Submission
No 63

INQUIRY INTO ABILITY OF LOCAL GOVERNMENTS TO FUND INFRASTRUCTURE AND SERVICES

Organisation: The Hills Shire Council

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THE HILLS
Sydney's Garden Shire

23 April 2024

The Hon. Emily Suvaal MLC
Chair
The Standing Committee on State Development
Officeof.MLCSuvaal@parliament.nsw.gov.au

Dear Ms Suvaal

Inquiry into Ability of Local Governments to Fund Infrastructure and Services

Thank you for providing Council the opportunity to submit comments to your Committee's Inquiry into the ability of local governments to fund infrastructure and services. Please note that the following submission represents Council officer comments and has not been formally considered or endorsed by the elected Council.

The Hills Shire Local Government Area (LGA) is situated in the north-western area of Sydney, with the Shire's Administration Centre at Norwest, approximately 30 km from the Sydney CBD. The LGA covers an area of 386 sq. km, extending from the suburbs of West Pennant Hills and Baulkham Hills in the south to Wisemans Ferry in the north. The Council's population is currently approximately 206,000 and is expected to rise to approximately 260,000 by 2036.

Council is currently the custodian of $5.5 billion worth of community assets and will be delivering in excess of $1.7 billion of assets in the next 15 - 20 years through its 13 developer contribution plans.

While the rate peg system offers advantages by standardising rate increases, it is crucial for flexibility to be integrated. This flexibility enables councils to address evolving costs driven by community needs and external factors.

The evolving needs of councils' communities are communicated through various channels, but councils face income constraints, primarily from the rate peg, statutory fees, and grant allocations. These constraints often lead to dilemmas between cost-cutting and meeting community needs. Flexibility in the rate peg is essential to align income with projected costs, considering factors such as compliance, cost shifting, climate change, technology, and cybersecurity costs.

Past rate pegs have often failed to keep pace with rising costs for local governments, leading numerous councils to need special rate variations (SVs) for financial stability. The new rate peg methodology for 2024/25 addresses some issues but relies on forecasts without true-ups and does not adjust for the high inflation in 2022/23 that was not accounted for under the old or the new methodology. It is too early to comment on the effectiveness of the new methodology.

This submission also highlights a serious risk to councils' ability to fund infrastructure concerning developer contribution plans considering IPART's recent review of The Hills Council's Contributions Plan No.15, Box Hill Precinct (CP15). IPART's final report recommended that Council must find alternative funding outside CP15 for a funding gap of $122 million. This funding gap arose despite Council's tireless effort in preparing a plan and keeping the plan up to date since the precinct was rezoned by the State Government in 2013. It is impossible for any forecasts to be 100% accurate for an ordinary project, let alone an entire precinct. There were also many factors beyond Council's control that contributed towards the funding gap. However, any forecast variances and external impact are not fully recoverable from the plan and must be funded by alternative sources that are not linked to the development. Further, as noted in IPART's final report, "there is a lack of clear guidance" and recommended "that guidance on contribution plans be reviewed to provide greater clarity to both councils and IPART".

Considering the significant amount of infrastructure being delivered via contribution plans across NSW, this is an alarming issue to be addressed to highlight the risk faced by councils in providing essential infrastructure to its community.

In relation to the specific areas of the Inquiry, the following is provided.

Submission to the Parliamentary Inquiry

(a) The level of income councils require to adequately meet the needs of their communities

The level of income councils require to adequately meet the needs of their communities is constantly evolving and varies between councils, as each local government has its own distinct set of needs. The community effectively communicates these needs to councils through various channels, such as formal requests, surveys, community engagement plans, and feedback on exhibited Integrated Planning and Reporting (IP&R). These avenues serve as vital mechanisms for ensuring that councils remain informed about the desires and concerns of their constituents.

