



Independent Pricing and Regulatory Tribunal  
New South Wales

# Application for assessment of a section 94 development contributions plan – Part A

**The Hills Shire Council  
Contributions Plan No. 15 – Box Hill Precinct**



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# Contents

<b>1</b>	<b>Instructions</b>	<b>1</b>
1.1	Who should fill in this application form?	1
1.2	How should a council submit an application?	1
<b>2</b>	<b>Preliminary Information</b>	<b>2</b>
2.1	All applications	2
2.2	For contributions plans previously reviewed by IPART	3
<b>3</b>	<b>Assessment Criteria</b>	<b>4</b>
3.1	Criterion 1 – the Essential Works List	4
3.2	Criterion 2 – Nexus	6
3.3	Criterion 3 – Reasonable costs	8
3.4	Criterion 4 – Reasonable timeframe	11
3.5	Criterion 5 – Reasonable apportionment	12
3.6	Criterion 6 – Appropriate community liaison	14
3.7	Criterion 7 – The plan complies with other matters IPART considers relevant	15
<b>4</b>	<b>Quality assurance</b>	<b>16</b>
<b>5</b>	<b>Attachment checklist</b>	<b>17</b>



# 1 Instructions

## 1.1 Who should fill in this application form?

This form is for NSW councils that are submitting a **section 94 contributions plan** to IPART for assessment. A separate application must be submitted for each contributions plan.

Councils are encouraged to discuss information requirements or other queries relating to the contributions plan assessment process with IPART prior to submitting an application.

Call IPART on 02 9290 8400 to speak to the Local Government Contributions Plan Team.

## 1.2 How should a council submit an application?

Councils should complete this Application Form Part A and submit it to IPART, along with the contributions plan and all relevant supporting documentation (see Checklist in section 5) by email, post or in person. We require an electronic copy of all documents.

Email	Post	In Person
Attention: Local Government Contributions Plan Team	Attention: Local Government Contributions Plan Team	Attention: Local Government Contributions Plan Team
localgovernment@nsw.gov.au	Independent Pricing and Regulatory Tribunal PO Box K35 Haymarket Post Shop Sydney NSW 1240	Independent Pricing and Regulatory Tribunal Level 15 2-24 Rawson Place Sydney NSW 2000

## 1.3 What other information is available?

Please refer to IPART's website <<https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/S94-Contributions-Plans>> for further information on our assessment process, including current and completed assessments. The website also has copies of:

- ▼ Application Form Part B (optional)
- ▼ *Section 94E Ministerial Direction for Local Infrastructure Contributions 2012*, as amended (s94E Ministerial Direction), and
- ▼ *Local Infrastructure Contributions Practice Note*, January 2018.

## 2 Preliminary Information

### 2.1 All applications

#### A. Council information

<b>Council name</b>	The Hills Shire Council
<b>Primary council contact details</b> (Provide name, position, phone number, and email address)	Nicholas Carlton, Principal Coordinator Forward Planning, [REDACTED] [REDACTED] [REDACTED]
<b>Secondary council contact details</b> (Provide name, position, phone number, and email address)	Piers Hemphill, Forward Planning Coordinator, [REDACTED]

#### B. Information about the plan

What is the name of the plan?	Contributions Plan No. 15 – Box Hill Precinct
Which clause of the <i>section 94E Ministerial Direction for Local Infrastructure Contributions</i> (s94E Ministerial Direction) applies to this plan (ie, clause 6, 6A, 6B or 6C)?	6A – Box Hill Precinct
What is the current maximum contribution amount (per lot or dwelling) for this plan under the section s94E Ministerial Direction?	\$35,000
In the absence of any cap imposed by the s94E Ministerial Direction, what are the indicative contribution amounts (per lot or dwelling) for each type of residential development in the catchment area?	p. 6 of Contributions Plan
When was the plan publicly exhibited?	Thursday 6 July 2017 to Friday 4 August 2017
Has the council adopted the plan? If so, when was it adopted and when did it come into force?	Yes – 24 August 2017
To what extent was the Department of Planning & Environment (DPE) involved in the development of this plan?	Precinct Planning (including background studies, identification of required infrastructure and zoning of land for acquisition) completed by the Department of Planning and finalised by the Minister.

