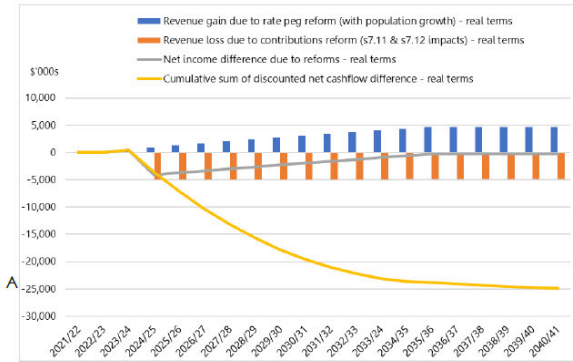
Table of revenue impacts (real terms):	Estimated total revenue to 2040/41 (\$m)	Average revenue p.a. 2021/22-40/41 (\$m)	Average annual revenue per capita (\$)
Business as usual developer contributions, no reforms	182.5	9.1	98.7
Possible reform scenario:	Revenue difference to 2040/41 (\$m)	Average revenue difference p.a. from reform start (\$m)	Average annual revenue difference per capita (\$)
1 <b>Rate peg includes population growth</b>	57.8	3.2	33.0
2 <b>S7.12 levy exemption (alts/adds)</b>	-42.7	-2.5	-27.2
3 <b>New s7.12 rate limits on non-residential development</b>	-42.0	-2.5	-26.7
3 <b>Community &amp; indoor recreation facilities exc. from s7.11 EWL only</b>	-34.1	-2.0	-21.7
4 <b>Public domain facilities exc. from s7.11 EWL only</b>	-15.3	-0.9	-9.7
5 <b>Open space facilities (not indoor) exc. from s7.11 EWL only</b>	-58.6	-3.4	-37.3
6 <b>Community/indoor recreation facilities exc. from s7.11 EWL + with s7.12 non-residential limits &amp; exemption (alts/adds)</b>	-107.7	-6.3	-68.6
7 <b>Community/indoor recreation/public domain facilities exc. from s7.11 EWL + with s7.12 non-residential limits &amp; exemption (alts/adds)</b>	-123.0	-7.2	-78.3
8 <b>s7.12 levied LGA-wide on demand-based development with proposed new limits applied + s7.12 exemption non-demand generating development (alts/adds)</b>	-112.3	-6.6	-71.5
9 <b>Only "growth-contingent" infrastructure in s7.11 (not demand shared under current CP), s7.12 exemption</b>	-103.8	-6.1	-66.0

Exposure risk to 'essential works' s7.11 & s7.12 proposed changes informed by:





**Table scenarios 1 & 6: Net cashflow impact of reforms if community/indoor recreation facilities excluded from s7.11 EWL; new commercial floorspace s7.12 limit applies & s7.12 exempt alts/adds plus population growth factor in rate peg**



**Table scenarios 1 & 8: Net cashflow impact of reforms if s7.12 levied LGA-wide on demand-based development within new limits but non-demand generating development (alts/adds) exempt plus population growth factor in rate peg**