However, councils face numerous constraints in their income sources. The largest operating income source, rate income, is bound by the constraints of the rate peg. Additionally, fixed statutory fees income often fails to match the costs associated with delivering the associated services, and grant income allocations are beyond councils' control and with no consideration on ongoing depreciation and maintenance costs. Consequently, councils are often left with the dilemma of either cutting costs and not meeting community needs or applying for a special rate variation (SV). IPART's Issue Paper on the Review of Rate Peg Methodology suggested that it is "possible that councils have referred to the rate peg when setting their budgets and planning their expenditure, which would explain why councils' total expenses per capita, and the rate peg have grown at a similar rate" 2010/11 and 2020/21. While the community's input is invaluable, councils must prioritise initiatives that align with their financial capabilities, ensuring sustainable and responsible resource management for the benefit of all residents.

In business, a fundamental rule in setting prices is to consider costs to set fees to recover costs or earn a profit. However, in NSW Local Government, the income is capped, and expenditure must align accordingly. This contradicts the IP&R process, where councils must consider community priorities when preparing the Delivery Program and the required funding for delivery. It's imperative to recognise that the level of income required to fund community needs should be closely related to the costs associated with fulfilling those needs, rather than adhering to a set income and hoping it proves sufficient. Some degree of flexibility should be allowed in the rate peg to align income with the projected costs outlined in the long-term financial plan and integrated planning and reporting process.

Lastly, the level of income required can also be impacted by external factors, such as changes in costs to meet targets set by other levels of government, compliance costs, climate change, cybersecurity, and the risk in delivering infrastructure to the community. The $122 million funding gap faced by The Hills Council in Contributions Plan 15 Box Hills Precinct (CP15) is a prime example of how external factors can impact the council's required income. This shortfall illustrates the significant challenges many councils face in meeting community needs in new release areas where a contributions plan applies. A detailed case study on CP15 is provided under section (g) Any Other Related Matters.

(b) Examine if past rate pegs have matched increases in costs borne by local governments

Data indicates that past rate pegs have often failed to keep pace with the rising costs faced by local governments, as evidenced by a significant number of councils needing to apply for SVs to maintain financial stability. Only 7 metropolitan councils have not applied for an SV in the last 10 years. The impact of rate pegs and the need for additional revenue streams can also be assessed by examining the sector's debt levels, cash reserves, and infrastructure backlogs.

Rate pegging has been in place in NSW since 1977. Since 2010, IPART has set the annual rate peg as the delegate of the Minister for Local Government, based on the Local Government Cost Index (LGCI). However, as documented in IPART's review of the rate peg methodology, the LGCI has faced widespread criticism for several reasons. The rearward-looking nature of the LGCI meant that it could deviate significantly from prevailing economic conditions. For example, the cost index for 2022/23 was 0.7%, compared to the actual Consumer Price Index (CPI) of 7.1% (average of 4 quarters in 2022/23). Similarly, the cost index for 2023/24 was 3.7%, compared to the current inflation level of 4.2% (December 2023 quarter). Other criticisms of the LGCI include its narrow basket of goods, infrequent recalibration intervals in the weightings of items, and failure to account for actual cost factors such as award pay rises, audit costs, and compliance costs. Moreover, the one-size-fits-all approach of the LGCI fails to consider the diverse challenges and relative needs of metropolitan, regional, and rural councils.

This is compounded by factors such as natural emergencies, which further strain councils' financial resources. Unplanned additional workload, damage to assets requiring repair well before the end of their useful life, and community support costs are difficult to predict under the current rate peg methodology. Although capital grants provide some relief, the administrative burden of managing these grants often falls on councils without full cost recovery.

The review of the rate peg methodology has resulted in IPART introducing a new methodology for the 2024/25 rate peg. While the new methodology addresses the problem of using lag indexes, it relies on the RBA's CPI forecast and past differences between CPI and the Producers Price Index (PPI), with no true-up being factored. As acknowledged in IPART's final report, using forecasts poses a risk, as all forecasts are prone to error without true-ups. Additionally, the new methodology does not adjust for the high inflation experienced in 2022/23, which was never accounted for. LGNSW has raised concerns about the absence of adjustments for the inflationary impacts of 2022/23 in the rate peg for the 2024/25 financial year. IPART has responded and will consider whether there is a case for a special adjustment factor to be included in setting future rate pegs. Councils have to forward fund the variance between the actual inflation of 7.1% and the 0.7% LGCI, with no certainty of how this variance may be recouped.