Over what period will development in the catchment area of the plan occur?	20-25 years
What proportion of the total projected development in the catchment area of the plan has been approved and/or constructed?	Approximately 25% approved
What planning instruments (SEPPs, LEPs, or DCPs) apply to land in the catchment area of the plan?	SEPP (Sydney Region Growth Centres) 2006 and Box Hill Precinct DCP.
Has the Minister referred this contributions plan to IPART for review? If so, provide details.	CP was previously referred to IPART to enable Council to be eligible for LIGS Funding from the Department of Planning and Environment. The Department has requested that the Plan be resubmitted to IPART for IPART to review further amendments that were made by Council following completion of IPART's most recent review – these further amendments related to revising land values, reflecting actual costs incurred and reflecting changes to the land use zoning/Precinct Plan made by the Department.

## 2.2 For contributions plans previously reviewed by IPART

Councils only need to complete these three questions for plans that IPART has previously reviewed.

### C. Information about revisions to the plan

Why is the council submitting the revised plan for IPART's review?	See attached cover letter for detailed response.
Briefly explain how the plan has been revised in response to: <ul style="list-style-type: none"> <li>– recommendations made in IPART's assessment report on the previous version/s of the plan, and</li> <li>– any directions from the Minister for Planning in relation to IPART's assessment.</li> </ul>	See attached cover letter for detailed response.
Briefly explain any other revisions to the plan such as updated costings, revised apportionment of costs, or amended delivery timeframe.	See attached cover letter for detailed response.

## 3 Assessment Criteria

We will assess the contributions plan against the criteria listed in the *Local Infrastructure Contributions Practice Note*, issued by the Department of Planning and Environment (DPE) in January 2018 (Practice Note).

Your responses to the questions in this section will assist us in understanding how the plan, including the proposed cost of land and works, has been prepared.

- ▼ If the information in your proposed response is clearly set out in the contributions plan or a separate report or document, it is sufficient to refer to the appropriate sections/pages.
- ▼ Any referenced reports and documents will need to be attached to this application (see Checklist in Section 5).

### 3.1 Criterion 1 – the Essential Works List

#### The public amenities and public services in the plan are on the Essential Works List

We are required to assess whether the land and works in the contributions plan are on the Essential Works List (EWL). Refer to the Practice Note for the most recent version of this list, including a definition of base level embellishment of open space.

#### Checklist for the contributions plan

Does the contributions plan ...	Contributions plan page reference(s)
Include land or works <b>not</b> on the EWL	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Include costs for any land or works <b>not</b> on the EWL in the calculation of contribution rates	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

1. If the plan includes costs for land and/or works not on the Essential Works List:
  - a) list these items below, and
  - b) indicate how their costs are to be met.

n/a



Only the land component for community services is on the Essential Works List. However, we require details of the community services that are intended to be provided on this land, so we can determine what proportion of the land costs can be recovered through development contributions.

- 2. List the community services that will be provided on the land that is to be acquired for community services (eg, youth centre, library) and indicate the floor space area allocated to each.**

n/a

### 3.2 Criterion 2 – Nexus

**The proposed public amenities and public services are reasonable in terms of nexus (the connection between development and the demand created).**

Nexus ensures that the land and works included in the contributions plan are required to meet the increased demand for facilities generated by the anticipated development.

#### Checklist for the contributions plan

Does the contributions plan ...	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Contributions plan page reference(s)
Incorporate a map showing the geographical catchment area of the contributions plan	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p.8
Detail the types of development that will occur in the catchment area(s) of the plan, and the approximate area of each land use	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p.18-25
Include information about:			p.18-25
▼ the existing population in the catchment area	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
▼ the projected residential population and/or workforce	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Include details about how the need for land and works was determined	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 26-38
Refer to design and construction standards used in determining the works in the plan	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 26-38

### 3. Explain the process used to determine the need for all land and works in the plan.

List any supporting studies relied on and explain any deviations from recommendations in those studies.

#### a) Transport land and works

Precinct Planning documentation prepared by the Department of Planning and Environment and endorsed by the Minister for Planning as part of the Gazetted Precinct Planning Package. Reflected in applicable land use zoning, precinct plan, development control plan and previously provided and assessed by IPART.

#### b) Stormwater land and management works

Precinct Planning documentation prepared by the Department of Planning and Environment and endorsed by the Minister for Planning as part of the Gazetted Precinct Planning Package. Reflected in applicable land use zoning, precinct plan, development control plan and previously provided and assessed by IPART.

**c) Open space land and works (embellishments)**

Precinct Planning documentation prepared by the Department of Planning and Environment and endorsed by the Minister for Planning as part of the Gazetted Precinct Planning Package. Reflected in applicable land use zoning, precinct plan, development control plan and previously provided and assessed by IPART.

