

<b>Department:</b>	<b>Office of the Chief Corporate Officer</b>
<b>Submitted by:</b>	Manager Planning & Development Services
<b>Reference:</b>	<b>ITEM ENV6/20</b>
<b>Subject:</b>	<b>Draft Development Servicing Plans Sewer &amp; Water &amp; S7.11 &amp; S7.12 Development Contributions Plans</b>

<b>LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK</b>	
<b>CSP Goal:</b>	<b>Environment</b> - ENVO 9 - Our natural environment will be protected, enhanced and promoted for future generations.
<b>CSP Strategy:</b>	Land use planning provisions support and promote sustainable land use and management in the Shire.
<b>CSP Delivery Program</b>	Provision of advice and guidance on legislative compliance for the construction of dwellings and commercial/industrial buildings.

## SUMMARY

The purpose of this report is to present to Council;

- Draft Development Servicing Plan (DSP) - Water
- Draft Development Servicing Plan (DSP) - Sewer
- S7.11 Developer Contributions Plan
- S7.12 Developer Contributions Plan

and recommend that the documents be placed on public exhibition. The DSPs covers water and sewer supply developer charges in regard to the Tenterfield, Urbenville and Jennings development areas serviced by Council. The S7.11 and 7.12 Plans allow Council to impose a condition of development consent requiring contributions for certain development. The Plans can be found at Attachments 1 & 2 (Attachment Booklet 1) and Attachments 3 & 4 (Attachment Booklet 2).

## OFFICER'S RECOMMENDATION:

### That Council:

- (1) Place the draft Development Servicing Plans for Water and Sewer on community consultation for a period of thirty (30) working days; and**
- (2) Place the draft S7.11 and S7.12 Developer Contribution Plans on public exhibition for a period of thirty (30) working days; and**
- (3) Note that final workshops with the community, relating to the plans will be held during this exhibition period to allow for any further feedback prior to adoption.**

## BACKGROUND

In December 2018, Council sought expressions of interest for the undertaking of a review of Development Servicing Plans (DSP) under Section 64 of the *NSW Local Government Act 1993* and Development Contributions Plans under Section 7.11 and 7.12 (formerly Sections 94 and 94A) under the *NSW Environmental Planning & Assessment Act, 1979*.

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Cardno were engaged to undertake the work and conduct the necessary investigations, meet legal requirements, undertake workshops and present to Council the draft documents and community consultation.

The Draft documents are presented to Council seeking a resolution to place them on public exhibition and conduct community and developer workshops to explain the content and intent of the plans.

**REPORT:**

Section 64 of the *Local Government Act, 1993* enables council to levy developer charges for water supply, sewerage and stormwater. The DSP details the charges to be levied on development which utilizes this infrastructure.

The DSP documents have been prepared in accordance with the 2016 Developer Charges Guidelines for Water Supply, Sewerage and Stormwater issued by the Minister for Lands and Water, pursuant to Section 306(3) of the *Water Management Act, 2000*.

Developer charges serve three related functions:

1. They provide a source of funding for infrastructure required for new urban development
2. They provide signals regarding the cost of urban development and thus encourage less costly forms and areas of development
3. They are an integral part of the fair pricing of water related services

The developer charge is expressed per equivalent tenement (ET), which is defined as the impact on the network from a single detached residential dwelling. They are calculated as the present value (PV) of the capital expenditures over time required to service the development area (the "capital charge") less the PV of the expected net income over time from providing services to the development area (the "reduction amount").

$$\text{Developer Charge} = \text{Capital Charge} - \text{Reduction Amount}$$

where:

- Capital Charge = cost of asset provision (both historical up to 30 years old\* and forecast spend)
- Reduction amount = net income received from annual bills (total income less OMA expenses).

In order to calculate the present value of the capital charge and reduction amount, a growth forecast for the ET's is required.

This is based on the population projection for the LGA and forms part of the nexus linking demand to the need for improvements to the water and sewer service networks.

\*Note: Under regulation capital items are excluded at 30 years of age even though these assets have a longer life. Eg. Water or sewer treatment plants.

