



LOCAL INFRASTRUCTURE DISCUSSION PAPER

Broadmeadow Place Strategy



Local Infrastructure Discussion Paper

Broadmeadow Place Strategy

Prepared for

Department of Planning, Housing and Infrastructure

By



ABN 39 585 262 237

A Level 10, 70 Pitt Street, Sydney 2000 P GPO Box 5013, Sydney
NSW 2001

T (02) 9249 4100 F (02) 2949 4111 E info@glnplanning.com.au



ABN 39 585 262 237

A Level 10, 70 Pitt Street, Sydney 2000 P GPO Box 5013, Sydney NSW 2001

T (02) 9249 4100 F (02) 2949 4111 E info@glnplanning.com.au



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Executive summary

Precinct planning for Broadmeadow is being undertaken by the NSW Department of Planning, Housing and Infrastructure (**DPHI**) and the City of Newcastle Council (**Council**).

This collaboration has produced a Draft Broadmeadow Place Strategy (**place strategy**) that provides an integrated 30-year vision that recognises the strategic attributes of the precinct. The strategy guides future land-use and infrastructure investment decisions which can be delivered with the support of state and local agencies.

DPHI is also preparing a Strategic Infrastructure and Services Assessment (**SISA**) that will identify at a high level the infrastructure and services required to support place strategy's envisioned growth for the Broadmeadow precinct. A range of new and upgraded infrastructure will be needed to support expected development within the Broadmeadow precinct. Responsibility for delivering the infrastructure will be shared between developers, State government and Council.

This Local Infrastructure Discussion Paper (**discussion paper**) has been prepared to provide information on local infrastructure funding limitations and opportunities and inform the preparation of a new local infrastructure contribution plan for Broadmeadow, to commence after the place strategy exhibition.

The SISA investigations underway have identified that the total estimated cost of the infrastructure is approximately \$3.6b with \$2.4b attributed to the precinct itself. This includes State, local and developer works. Local infrastructure works include active transport, road works, community facilities (such as a new library and community centre), open space and recreation works, and flood mitigation works. The SISA investigations have estimated the cost of local works at approximately \$319m.

The main mechanism available to Council to fund the local infrastructure costs is local infrastructure contributions under the NSW Environmental Planning and Assessment Act 1979. Under NSW legislation, councils can impose a condition on development requiring a local infrastructure contribution if it is in accordance with a contributions plan adopted by the council. Council currently has several contributions plans in place however they do not cover the anticipated development, infrastructure demand and cost expected from the place strategy.

Several options are available to Council including the preparation of a new precinct-specific section 7.11 'nexus-based' plan and/or a section 7.12 'fixed-rate' levy. This report recommends Council consider preparing a new 'higher rate' s7.12 plan. This approach is considered to provide the best balance of income (to help fund the expected development-generated infrastructure demand), simplicity and flexibility.

The specific s7.12 levy would be determined after the place strategy exhibition and would be based on the specific local infrastructure to be provided and associated costs. This will be determined by Council after the place strategy exhibition. It is expected that the draft s7.12 levy for new residential development could be in the order of 3 to 4 per cent of the development cost.

The draft s7.12 plan will need to be approved by Council for public exhibition purposes and submitted to the Minister for approval after publicly exhibiting it. The proposed s7.12 levy will also need to meet criteria specified in DPHI's 2021 Practice Note for section 7.12 levies.



1 Introduction

1.1 Background

The Broadmeadow precinct covers an area of approximately 313 hectares (**ha**) in the Newcastle local government area and is located 3km from the Newcastle CBD. It encapsulates parts of the surrounding suburbs of Broadmeadow, New Lambton, Hamilton North and Hamilton. Precinct planning for Broadmeadow is being undertaken by the NSW Department of Planning, Housing and Infrastructure (**DPHI**) and the City of Newcastle Council (**Council**).

This collaboration has produced a Draft Broadmeadow Place Strategy (**place strategy**) that provides an integrated 30-year vision of the precinct and guides future land-use and infrastructure investment decisions.

DPHI is also preparing a Strategic Infrastructure and Services Assessment (**SISA**) that identifies, at a high level, the infrastructure and services required to support place strategy's envisioned growth for the precinct. It includes, at a strategic level, the costs of developing the precinct, the responsibilities for infrastructure and services, and the revenue sources available to fund the infrastructure and services. Once finalised, the SISA will cover infrastructure to be delivered by State agencies, Council and developers. The SISA is currently being finalised and identifies that a range of new and upgraded infrastructure will be needed to support the expected development within the precinct. The responsibility for delivering the infrastructure will be shared between developers, State government and Council.

The precinct will be rezoned in stages, with stage 1 focusing on Government-owned land. Local infrastructure is distributed across the precinct, on Government, Council and privately owned land. This Local Infrastructure Discussion Paper (**discussion paper**) has been prepared to provide information on local infrastructure funding limitations and opportunities and inform the preparation of a new local infrastructure contribution plan for Broadmeadow.

1.2 What is infrastructure?

This discussion paper focuses on local infrastructure but covers other types of infrastructure, such as State infrastructure, for contextual purposes. A broad / indicative framework for categorising infrastructure and associated common funding mechanisms is shown in Figure 1.