**d) Community services land**

n/a

**4. Were any supporting studies prepared for the catchment area but not relied on? If so, explain why they were not used.**

n/a

**5. How has non-residential development been considered in determining the need for infrastructure in the plan.**

Non-residential development considered and levied based on its proportionate demand for traffic and transport infrastructure (generally based on traffic generation) and water management infrastructure (generally based on land area as proportion of precinct). No change to methodology for levying non-residential development compared with the version of the Plan previously reviewed by IPART.

**6. In determining the need for infrastructure in the plan, what consideration was given to:**

- a)** the existing population in the catchment area
- b)** any existing or projected population outside the catchment area
- c)** the capacity of existing infrastructure in the catchment area, and/or
- d)** any existing or proposed infrastructure outside the catchment area.

- a) New population levied for new infrastructure;
- b) n/a.
- c) No capacity in existing infrastructure to accommodate anticipated growth
- d) n/a.

### 3.3 Criterion 3 – Reasonable costs

The proposed development contribution is based on a reasonable estimate of the cost of the proposed public amenities and public services.

IPART must advise whether the proposed development contributions are based on a *reasonable* estimate of the cost of the proposed public amenities and public services. This includes how the base costs of land and each item of infrastructure are derived and the method used to calculate the contribution rates and escalate them over time.

#### Checklist for the contributions plan

Does the contributions plan ...	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Contributions plan page reference(s)
Explain how the proposed cost of works was derived (eg, quantity surveyor or other consultant advice, standard costs used by the council)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 26-38
Explain how the proposed cost of land was derived	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 38
Include a schedule of the contributions rates (eg, \$/ha, \$/person, \$/dwelling)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 48
Explain how the contribution rates will be adjusted for inflation/ changes in costs	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 13-16
Provide details of accounting arrangements for contribution funds (eg, is pooling of funds permitted, will internal borrowings be used to deliver infrastructure projects?)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 13-17
If using a Net Present Value (NPV) approach, include assumptions made in the modelling of costs and revenue	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 13-16

#### 7. What is the base period for costs in the plan (eg, June 2017)?

July 2015 (2015/2016 Financial Year)

#### 8. Explain the process used to estimate costs for works for each infrastructure category.

Refer to matters such as:

- Use of consultant or QS estimates
- Use of council costs
- Use of benchmark costs
- Any allowances included, such as professional fees and contingencies
- Details of any indexation of cost estimates to the base period of the plan, including the index used

##### a) Transport works

Consultant estimates and/or IPART benchmark rates.

**b) Stormwater management works**

Consultant estimates

**c) Open space works (embellishments)**

Consultant estimates and benchmark rate (for passive open space embellishment)

**9. Explain the process used to estimate the cost of plan preparation and administration.**

IPART Benchmark – 1.5% of cost of capital works.

**10. What, if any, land has the council already acquired to provide local infrastructure for development in the catchment area? How has the cost of this land been included in the plan?**

Where actual expenditure has occurred under the Plan, these actual have been reflected as the cost within the works schedule.

**11. Explain the process used to estimate the cost of land yet to be acquired by the council.**

Refer to:

- Details of any inclusions for just terms compensation
- Details of any indexation of cost estimates from the base period of the plan, including the index used

Independent Valuation to determine \$/m2 rate for different land use zones. See Attached. Base cost indexed over time based on ABS Established House Price Index for Sydney. See Page 14 of Contributions Plan.

**12. If contributions rates in the plan are calculated using an NPV model,**

- a) Does the model use real or nominal values?
- b) If the model uses nominal values, what indexation assumptions are applied to costs and revenue?
- c) What discount rate does the model use, and why?

See Section 2.20 of Contributions Plan. Page 13-15.

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**13. What measures have been taken to minimise costs in the contributions plan (eg, adjustment to design or alternative engineering solutions)?**

Previous recommendations of IPART, as requested by the Minister for Planning, have been incorporated into the Plan.

### 3.4 Criterion 4 – Reasonable timeframe

The proposed public amenities and public services can be provided within a reasonable timeframe

#### Checklist for the contributions plan

Does the contributions plan ...			Contributions plan page reference(s)
Include details of the anticipated rate of development in the catchment area and how this was determined	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 5
Include a program for infrastructure delivery and explain how it relates to the anticipated timing of development	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 45-46
Include a statement regarding potential revision of the scheduled timing for infrastructure delivery	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	p. 16 – Sect. 2.21

#### 14. How has the council determined the timing of infrastructure provision?

Provide details of the program for delivery of infrastructure in the contributions plan and explain its underlying rationale.