Only time will tell how effective the new Rate Peg methodology is in ensuring councils' financial sustainability, and any historical gap will have a compounding impact on councils' financial sustainability, as suggested by the number of SV applications sought across the sector.

(c) Current levels of service delivery and financial sustainability in local government, including the impact of cost shifting on service delivery and financial sustainability, and whether this has changed over time

Councils in NSW are facing increasing challenges in balancing financial sustainability and delivering the level of service expected by their community. These challenges are especially apparent in areas such as investment in technology, risks associated with the delivery of infrastructure, the funding need for community asset, environmental costs, and the impact of cost shifting from different levels of governments.

Technology cost

The world has seen an incredible rate of technological advancement in the past two decades. Councils need to invest to keep pace with the digital transformation, use of artificial intelligence, which is becoming the norm for all operations of Council, just like any other oganisations. Councils' technology costs are increasing to fund planning, system upgrades or migration, staff training, data management, and, importantly, cybersecurity, among other things. However, technology costs are not currently provided in the rate peg.

Risks associated with the delivery of infrastructure

The Hills face increasing challenges in delivering infrastructure to service its new release area. The long-term nature of developer contributions plans and the significant value of infrastructure to be delivered under these plans often present huge risks and challenges for Council along the way. Factors affecting these plans, such as the rate of population growth, macro-economic factors, political and legislative changes, IPART recommending lower cost estimates resulting in lower contribution rates at the beginning of a plan and funding gap, unforeseen project-specific challenges, fragmented land acquisition requirements, compulsory land acquisition process and escalating land prices, are often beyond Council's control. Additionally, the timing and outcome of IPART's review of these plans are uncertain and the review and endorsement process can take up to two years, resulting in cash implications and not having sufficient population to recover costs. Contributions Plan 15 Box Hill Precinct (CP15), for example, was revised and submitted to IPART in April 2023. The final report released by IPART in April 2024 indicated that Council must find alternative funding for a $122m shortfall. This shortfall continues to grow as more developments occur before the plan is adopted by Council after its endorsement by the Minister for Planning and Public Spaces. At the time of writing this submission, Council had not received Ministerial approval and it is now one year on since the draft plan was submitted to IPART. Similar delay in the IPART process has been experienced in past reviews of all contribution plans, except for CP18 Kellyville and Bella Vista where Landcom is the major developer.

Funding need for community assets

With an increase in population, there is also likely to be a future shortage of community assets, such as community buildings, indoor recreational facilities, aquatic facilities, and libraries which are not funded from developer contributions and are difficult to fund through recurrent revenue. This is due to NSW Government policy restricting developer contributions in terms of monetary value and what they are authorised to fund (the essential works list). Without government grants, significant rate rises, cuts to expenditure, or growth in revenues in other areas, there is no clear solution to see how these facilities will be provided. This is an increasing need for The Hills as the population continues to grow in the new release areas.

Environmental costs

Environmental issues are having an increasing impact on a council's financial sustainability. Changes in climate conditions have resulted in extreme weather events, such as storms, floods, droughts, wildfires, leading to increased infrastructure damage, higher maintenance costs, and the need for disaster response and recovery efforts, all of which strain Council's financial resources. However, environmental costs are not currently provided in the rate peg.

Impact of Cost Shifting

Councils are also seeing increasing examples of cost shifting from different levels of government. For example, the Emergency Service Levy (ESL) has increased significantly in recent years across the sector. Whilst the new rate peg methodology in 2024/25 now takes into consideration of ESL increases, this only compensates councils the annual ESL contribution and does not recognise councils' statutory responsibility under the Rural Fires Act and the associated Service Level Agreement to maintain and operate the district's premises and its fleet. Along with funding the depreciation of these assets and the discretionary spending by Council to support the operation of the district and the individual brigades, they are all costs that must be borne by Council and separately funded from within its existing rate income base.