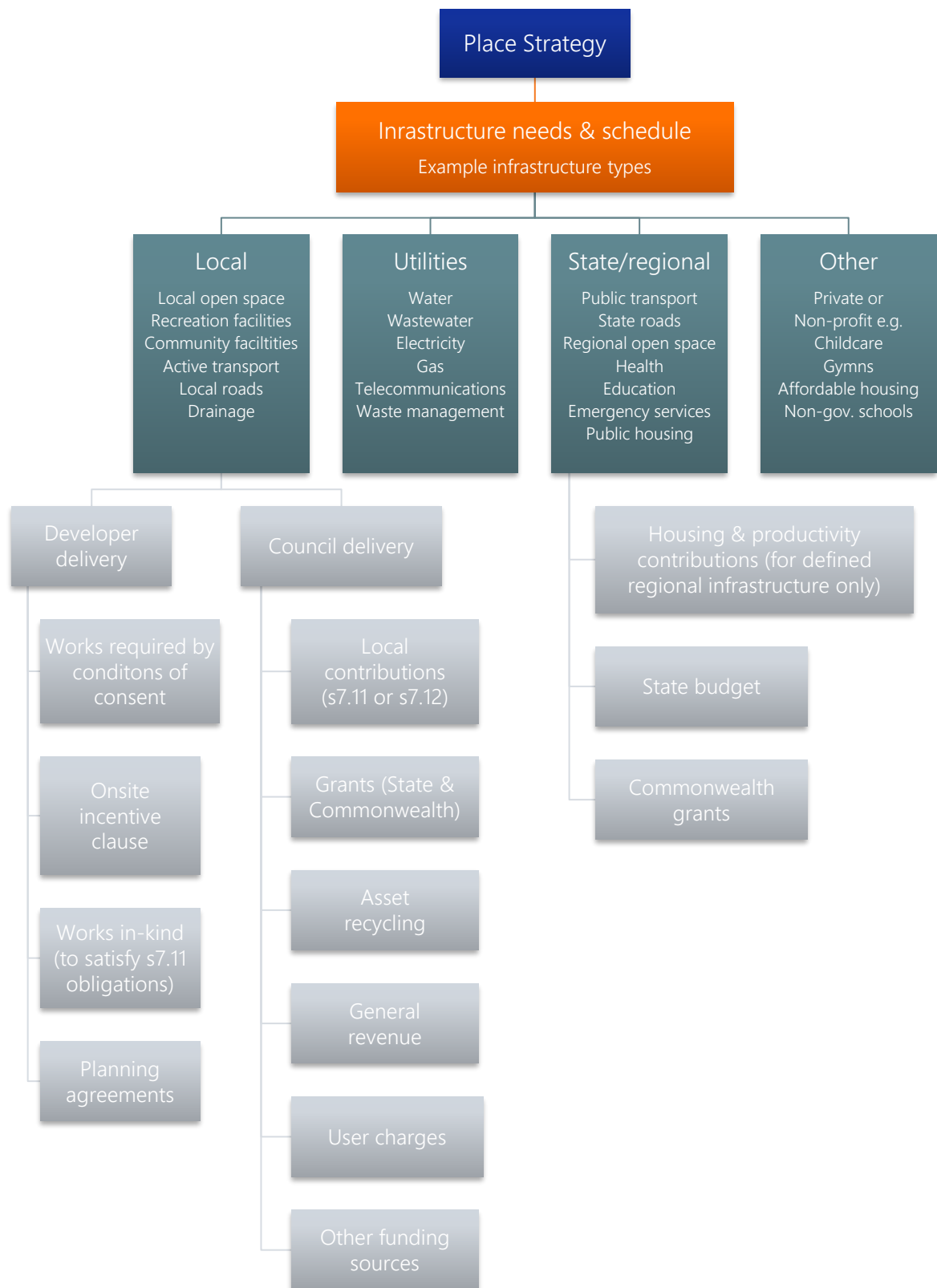
Examples of local infrastructure include local roads, local parks, local community facilities, and local drainage works. Local infrastructure may be delivered by Council or developers. Common funding mechanisms used by councils include local contributions, grants and general revenue.

Examples of State infrastructure include, but are not limited to State roads, regional parks, hospitals, public schools, emergency services and social housing, among others. Common funding mechanisms include NSW Housing and Productivity Contributions (for certain types of infrastructure), State Budget funding and Commonwealth grants.

The framework is indicative as there is some cross over in the types of infrastructure provided by councils and State infrastructure agencies, for example, parks, and there may also be partnership arrangements between councils and State agencies.



Figure 1: Example infrastructure types and funding mechanisms



Source: GLN Planning



1.3 Document structure

The remainder of this document is structured as follows:

- **Section 2:** provides a context overview including the place strategy, SISA investigations underway and key local and State infrastructure proposals
- **Section 3:** considers local infrastructure opportunities and limitations including local infrastructure works, types of local infrastructure contributions, Council's current approach, contributions income forecasts and the recommended approach
- **Section 4:** outlines next steps for the preparation of a new local infrastructure contributions.



2 Context

This chapter provides an overview of the place strategy, SISA investigations, and key infrastructure requirements identified as part of these.

2.1 Place Strategy

The place strategy has been developed by Council and DPHI through a precinct planning process using an 'enquiry by design' collaborative approach to precinct development. The place strategy's structure plan includes technical studies and analysis that outline the required infrastructure and services for the precinct's land-use scenarios and identifies both state and local delivery pathways. The enquiry by design (EbD) process brought together a range of key state and local agency stakeholders across various disciplines to test ideas, solutions, and concepts for the future vision and growth of Broadmeadow.

The development of the land-use scenarios was informed by detailed analysis from a range of technical studies. The results of the technical studies are being used to inform the SISA.