Existing water and sewer developer charges (referred to as Section 64 charges) are as follows from Council's adopted Fees and Charges 2019/20;

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**DEVELOPER CONTRIBUTIONS – SECTION 64**

Sewerage per Equivalent Tenement – Tenterfield	per connection	N	\$8,800.00
Water per Equivalent Tenement – Tenterfield	per connection	N	\$5,400.00
Sewerage per Equivalent Tenement – Urbenville	per connection	N	\$2,200.00
Water per Equivalent Tenement – Urbenville	per connection	N	\$5,500.00
Water per Equivalent Tenement – Jennings	per connection	N	\$450.00

**Development Servicing Plan - Water**

The developer charges for the area covered by the Draft DSP for water supply are as follows;

Table 7-1 Summary of proposed water supply developer charges

DSP Area	Capital Charge (\$ per ET)	Reduction Amount (\$ per ET)	Calculated Maximum Developer Charge (\$ per ET)	Adopted Developer Charge (\$ per ET)
DSP Area A ▪ Tenterfield ▪ Urbenville	\$7,920	-\$2,826	\$10,746	\$10,746
DSP Area B ▪ Jennings	\$1,282	-\$2,826	\$4,108	\$4,108

Source: Draft Development Servicing Plan - Water Supply

**Development Servicing Plan - Sewer**

The developer charges for the area covered by the Draft DSP for sewer are as follows;

Table 7-1 Summary of proposed sewerage developer charges

DSP Area	Capital Charge (\$ per ET)	Reduction Amount (\$ per ET)	Calculated Maximum Developer Charge (\$ per ET)	Adopted Developer Charge (\$ per ET)
Tenterfield	\$16,335	\$4,072	\$12,263	\$12,263
Urbenville	\$2,279	\$4,072	<\$0	\$0

Source: Draft Development Servicing Plan - Sewerage Services

**Section 7 Development Contribution Plans (S7.11 & S7.12)**

The purpose of the Plans is to enable the consent authority (Council) to impose a condition of development consent requiring contributions for certain development that generates an increased demand for public facilities.

All contributions received in accordance with the Plans will be used for the provision, extension and/or augmentation/refurbishment of public facilities. In some instances the

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contributions will be used to recoup the costs of public facilities provided in anticipation of future development and increased needs.

The Plans are based on the anticipated population growth for the period to 2036 and the development capacity facilitated by the Tenterfield Local Environmental Plan 2013 (TLEP 2013). The Plans will be reviewed regularly to ensure it remains relevant and fit for purpose.

The plans, once adopted will repeal all pre-existing Contributions Plans being:

- Tenterfield Shire Council Section 94 Contributions Plan; and
- Tenterfield Shire Council Section 94A Contributions Plan.

The combined strategic directions guiding delivery and maintenance of public facilities are:

- facilitate infill growth and diversity in housing stock in established towns and villages
- improve accessibility and connectivity to public facilities

The majority of population growth is anticipated within established towns and villages. Population growth will generate a demand for new, enhanced or augmented public facilities. A commitment to improved accessibility will also require public facilities that enhance the opportunities for people to use public facilities such as transport and movement options, operational management and capacity of facilities to match demand.

The Plans respond to demands for public facilities by enabling contributions to be levied and managed in the following categories:

- Plan preparation and administration
- Roads
- Emergency services
- Community and Civic Facilities
- Open Space, Sporting and Recreation facilities
- Waste Management
- Drainage
- Community Enhancement

The Plans identify:

- Demands for public facilities anticipated by future development
- The specific public facility to be delivered to meet demands for which contributions can be levied.
- The reasonable contribution to be levied on development to meet the anticipated demand.

#### Section 7.11 Development Contributions Plan for Subdivisions

Existing and proposed rates.