Additionally, compliance costs associated with government policies, such as child protection, modern slavery, language translation, cyber security, and establishment of Audit, Risk & Improvement Committee (ARIC) and Design Excellence Panel, implementation of the NSW Planning Portal, environmental policies such as water quality management (swales), just to name a few. The costs of compliance add up over time and are not provided for in the rate peg.

(d) Assess the social and economic impacts of the rate peg in New South Wales for ratepayers, councils, and council staff over the last 20 years and compare with other jurisdictions

Based on the latest available data from Profile.ID, The Hills had a SEIFA index of Disadvantage of 1,098 in 2021, making it the 6th least disadvantaged local government area in NSW. There was no apparent correlation between this index with the rate peg over the years.

Overall, the downward pressure on rates has compelled councils to implement measures that may not be in the best interests of their community, particularly vulnerable populations. This pressure has led to limitations on the range of services provided by councils, a greater focus on user charges, incentivised the use of fines, and resulted in increased user charges for assets such as paid parking. Many councils have resorted to applying for SVs to make ends meet, potentially acting as a barrier for councils to invest in crucial areas such as governance, cybersecurity, and climate change migration.

In February 2022, the Herald Sun published an article indicating that average rates for Victorian Councils (which had rate pegging only recently introduced) ranged from $1,244 per annum to $2,446 per annum. This compares to The Hills' average rate of $1,100 for the same period. Given that rates make up over 45% of total revenue, a further $144 to $1,386 across Council's 70,000 rateable residential properties is a significant difference. It would be beneficial for NSW Councils if the Government were to conduct benchmarking and analysis in the future to determine an appropriate rate charge, considering the Local Government Act (1993) grants councils significant flexibility in service provision and service levels.

Furthermore, The Hills has maintained a relatively lower staff-to-resident ratio due to its prudent financial discipline. However, this impacts staff workload, especially during times of higher turnover due to increased demand in the job market, which in turn may lead to more staff leaving, exacerbating the strain on remaining staff.

(e) Compare the rate peg as it currently exists to alternative approaches with regards to the outcomes for ratepayers, councils, and council staff

There is advantage to having a rate peg, as it removes the responsibility of initiating and determining a rate increase by individual Councils. If this were to occur, and if a council is reluctant to increase its rates in a timely manner to reflect cost increases, it can create a generational inequity issue. This means that future generations will have to pay much higher rates to make up for the lost income and the compounding impact arising from any delays in addressing the shortfall.

However, it is important for the rate peg methodology to provide councils with some degree of flexibility to address costs driven by community need and external factors, such as new and amended legislation changes impacting existing service levels, supply chain and labor shortages, industry-wide cost changes (e.g., electricity, materials, cybersecurity, construction), and the impact of natural disasters and severe weather events, including asset depreciation and accelerated deterioration.

One alternative approach would be for IPART to continue publishing forward-looking indexes, ESL, and population factors. Individual councils could then apply their own cost weightings based on forecast expenditure outlined in their Long-Term Financial Plans (LTFP). Basing cost weightings on councils' LTFP will ensure that anticipated changes in delivery requirements are timely reflected, removing the need for collation of historic data from all councils.

Additionally, it would be ideal if IPART provides a simple mechanism for Council to incorporate a council-specific adjustment factor, within an upper limit set by IPART and without the need to apply for SV, to address well-supported Council-specific factors detailed in the exhibited IP&R documents.

Lastly, as a big proportion of population growth is occurring in strata units, there is a need for the minimum/base rates paid by strata to be more in line with residential rates. The current NSW legislation (the Local Government Act 1993 and the Valuation of Land Act, 1916) cultivates an in-equitability in the rating of strata, in comparison to single dwelling properties as it is based on the unimproved land values (UV). It is considered that most strata owners pay much lower rates than people with a single dwelling or a singularly valued commercial property.