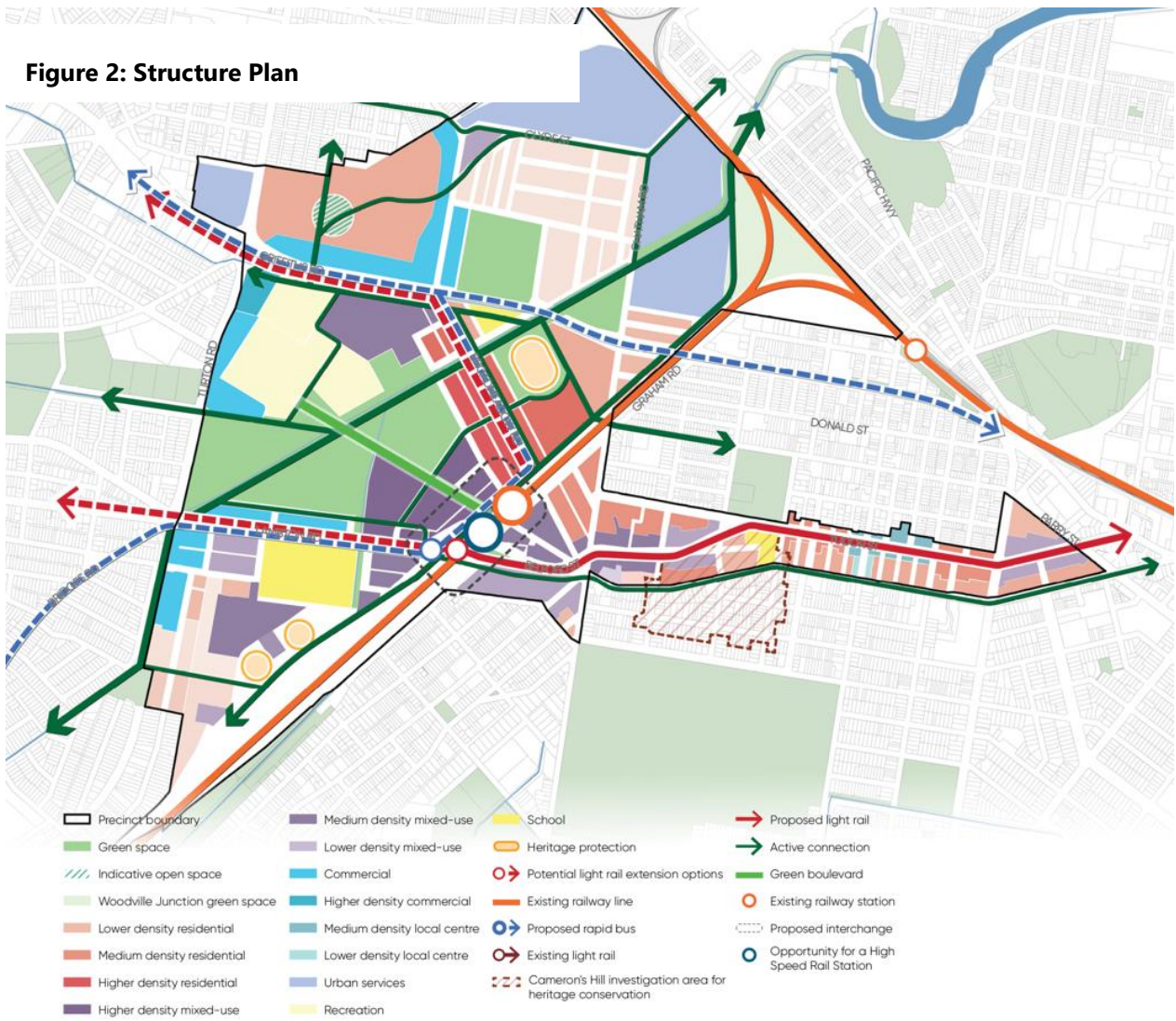
Preferred land use scenario

The preferred land-use scenario responds to the opportunities and challenges identified through detailed investigation of the precinct. This is shown in Figure 2.

The place strategy includes a new mixed-use town centre that will be developed at the future Broadmeadow Interchange. This will deliver diverse new high-density housing and employment, serviced by fast and frequent transport connections to Central Newcastle as well as a pedestrian-priority boulevard providing access to the sport and entertainment part of the precinct.

Hunter Park will provide both entertainment and recreation alongside further mixed-use development. The large parcels of government-owned land in the southwest of the precinct will provide an opportunity for medium density, fine-grain residential and mixed-use developments which are sensitive to flood risks and heritage. The existing industrial sites in Hamilton North will shift toward urban services uses, with changes to enhance employment density and opportunities.

The precinct will be underpinned by a revitalised Styx Creek, providing a cool green backbone for the precinct comprising open space and active transport options.



Source: Reimagining Emerging Scenario, NSW DPHI



Expected development

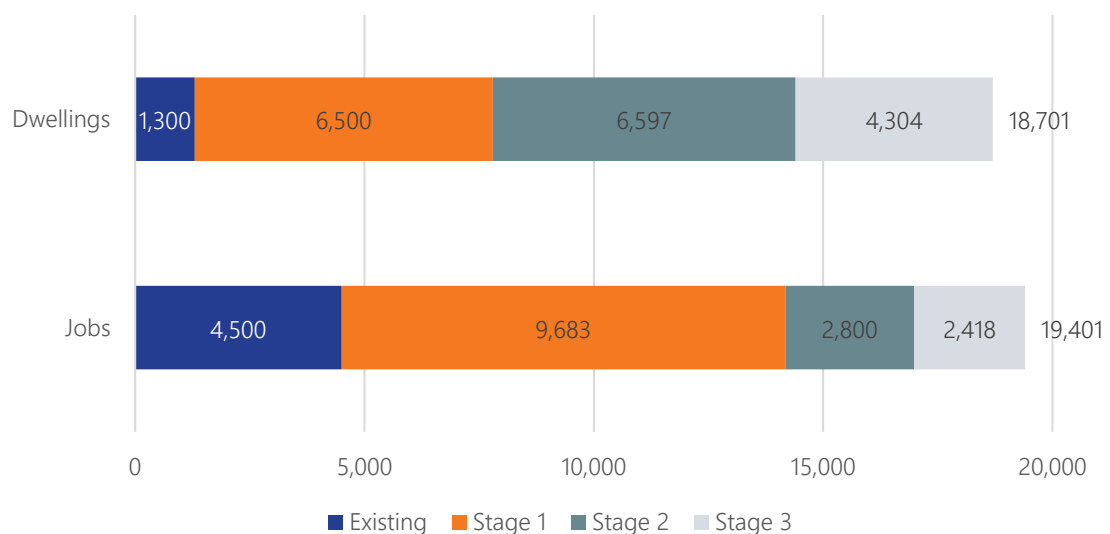
Table 1 and Figure 3 below sets out level of development anticipated at each of the three stages of development. Currently the precinct accommodates approximately 1,300 dwellings and 4,000 to 5,000 jobs; at ultimate development, the precinct is expected to accommodate up to 20,000 dwellings and 15,000 jobs.

Table 1: Expected development

	Dwellings, cumulative	Dwellings, change	Jobs, cumulative	Jobs, change
Existing	1,300	-	4,500	
Stage 1	7,800	6,500	14,183	9,683
Stage 2	14,397	6,597	16,983	2,800
Stage 3	18,701	4,304	19,401	2,418
Total	18,701	17,401	19,401	14,901

Source: Strategic Infrastructure and Services Assessment

Figure 3: Expected development



Source: Prepared by GLN Planning from SISA data



2.2 Draft Strategic Infrastructure and Services Assessment

A Draft SISA is being prepared to:

- Enable strategic understanding of infrastructure and services needed to deliver the desired place outcomes for a precinct, aligned to confirmed growth scenarios (housing, employment and population) and place vision detailed in a confirmed place strategy.
- Strategically understand the land requirements for new infrastructure and services prior to future re-zoning.
- Identify strategic level costs and indicative timeframes for infrastructure and services to be delivered and further investigations that may be required by NSW Government and Council.
- Identify potential funding options to guide decision-making.
- Develop infrastructure scenarios that align with the land-use and growth scenarios, including testing outputs during production.