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Facility Type	Method	Original Calculated Rate 2013	Adopted Rate 2013	Indexed Rate 2019/20 (current charges)	New Calculated Rate Mar20 (Based on populated growth 2020-2030) In the RU1 Zone identified on the LEP Rural Residential Subdivision Maps pursuant to Clause 4.2c	New Calculated Rate Mar20 (Based on populated growth 2020-2030 in the RU1 Zone)
Plan Preparation and Administration	Per approval	\$205	\$205	\$228	\$248	\$248
Roads	Per lot	\$10,340	\$4,000	\$4,438	\$6,953	\$4,438
Emergency Services	Per lot	\$824	\$400	\$444	\$468	\$444
Community and Civic Facilities	Per lot	\$240	\$240	\$267	\$238	\$267
Open Space, Sporting and Recreation	Per lot	\$144	\$100	\$111	\$82	\$111
Waste Management	Per lot	\$1,496	\$750	\$832	\$849	\$832
Drainage	Per lot	\$564	\$560		\$355	

Section 7.12 Development Contributions Plan

The S7.12 Development Contributions Plan applies to all applications for development consent and complying development certificates with the exception of applications captured in the S7.11 plan (subdivisions).

In determining a development application Council is required to issue a development consent or complying development certificate in respect of development. As a condition of the development consent, a certifying authority (the Council or an accredited certifier) may for the different types of development impose a condition under the plan requiring the applicant to pay to the Council a levy subject to the provisions of the plan.

The levy or contribution shall be calculated from the following table;

Project Value for New Development	Levy Rate (%)
Up to and including \$100,000	Nil
More than \$100,000 and up to \$200,000	0.5
More than \$200,000	1.0

**COUNCIL IMPLICATIONS:****1. Community Engagement / Communication (per engagement strategy)**

Prior to finalisation of the draft DSPs a workshop was conducted by Cardno which sought to engage interested stakeholders, including developers, builders and real estate agents to discuss options for proposed contributions. At this workshop discussions around Council opportunities to discount or waive payment of contributions were highlighted. Any amounts discounted or waived by Council would need to be met by Council from elsewhere in the fund budget based on the infrastructure proposed under the plans. Effectively the discount or waiver of contributions would be met by all rate payers, providing a discount to the applicant for the development.

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There were divided views in the workshop in relation to the value of the discount or waiver across the rate base, whereby all ratepayers would effectively subsidise development.

The plans are required to be publicly exhibited as follows;

- DSP - thirty five (35) working days
- S7.11 & S7.12 - twenty eight (28) days

In addition Cardno will be undertaking community engagement workshops during April 2020.

## **2. Policy and Regulation**

- Existing plans are required to be reviewed and updated. The draft plans achieve this outcome.
- At the completion of the consultation period the plans will be represented for adoption by Council, including final comments from the consultation.
- It is important to note these plans have been prepared under the 2016 Legislative framework, and as such may not represent a good comparison to plans adopted prior, by other Councils in NSW.

## **3. Financial (Annual Budget & LTFP)**

The funds collected and the provision of public facilities and services in accordance with the Plans will be directed to the implementation of the Works Schedule which forms part of the Plans. The Works Schedule lists specific projects that will provide public facilities and services to meet the needs generated by new development. Implementation of the Plans will ensure the existing community does not unreasonably bear the costs generated by new development.

## **4. Asset Management (AMS)**

The management, including operation, maintenance and renewal of Council's assets is increasing in cost, even on a base line level due to increasing expenses and demands from the community. It is important to offset any further increases from additional assets created from new development being a burden to the existing community. New assets passed on to Council's responsibility should not only be in good as new condition, they should also be durable into the long term with negligible maintenance cost.

## **5. Workforce (WMS)**

No implications.

## **6. Legal and Risk Management**

The review of Development Servicing Plans under Section 64 of the *NSW Local Government Act 1993* and Development Contributions Plans under Section 7.11 and 7.12 (formerly Sections 94 and 94A) under the *NSW Environmental Planning and Assessment Act 1979*.

## **7. Performance Measures**

No implications.

## **8. Project Management**

No implications.

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**Chief Corporate Officer**

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Department: Office of the Chief Corporate Officer  
Attachments:

- 1** Attachment 1 (Attachment Booklet 1) - Development Servicing Plan - Water Supply 32 Pages
- 2** Attachment 2 (Attachment Booklet 1) - Development Servicing Plan - Sewerage Services 30 Pages
- 3** Attachment 3 (Attachment Booklet 2) - Section 7.11 Development Contributions Plan (Subdivisions) 35 Pages
- 4** Attachment 4 (Attachment Booklet 2) - Section 7.12 Development Contributions Plan (General Development) 31 Pages