Councils mainly use base and minimum amounts to spread the rating burden resulting from disproportionate ad valorem rates calculated on the UV method, particularly those for strata. The ad valorem rate levied on the majority of strata is very low and although the occupants of the strata may use the same, or more Council services than the occupants of a single dwelling, their rates are usually much lower. Levying a higher base charge spreads the rate burden more evenly amongst the ratepayers.

It is unclear how some councils in NSW have a base and others have minimum rates. It may be appropriate to consider lifting the cap on Base (50%) to allow for a more equitable spread of costs among residential and strata properties, enabling a one-off increase in notional income to realign these costs.

(f) Review the operation of the special rate variation process and its effectiveness in providing the level of income Councils require to adequately meet the needs of their communities

Although SVs can be applied to fund a particular need and its recurrent costs, councils should not have to undergo this onerous and resource-intensive task to raise sufficient funds to manage day-to-day operations. The process is also complex, often requiring long preparation and community engagement processes. Applications are assessed by IPART against guidelines published by the Office of Local Government (OLG) and IP&R requirements, such as Financial Need, including evidence of community need/desire for service levels/projects and the limitation of council resourcing alternatives; Community Awareness, including the provision of ongoing efficiency and progress measures; Reasonable Impact, including the affordability of the special variation and the community's capacity to pay; and the Adopted IP&R, which must be exhibited, approved, and adopted by councils before application is made to IPART.

The SV application is an onerous process requiring extensive community engagement and resources and collaboration across the organisation of Council. Councils may also be unwilling to pursue SVs due to political reasons.

The Hills Council currently adopts a base plus an ad valorem rating structure. Should Council decide to implement a minimum rate and to apply for a special variation and/or minimum rate increase, an extra layer of complexity will exist as it will also need to implement a change in its current rating structure.

(g) Any other related matters.

Box Hill Precinct

The Box Hill Precinct is a perfect example of the issues with the Planning and Contributions system (both local and regional) within NSW.

The Box Hill Precinct was rezoned by the State Government for urban development in April 2013 with the Government's final Precinct Planning package anticipating capacity for approximately 9,600 new dwellings and 17,700 jobs. The rezoning of the Precinct occurred without any agreed Contributions Plan in place, despite Council's firm objections at that time.

The yield projection has since been increased to more than 16,030 dwellings (around 49,000 additional people). This occurred as part of a recent review of the Plan. This is 75% more than what was established by the State Government when the precinct was rezoned. Also, 70% of the projected growth has already been approved.

The zoning and development standards that were put in place when Box Hill was rezoned were extremely flexible and permitted yields well in excess of the of the yields that underpinned the infrastructure analysis. The Department applied Minimum Density requirements without any corresponding Maximum Density requirements that would have ensured that growth aligned with infrastructure. This issue was exacerbated by the State Government's 'Housing Diversity Package' which came into effect in 2014. This package allowed for development within the North West Growth Area to occur at densities and scales that are well beyond what was anticipated as part of Precinct Planning. It also significantly reduced minimum lot size standards and broadened permissibility.

Since this time the housing market has overheated which has led to residential development occurring at double the rate that was previously planned, and developers have been seeking to max-out their development sites. In 2017 the State Government exhibited density bands, which included a Maximum Density, to ensure that residential growth would generally occur in-line with reasonable projections. However, these density bands were never gazetted.

Contributions Plan No. 15 – Box Hills Precinct

Council first adopted CP15 in July 2014. Since this time, the Plan has been subject to IPART review on 5 separate occasions. Reviews are undertaken to evaluate actuals and adjust the contribution rate required to deliver the required local infrastructure. The current value of the CP15 Works Program is $742 million (FY22/23) (including capital works, acquisition, & administrative costs). As part of the current review of CP15 the total value of the Work Program has increased to around $1 billion.