At a high level, the preparation of a SISA consists of the following steps:

1. Scenario development and land-use forecasting
2. Identify existing infrastructure and what infrastructure and services are relevant to enable land-use scenarios
3. Engagement with infrastructure service providers to understand infrastructure requirements and costs to enable land-use scenarios
4. Evaluate sector infrastructure and service needs, indicative timeframes, land requirements and costings against each of the land-use scenarios. These set of infrastructure requirements and costs are the key results of the SISA
5. Identify possible funding options for infrastructure
6. Reporting of SISA results.

Finding of the SISA will be relevant in the context of the future preparation of a new local infrastructure contribution plan for Broadmeadow, as it will be important to differentiate between State and local infrastructure.



2.3 Key infrastructure moves

Key infrastructure moves are identified at a high level in the place strategy and informed by SISA investigations. It includes State, local and developer works, that is, infrastructure that could be delivered by the State, Council and developers.

Broadmeadow is currently well serviced for some infrastructure types, such as road transport, open space, utilities, and school sites. It also has an existing rail connection and is home to significant sporting and entertainment facilities, including McDonald Jones Stadium and the Newcastle Showground which service the broader Hunter region.

Broadmeadow's development limitations include flooding, with much of the precinct subject to flood risk, and more frequent and higher coverage public transport services.

Under the place strategy, several key interventions are proposed to enable Broadmeadow to be developed. These include:

- relocation of existing leisure and sporting facilities
- a range of proposals to address flooding and drainage issues in the precinct, such as the widening of Styx Creek, additional flood storage areas and the filling of some areas
- additional transport capacity, particularly public and active transport links
- additional public domain, open space, and community facilities

Key infrastructure categories include social infrastructure, open space and recreation, flood mitigation, roads, and active transport.

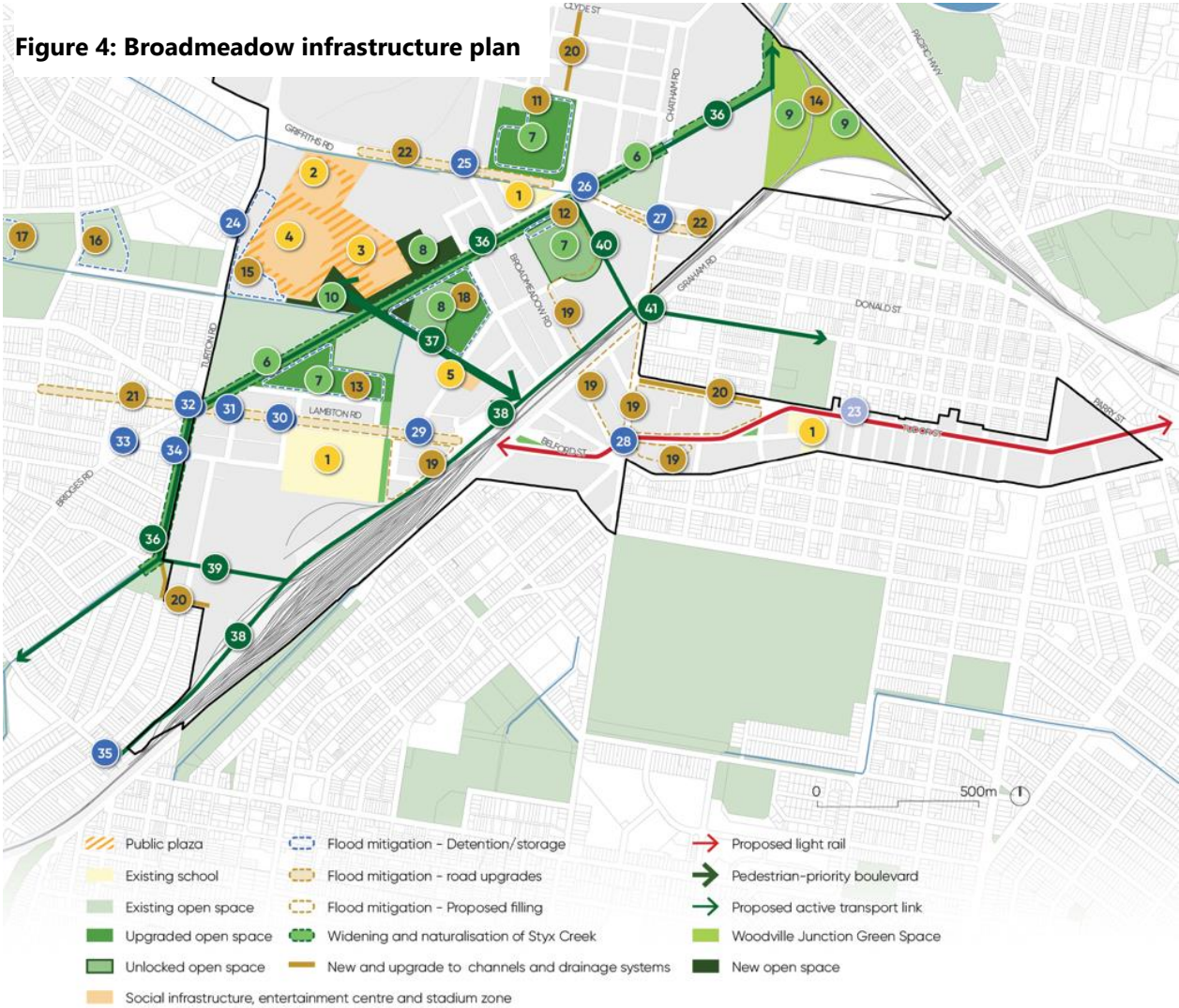
Key infrastructure proposals within each category are summarised in Table 2 below. Works are also shown in the map overleaf. Works items are numbered on the map and a description of each numbered item is provided in the key on the following page.