Delivery of local infrastructure generally based on anticipated development rates (including receipt of contributions income), based on development period experienced in similar release areas.

### 3.5 Criterion 5 – Reasonable apportionment

The proposed development contribution is based on a reasonable apportionment of costs between existing and new demand, and also demand generated by different types of development.

Apportionment is about ensuring the allocation of costs equitably between all those who will benefit from the infrastructure or create the need for it. While nexus is about establishing a relationship between the development and demand for infrastructure, apportionment is about quantifying the extent of the relationship.

#### Checklist for the contributions plan

Does the contributions plan ...	Contributions plan page reference(s)
Include details of apportionment calculations	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> p. 26-38

#### 15. How does the plan apportion costs?

Provide details of calculations made, and explain how the apportionment takes into consideration demand arising from (as relevant):

- new and existing development in the catchment area
- different stages of development
- different sub-catchments
- residential and non-residential development
- different residential development densities
- new and/or existing development outside the catchment area

##### a) Transport land and works

Costs levied on new development. Costs apportioned between residential and non-residential development based on proportionate demand for individual items generated by each form of development. See p. 32 of Contributions Plan.

##### b) Stormwater management land and works

Costs levied on new development. Costs apportioned based on Net Developable Area of residential land vs non-residential land. Two (2) catchments have been separately defined with development in each catchment contributing to the relevant stormwater management infrastructure.

##### c) Open space land and works (embellishments)

Costs levied on all new residential development. Non-residential development not levied for open space land and works due to lack of nexus/demand.



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**a) Community services land**

n/a

**b) Plan preparation and administration**

Costs levied on new development. Based on 1.5% of the cost of capital works identified under the Plan. Administration costs are apportioned between residential and non-residential development based on the cost of capital works under the Plan which is funded by each form of development.

### **3.6 Criterion 6 – Appropriate community liaison**

**The council has conducted appropriate community liaison and publicity in preparing the contributions plan.**

We require evidence that the plan has been exhibited and publicised in accordance with the statutory requirements and that submissions received during the exhibition period have been taken into account. The post-exhibition version of the plan should not differ so significantly from the exhibited version that it requires re-exhibition.

It is not necessary that the relevant information is included in the contributions plan itself.

#### **16. When was the plan publicly exhibited?**

Most recently, the Plan was publicly exhibited from 6 July 2017 to 4 August 2017.

#### **17. In developing the contributions plan, was any publicity and community liaison undertaken outside the mandatory exhibition period?**

Significant public consultation completed by the Department of Planning and Environment as part of the Precinct Planning for the Box Hill Precinct. This included exhibition of background studies (which inform infrastructure provision under the Contributions Plan) and proposed land use zoning.

#### **18. How has the council taken into account submissions received on the draft plan placed on exhibition?**

See draft report - No submissions received with respect to exhibited contributions plan.

#### **19. Does the council intend to undertake any further publicity or community liaison?**

No further public exhibition anticipated. Plan was adopted by Council in August 2017.

### 3.7 Criterion 7 – The plan complies with other matters IPART considers relevant

IPART may take into consideration other matters relevant to our overall assessment of the contributions plan.

These matters may include compliance with the statutory requirements for making section 94 contribution plans and with the Practice Note, whether the plan uses up-to-date information, as well as issues of transparency and accountability in the council's proposed arrangements for the levying and collection of contributions under the plan.

#### 20. Is there any other information relating to the contributions plan (such as use of VPAs) which may assist us to assess it against this criterion?

The Plan was recently reviewed by IPART and Council has incorporated the amendments required by the Minister for Planning following this. The purpose of re-submission to IPART is to allow IPART to consider further amendments made by Council to the Plan, subsequent to IPART's review. These related to updating land values, reflecting actual costs incurred and amending the Plan to reflect the outcomes of changes to the zoning within the Precinct, completed by the Department of Planning.

#### 21. Is the council aware of possible changes to any underlying assumptions used in preparing the plan which may be relevant to our assessment?

Such matters could include:

- revised population projections
- potential rezoning or changes to dwelling yields
- other changes to the applicable LEP, SEPP or DCP
- changes to NSW government policy for infrastructure delivery

n/a.