The delivery of the Plan has experienced the following challenges:

- Historic Capping of Developer Contributions and Local Infrastructure Growth Scheme (LIGS) Deficit - The capping of contributions by Government resulted in Council only receiving contributions at the capped rate imposed by the State Government, leading to a substantial funding deficit of approximately $89 million. The reduction in income early in the life of the release area has inhibited Council's capacity to acquire the necessary land for infrastructure. This has in turn contributed to the lag in the rollout of infrastructure. While the State Government originally committed to funding this deficit (referred to as the 'LIGS' deficit), Council has since been advised that this funding will no longer be provided. We now have no way of recouping this money which significantly affects Council's cash flow position.

- IPART assessment timeframes and restricting income from CP15 - Contribution plans are intended to enable Local Councils to levy development for the provision of the local infrastructure. For a contributions plan to levy more than $30,000 per dwelling within a land release area, it must be reviewed by IPART prior to adoption. As part of this process, IPART assesses the draft Plan having regard to the essential works list and principles of nexus, apportionment, and reasonableness of costs. IPART exhibits a draft report for public comment before issuing a Final Recommendation Report to the Minister for Planning and Public Spaces, who in turn, approves the final plan to be implemented. As mentioned above, CP15 has been reviewed on a number of occasions with each review taking up to two years (preventing Council from implementing updated contribution rates), during which time significant amounts of development is approved at outdated, lower and insufficient contribution rates. These delays increase the value of contributions which Council would need to levy from the remaining development in the Precinct to fully fund the infrastructure works schedule.

- Escalating land values and increased construction costs - The timeframe for each plan review has limited Council's ability respond quickly to changing economic circumstances, in particular rapidly increasing land values and construction costs, to ensure the rates being levied are sufficient and accurate. Furthermore, IPART has frequently raised issue with the use of strategic cost estimates and has historically recommended revised lower costings which have consistently proven insufficient to cover infrastructure costs once these have been incurred by Council.

The unprecedented rate of development within the Precinct combined with Council's negative cashflow position and the escalating land and capital costs has forced Council to prioritise the rollout of the most critical infrastructure (including certain sporting fields and parks as well as critical road improvements). When any planning authority experiences a doubling of the population living within an area, with development occurring at a rate twice as fast as previously planned, then this ultimately affects infrastructure delivery and prioritisation.

<u>Review of Contributions Plan No. 15</u>
In 2022, Council staff commenced a periodic review of CP15 to update various components of the plan including:

- Population update and review of the development status and projections;
- Reflect actual land acquisition and capital costs, where completed by Council;
- Review and update outstanding capital costs (based on designs and cost estimates);
- Review and update outstanding land acquisition costs (based on valuation advice and revised acquisition extents);
- Inclusion of new items in response to increased development yield and community needs;
- Update the status and impact of State Government funding decisions – including the Local Infrastructure Growth Scheme (LIGS) funding deficit and the Accelerated Infrastructure Funding (AIF) program; and
- Administrative and housekeeping amendments.

On 11 April 2023, following completion of the public exhibition period, Council resolved to forward the draft Plan, including post exhibition amendments, to IPART for review. On 12 April 2024, 12 months after the plan was submitted for review, IPART released its Final Assessment Report. The report includes 7 recommendations with respect to CP15, as well as recommendations to State Government for amendments to the Local Infrastructure Contributions Practice Notes.

Based on the Department of Planning, Housing and Infrastructure's Local Infrastructure Contributions 2019 Practice Note, Council officers referred to the IPART's Technical Paper - Modelling local infrastructure contributions which presents the general formula for calculating local infrastructure contributions using an NPV model (formula below).

Present value of cost = Present value of revenue, implying a breakeven.

The CP15 contribution calculation was based on the above formula and Council officers took the view that each contribution plan should breakeven on its own. That is, the present value of income from all 'new' population in the precinct, should equate to the present value of the cost in the plan. This was considered to be the most consistent position with the user pays principle, in comparison to a situation where the general rate base outside of a development precinct subsidises local infrastructure costs.