Table 2: Key infrastructure (State and local)

Category	Key infrastructure moves
Social infrastructure	• Retain existing schools • Relocate Entertainment Centre – new multipurpose indoor arena • Proposed indoor recreation • Upgrade McDonald Jones stadium • Relocate existing regional basketball stadium • Relocate Police Citizens Youth Club and a new multipurpose community facility • New regional aquatic and leisure centre
Open space and recreation	• Widening and naturalisation of Styx Creek • Upgrade existing open space • Proposed publicly accessible open space • Woodville Junction Green Space
Flood mitigation	• Flood detention/storage at various locations • Engineered wetlands and sediment basin • New channels and upgrading existing drainage systems • Road raising to mitigate floods at Lambton Road and Griffiths Road
Roads	• Reserve a Mass transit corridor along Belford-Tudor Streets • Upgrades to approximately 11 intersections including signalised intersections • New bridge connecting Russell Road to Newton Street over Styx Creek
Active transport	• Active transport link along Styx Creek • Pedestrian-priority boulevard and rain garden from Broadmeadow station to McDonald Jones Stadium and the new multipurpose indoor arena • Active transport link along the rail corridor • East-west connection from Styx Creek to Locomotive Depot site • East-west connection from Styx Creek to Newcastle Showground site • Connection over rail corridor from Newcastle Showground site to Gregson Park

Figure 4: Broadmeadow infrastructure plan



Source: Cox

Map key

Social Infrastructure		Flood mitigation		Traffic and active transport - Intersections		Active Transport	
1	Existing school - to remain	11	Flood detention/storage at Smith Park	24	Turton Road/ Young Road signalised intersection	36	Active transport link along Styx Creek
2	Relocation of the Entertainment Centre - New multipurpose indoor arena	12	Flood detention/storage in Broadmeadow park sub-precinct	25	Upgrade Griffiths Road/ Broadmeadow Road intersection	37	Pedestrian-priority boulevard and rain garden from Broadmeadow station to McDonald Jones Stadium and the new multipurpose indoor arena
3	Proposed aquatic and leisure centre	13	Flood detention/storage on VNSW land at Knights Centre of Excellence	26	Upgrade Griffiths Road/ The Showground signalised intersection	38	Active transport link along the rail corridor
4	Upgrades to McDonald Jones stadium	14	Flood detention/storage on Woodford Junction land	27	Convert existing priority intersection to a signalised T-intersection and close southern approach	39	East-west connection from Styx Creek to Locomotive Depot site
5	Relocation of Police Citizens Youth Club and new multipurpose community facility	15	Flood detention/storage adjacent to McDonald Jones stadium	28	Dual right turn lanes at Lambton Road/ Broadmeadow Road signalised intersection	40	East-west connection from Styx Creek to Newcastle Showground site
Open Space and recreation		16	Sportsfield and flood detention/storage at Arthur Edden Oval	29	Upgrade Lambton Road/ Curley Road signalised intersection	41	Connection over rail corridor from Newcastle Showground site to Gregson Park
6	Widening and naturalisation of Styx Creek	17	Sportsfield and flood detention/storage at Kentish Oval	30	Upgrade Lambton Road/ Cameron Street priority intersection		
7	Upgrade existing open space	18	Engineered wetlands and sediment basin at District/Magic Park	31	Lambton Road/ Lang Road priority intersection creating a left-in left-out		
8	Proposed publicly accessible open space	19	Proposed filling for future development	32	Upgrade Turton Road/ Bridges Road/ Lambton Road signalised intersection		
9	Woodville Junction Green Space	20	New channels and upgrading existing drainage systems	33	Upgrade Bridges Road/ Russell Road priority intersection		
10	Proposed open space/plaza	21	Road raising to mitigate floods at Lambton Road	34	New bridge connecting Russell Road to Newton Street over Styx Creek		
		22	Road raising to mitigate floods at Griffiths Road	35	Upgrade St James Road/ Kings Road priority intersection		
		Traffic and public transport - Road Links					
		23	Preserve a light rail corridor along Belford-Tudor Streets				



Sub-precinct infrastructure

Broadmeadow's future character varies substantially throughout the precinct. In some locations it will become a vibrant sports and entertainment precinct, while others prioritise creating residential communities with employment opportunities, around quality transport nodes.

These nuances deliver a need to separate the broader precinct into sub-precincts. The Broadmeadow Structure Plan includes 9 sub-precincts, each having their own distinct desired future character and proposed land uses. Sub-precincts are shown in Figure 5 below.

Key infrastructure moves in each sub-precinct are summarised in Table 3.