#### 22. Provide any other information which you consider would assist or expedite our assessment.

The Plan was recently reviewed by IPART and Council has incorporated the amendments required by the Minister for Planning following this. ***The purpose of re-submission to IPART is to allow IPART to consider further amendments made by Council to the Plan, subsequent to IPART's review.*** These related to updating land values, reflecting actual costs incurred and amending the Plan to reflect the outcomes of changes to the zoning within the Precinct, completed by the Department of Planning.

## 4 Quality assurance

We also request that council undertake a quality assurance (QA) check of the contributions plan before it is submitted to IPART for review.

The purpose of the council's QA check is to identify and address any errors or inconsistencies within the work schedules and also between the contributions plan and relevant supporting information to ensure that the plan, as submitted, is accurate. This should reduce the risk that our assessment is delayed by the need for corrections to be made, or our report unnecessarily include recommendations to correct what are, in essence, calculation errors.

### Checklist for the contributions plan

Has the contributions plan been checked for ...		
Typographical errors	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Calculation errors (including checking infrastructure and land cost calculations)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Use of the most up-to-date- data and information	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

### 23 Explain the quality assurance process undertaken for the contributions plan prior to submitting it to IPART for review.

The current Plan, as adopted, has been reviewed through Council's normal process, publicly exhibited, assessed/reviewed by IPART (majority) and reviewed by Department of Planning and Environment.

## 5 Attachment checklist

Please complete the checklist below to ensure that all information necessary for IPART's assessment is submitted.

Councils should complete and attach Application Form Part B,<sup>1</sup> or provide IPART with spreadsheets (.xls files) that:

- ▼ detail all infrastructure items included in the plan, with references to the studies that support their inclusion in the plan as relevant
- ▼ detail the cost of each infrastructure item (including source and date of costings, and any indexation of cost estimates)
- ▼ list all parcels of land required for infrastructure in the plan
- ▼ detail the cost of any land that has already been acquired and land that the council is yet to acquire
- ▼ show how the total cost of land and works for each infrastructure category (or subcategory) have been apportioned
- ▼ show how the contributions rates in the plan have been calculated (including net present value modelling if this approach is used), and
- ▼ show indicative contribution amounts for each type of residential dwelling.

### Checklist for council application

Application attachment			
<b>Work schedules and calculation of contribution rates</b>			
Application form Part B or spreadsheets that provide the information listed above	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
<b>Contributions plan</b>			
Version of contributions plan incorporating any post exhibition changes	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Version of contributions plan publicly exhibited	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Version of contributions plan previously submitted to IPART for review	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/a <input type="checkbox"/>
<b>Public consultation</b>			
Copy of all submissions to publicly exhibited contributions plan	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/a <input checked="" type="checkbox"/>
Summary of submissions and council's response	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/a <input checked="" type="checkbox"/>
<b>Technical studies and consultant documents</b>			
Land valuation report/s	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/a <input type="checkbox"/>
Supporting studies for stormwater management infrastructure (eg, Flooding and Water Cycle Management report) – <b>NO CHANGE TO PREVIOUS VERSION REVIEWED BY IPART</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/a <input checked="" type="checkbox"/>
Supporting studies for transport infrastructure (eg, Traffic and Transport Assessment report) - <b>NO CHANGE TO PREVIOUS VERSION REVIEWED BY IPART</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/a <input checked="" type="checkbox"/>

<sup>1</sup> Application Form Part B is available on IPART's website.

### Application attachment

Supporting studies for open space infrastructure (eg, Demographic and Social Infrastructure report) - **NO CHANGE TO PREVIOUS VERSION REVIEWED BY IPART** Yes  No  N/a

Supporting studies for community services (eg, Demographic and Social Infrastructure report) - **NO CHANGE TO PREVIOUS VERSION REVIEWED BY IPART** Yes  No  N/a

### Maps

Plan catchment map/s Yes  No  N/a

Final Indicative Layout Plan Yes  No  N/a

Zoning map/s Yes  No  N/a

Land acquisition map/s Yes  No  N/a

Constrained land maps/s Yes  No  N/a

### Other documents

VPAs Yes  No  N/a

Details of other funding agreements for state or local infrastructure in the area covered by the plan (including draft agreements) Yes  No  N/a

Council business papers or meeting minutes related to the preparation of the contributions plan Yes  No  N/a

Any other documents that you think could be useful in IPART's assessment of the contributions plan Yes  No  N/a