However, within its Final Report IPART has recommended that the plan cannot breakeven, and a funding gap of $122 million was recommended to be funded from sources outside of the Box Hill Precinct, resulting in the transfer of a significant cost burden onto the broader LGA and/or rate base, that has no nexus to the infrastructure being delivered. This is illogical and it will be challenging to seek SV to fund such a significant gap relating to the delivery of infrastructure that will service one particular development precinct. The SV is unlikely to be supported by the elected Council and the broader community, as required as part of the application process.

Furthermore, based on the current legislative framework and IPART's determination, all future contributions plans will likely result in funding gaps requiring funding outside their respective precincts. This is not financially sustainable, and Council will not be able to deliver the planned infrastructure to service the essential needs of its community.

In its Final Report IPART noted that "there is a lack of clear guidance" and recommended "that guidance on contribution plans be reviewed to provide greater clarity to both councils and IPART". Considering the significant amount of infrastructure being delivered via contributions plans across NSW, this is an alarming issue to be addressed to highlight the risk faced by councils in providing essential infrastructure to its community.

There are likely many other growth Councils with substantial Section 7.11 funding deficits and those Councils, either knowingly or unknowingly, are going to head off a financial cliff. They will have no other option but to cull critical infrastructure which will have catastrophic impact on the quality of life of residents within their growth areas.

Regional Infrastructure

Whilst Council has been experiencing significant issues in terms of its local Contributions Plan the rollout of regional infrastructure has been non-existent. As mentioned above the Box Hill Precinct will accommodate almost 50,000 people at full development, and almost 70% of this growth has already been approved. Despite this high growth road not a single piece of regional infrastructure (regional road upgrade or school) has been delivered. This is unacceptable and is reflective of a broken contribution system. Hopefully the Housing and Productivity Contributions will go some way toward assisting with regional infrastructure. However, it will not be the silver bullet. There will only be a limited amount of funds generated through the scheme and a very long list of regional infrastructure to deliver.

Lack of Confidence in the Planning and Contributions System

There is a serious lack of confidence in the planning and contributions system within NSW. The State Government has historically focused on maximising yields, without ensuring that growth occurs in-line with infrastructure (such as local and regional road upgrades, playing fields, parks, drainage infrastructure and other regional infrastructure such as schools and hospitals). When it comes to infrastructure delivery the Government and its Agencies often just kick the can down the road and this simply should not be how planning occurs.

It has happened on a number of occasions within our Shire (including the North West Growth Precincts and around the Metro Stations). Ultimately it is left to Council to fix the issues and to try and establish solutions to ensure that these precincts become liveable communities that our residents deserve.

Council also needs to fund asset renewal at a faster rate than planned as the assets are worn out faster by higher usage due to increased population than originally planned.

There is often a significant disparity between what is presented to the community during the precinct planning phase, and what ultimately gets delivered. There have been numerous occasions where once land is rezoned and buildings starts being built, the resulting density, built form and character is nothing like what was presented to the community during the planning phase. This ultimately creates distrust between the residents and Government. Residents tend to blame Council as we are the most accessible to them. However, for most of these Precincts Council has had its hand tied behind its back. The planning powers are ultimately held by State Government.

When residents spend a significant amount of money to move into a release area, only to find out that the Precinct is overpopulated, the character is not reflective of what was promised, and the infrastructure has not been delivered due to funding constraints, this causes a significant amount of frustration and anxiety.

Council is doing its best to rollout infrastructure as fast as possible. The State Government can assist Council and the community by delivering schools, provide regional funding for critical road upgrades and to simply not making the same mistakes as part of its current housing reform package.

The contributions system forms a critical pillar of the planning system within NSW and in order for it to operate efficiently, there needs to be 'Certainty'. This includes Certainty of Growth, Certainty of Cost and Certainty of Delivery. Under the currently framework neither Council or the community has certainty regarding these key areas.

I thank the Committee for the opportunity to provide this submission. Should you wish to discuss these matters further, please do not hesitate to contact me

Yours faithfully

Michael Edgar
GENERAL MANAGER