Figure 5: Sub-precincts

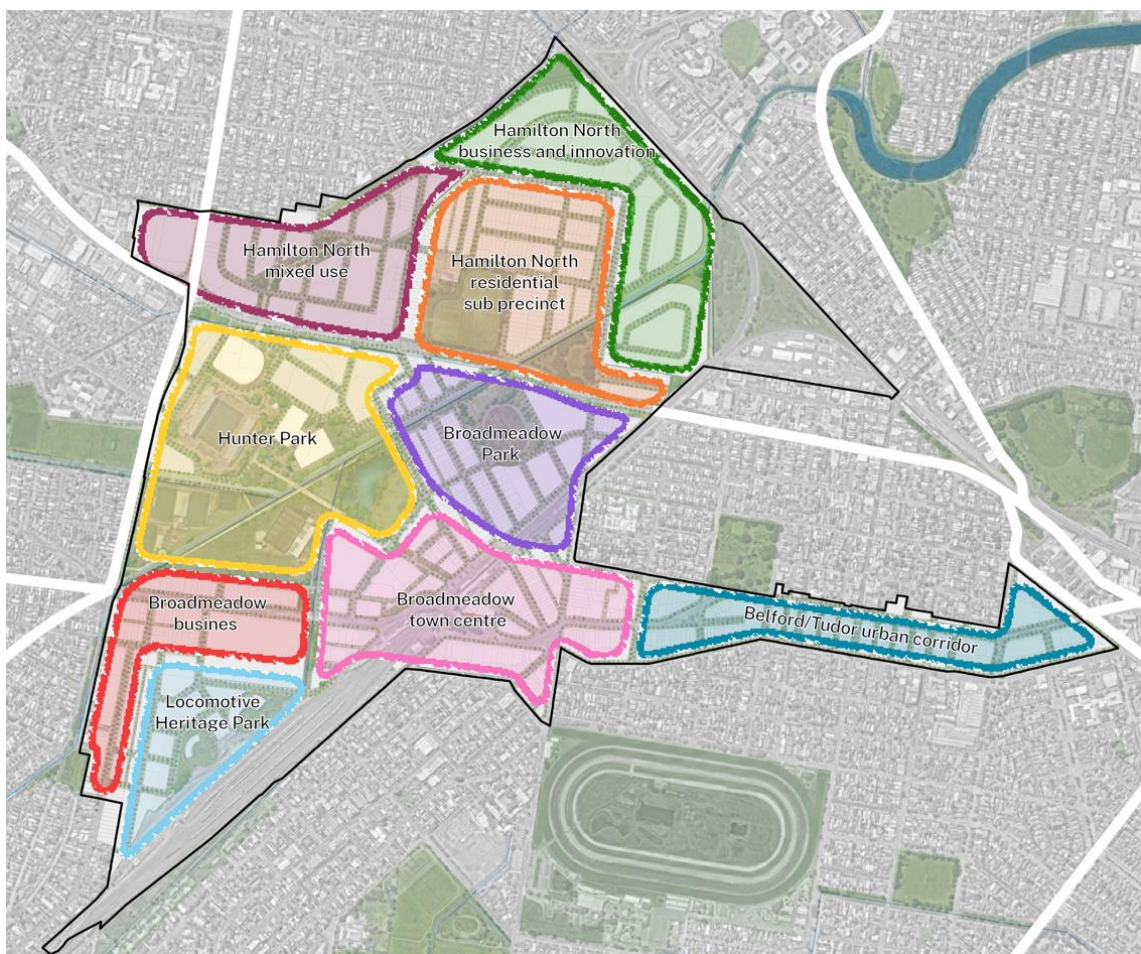




Table 3: Sub-precinct proposed infrastructure

Sub-precinct	Proposed key infrastructure moves
Broadmeadow centre	• Flood mitigation works (widening of the southern portion of Styx Creek and raising of Lambton Road) • Relocation of the PCYC • Road and intersection upgrades (Lambton/Curley) • New multipurpose community facility • Relocation of regional basketball stadium • Affordable housing on government-owned land, per government commitment.
Hunter Park	• New multipurpose indoor arena (replacement of existing Entertainment Centre). • New regional aquatic and leisure centre • Road and intersection upgrades (Griffiths/Broadmeadow; Turton/Young) • Flood mitigation works (detention basins in Lambton and along Turton Road, and raising of Griffiths Road) • Pedestrian-priority boulevard from Broadmeadow station to major facilities • Affordable housing on government-owned land, per government commitment.
Locomotive Heritage Park	• Protection and adaptive reuse of State significant heritage item • Affordable housing on government-owned land, per government commitment • Road and intersection upgrades (Lambton/Lang; Lambton/Cameron; Russell/Bridges).
Broadmeadow business	• Intersection upgrades.
Belford-Tudor urban corridor	• Mass transit corridor • Road and intersection upgrades (Nineways).
Broadmeadow Park	• Relocation of the existing aging Entertainment Centre • Flood mitigation works (detention at interface with Styx Creek) • Road and intersection upgrades (Griffiths/Jackson) • Affordable housing on government-owned land, per government commitment.
Hamilton North residential sub precinct	• Flood mitigation works.
Hamilton North mixed use	• Public open space.
Hamilton North business and innovation	• Road and intersection upgrades (Griffiths/Chatham).



3 Local infrastructure considerations

3.1 Local infrastructure needs

The place strategy identifies at a high level the types of local infrastructure that will be needed to support the place strategy implementation and development.

Local infrastructure identified with the potential to be funded and/or delivered by Council using local infrastructure contributions includes:

- **Active transport:** various active transport links
- **Roads:** new bridge connecting Russell Road to Newtown Street over Styx Creek
- **Community facilities:** various new community facilities – specific type, location and number of facilities to be determined by Council after the place strategy exhibition; opportunity for facilities to be co-located in an integrated multipurpose facility
- **Flood mitigation:** various flood mitigation works e.g. culvert upgrades and new culverts under Council roads, road raising, detention/flood storage area
- **Open space and recreation:** new and upgraded open space and recreation facilities – specific type, location and number of facilities to be determined by Council after the place strategy exhibition

The specific types, number, location, cost and staging of the local infrastructure works to be provided will be determined during finalisation of the place strategy post exhibition. It will also be used to inform the preparation of a new local infrastructure contribution plan.

Consideration will be given to the efficiency and benefits of different approaches to provision of infrastructure such as providing a smaller number of higher quality facilities with a larger service catchment than a larger number of lower quality ('satellite') facilities with a smaller service catchment.

Council's capacity to fund local infrastructure costs using local infrastructure contributions will be limited due to development feasibility constraints. This means Council's capacity to fund local infrastructure is not unlimited. The extent of local infrastructure that can be 'afforded' will depend on the overall cost including land and capital cost which is related to the amount and type of local infrastructure works.



3.2 Types of local infrastructure contributions

The indicative local infrastructure schedule includes works that could be included in a new local infrastructure contributions plan applying to the Broadmeadow development.

A contributions plan

- provides the authority for the council and other consent authorities (including registered certifiers) to include conditions on development consents and complying development certificates that require a local infrastructure contribution to be paid to the council
- is prepared and approved by one or more local councils (although section 7.19 of the Environmental Planning and Assessment Act 1979 provides the Minister with the power to make a local infrastructure contributions plan in certain circumstances), and
- includes requirements for different types of development to pay the council either a section 7.11 contribution or a section 7.12 levy,

The two types of contributions are discussed below.

Section 7.11 contributions

Section 7.11 contributions are based on the reasonable apportionment of costs to development.

Section 7.11 contribution rates for residential development are capped at \$30k/dwelling in greenfield areas and \$20k/dwelling in all other areas, per a Ministerial direction.

A consent authority may impose a contribution amount above these thresholds, but only if the Minister or their delegate has approved the higher contribution.

This approval is contingent upon IPART having reviewed the draft contributions plan against criteria included in the Practice Note Local Infrastructure Contributions - January 2021 prepared by the Planning Secretary.

The main advantage of section 7.11 contributions is that they are based on the nexus or link between the individual development's demand for infrastructure and the cost of meeting that development's share of demand for that infrastructure. They are therefore cost reflective and 'fair'.

Disadvantages are their relative complexity, the need for the council to co-fund the portion of costs that cannot reasonably be apportioned to development (that is, unapportioned costs) using other funding sources (e.g. rates, general revenue, grants), the income shortfalls generated when contributions exceed the cap, and the time, cost and further restrictions on infrastructure inclusions (i.e. the 'essential works list' – see box below) associated with an IPART-reviewed section 7.11 plan.

Section 7.11 contributions are commonly used where moderate to high levels of residential development are expected, the council can co-fund unapportioned costs, and the residential contribution rates do not exceed the cap or, if they do, the council can co-fund the funding shortfall generated as a result ('cap gap').



Essential works list

Contributions levied on development under an 'IPART-reviewed' s7.11 contributions plan can only fund the reasonable, apportioned cost of infrastructure included in the 'essential works list'.

The following public amenities or public services are considered essential works:

- **land for open space (for example, parks and sporting facilities) including base level embellishment***
- **land for community services (for example, childcare centres and libraries)**
- **land and facilities for transport (for example, road works, traffic management and pedestrian and cyclist facilities), but not including carparking**
- **land and facilities for stormwater management**
- **the costs of plan preparation and administration.**

* Base level embellishment

Base level embellishment of open space is considered to be those works required to bring the open space up to a level where the site is secure and suitable for passive or active recreation. This may include:

- site regrading
- utilities servicing
- basic landscaping (turfing, asphalt and other synthetic playing surfaces planting, paths)
- drainage and irrigation
- basic park structures and equipment (park furniture, toilet facilities and change rooms, shade structures and play equipment)
- security lighting and local sports field floodlighting
- sports fields, tennis courts, netball courts, basketball courts (outdoor only), but does not include skate parks, BMX tracks and the like.

Secretary's Practice Note: Local Infrastructure Contributions, January 2019, p14

Section 7.12 levies

Section 7.12 levies are fixed-rate levies calculated as a percentage of the development cost.

Under NSW legislation the maximum levy that can be applied is 1% of the development cost, though a higher rate can be applied if it is approved by the Minister and meets criteria specified in the Practice note on Section 7.12 fixed development consent levies – February 2021.

The main advantage of section 7.12 levies is their relative simplicity, that is, there is a single fixed rate that is easily understood, and reasonable apportionment of costs does not need to be considered.

The main disadvantage of section 7.12 levies is that they are not cost-reflective like section 7.11 contributions. They are a development tax. Reasonable apportionment of costs does not need to be



considered, though this disadvantage can be mitigated to some extent by applying different rates to different types of development depending on their expected relative infrastructure demand and cost. This action however reduces one of the main strengths of the levy – its simplicity.

Another disadvantage of section 7.12 levies is that income tends to be lower than section 7.11 contributions, at least for residential development. Again, this can be mitigated by adopting differential rates for different types of development depending on their infrastructure demand and cost. However, as noted, section 7.12 levies above 1% of the development cost must meet the Department's section 7.12 Practice Note criteria and be approved by the Minister.

Section 7.12 levies (at 1% of the development cost) are commonly applied in low growth areas and/or to development types where the expected development-generated infrastructure demand and cost is relatively limited e.g. non-residential development and residential alterations and additions.

Higher rate section 7.12 levies (above 1% of the development cost) may be applied in moderate to high growth areas, particularly where:

- equivalent section 7.11 contributions have reached the applicable cap
- the council cannot fund unapportioned costs and/or the cap gap
- IPART-reviewed section 7.11 contributions cannot be used to fund the works as the works include community facilities capital works and are not included in IPART's essential works list.

Summary

Common applications of section 7.11 and 7.12 contributions in different growth contexts are summarised below.

Table 4: Common applications of s7.11 and s7.12 contributions

Growth context	s7.12 (1%)	s7.12 higher rate	s7.11 capped residential	s7.11 IPART-reviewed
Metro greenfield residential urban release areas				*
Residential growth areas – where CP includes community facilities works			*	
Urban renewal areas focused on employment or transit centres		*	*	
Established / infill residential areas	*		*	
Established employment / industrial areas	*	*		
Greenfield employment / industrial areas		*	*	

Source: GLN Planning



3.3 Current Broadmeadow approach

The current contributions approach for Broadmeadow development is summarised in the table below. Under Council’s existing local infrastructure contributions plans, section 7.11 contributions are applied to new residential development and section 7.12 levies are applied to all other types of development (with a development cost over \$100,000) including residential and non-residential alterations and additions and new non-residential development.

Table 5: Current contributions approach for Broadmeadow

Development type	Contribution type
Residential – new dwellings, including residential flat buildings; note that most new dwellings in Broadmeadow are expected to be 2-bedroom apartments	s7.11 (approx. \$11k-\$20k/dwelling, indexed)
Residential – alterations & additions	s7.12 (1% of development cost)
Non-residential – new	
Non-residential – alterations & adds	

A new local infrastructure plan is needed to support the Broadmeadow place strategy as:

- a range of new and upgraded local infrastructure is needed to support the place strategy including open space, community facilities, transport and flood mitigation works
- the precinct is covered by Council’s existing section 7.11 and 7.12 plans; however, the plans were prepared in 2021 and do not include the anticipated Broadmeadow place strategy development and associated local infrastructure requirements and costs.

A new local infrastructure contributions plan needs to be prepared for the Broadmeadow Place Strategy land to reflect development expected from the place strategy, infrastructure requirements and costs.

The plan could be prepared as a separate standalone plan or incorporated as an amendment to Council’s existing contributions plans. Options for the new contributions plan are discussed in the following subsection.



3.4 Contributions income forecasts

In deciding the optimum local infrastructure contributions framework for a development area a key consideration is the extent to which the contributions income will cover the costs of providing infrastructure included in the new contributions plan.

Councils usually have few if any funding sources available for growth related infrastructure apart from local infrastructure contributions. It is important therefore that the income from development contributions covers as much of the infrastructure costs as possible.

As noted in section 3.2 of this report, local infrastructure capital costs reasonably apportioned to development are expected to be in the order of roughly **\$273 million**. This is indicative only at this point and needs to be confirmed by Council after the place strategy exhibition.

To assist with differentiating between different options, GLN Planning prepared indicative high-level estimates of income that would be received under different section 7.11 and 7.12 approaches. Options and associated income estimates are summarised in the table below. They are also shown graphically in the chart overleaf. Assumptions are shown in the footnote to the chart.

Table 6: Estimated local infrastructure contributions income (\$2024)

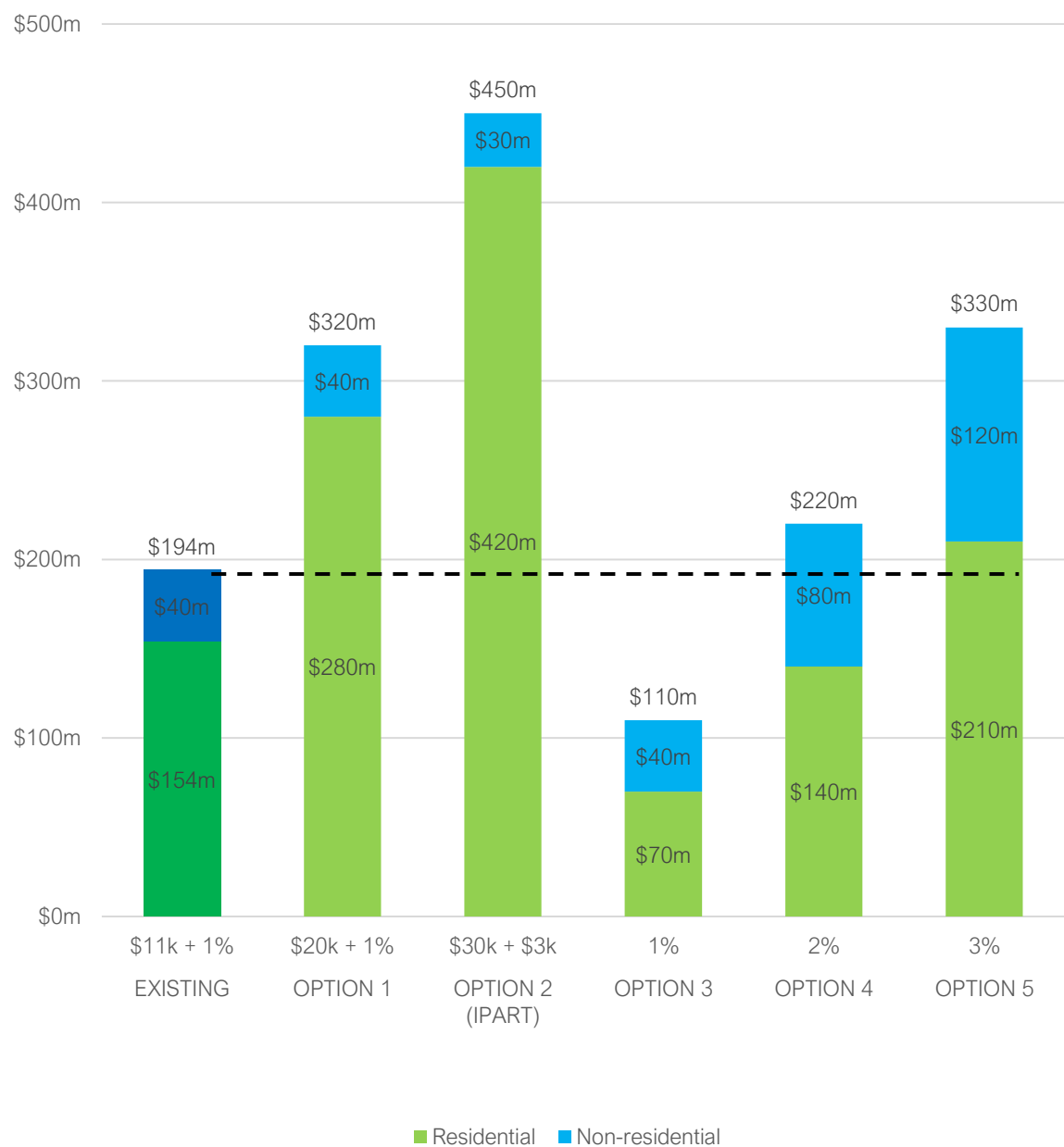
Option (Res + Non-res)	Residential	Non-residential	Total
<u>EXISTING</u> (s7.11@\$11k/dwelling + s7.12@1%)	\$154m	\$40m	\$194m
<u>OPTION 1</u> (s7.11@\$20k/dwelling + s7.12@1%)	\$280m	\$40m	\$320m
<u>OPTION 2</u> (s7.11@\$30k/dwelling & \$3k/worker)	\$420m	\$30m	\$450m
<u>OPTION 3</u> (All s7.12@1%)	\$70m	\$40m	\$110m
<u>OPTION 4</u> (All s7.12%@2%)	\$140m	\$80m	\$220m
<u>OPTION 5</u> (All s7.12@3%)	\$210m	\$120m	\$330m

The income estimates indicate that if the current plans are maintained, income will be approximately \$194m; this will be insufficient to fund the reasonable apportioned infrastructure cost of \$273m. If s7.11 rates are increased to the residential cap of \$20k/dwelling, income will be approximately \$320m. This would be sufficient to fund local infrastructure capital costs, but does not account for any land acquisition costs, if any. There may be a 'cap gap' that would increase over time if the cap is not indexed (it has not been indexed since it was introduced in 2012).

If a section 7.12 levy at 3% of the development cost is applied to both residential and non-residential development, income will be approximately \$330m; this is similar to the option above. Income would not be constrained by the s7.11 cap gap that applies to the option above. Option 2 would need an IPART review. This is not recommended as the community facilities capital costs could not be funded using local contributions under this option.



Figure 6: Forecast local infrastructure contributions



Source: GLN Planning. Assumptions: 17,100 dwellings total comprising 3,000 market dwellings on gov't land, 12,500 market dwellings on gov't land, 1,600 affordable dwellings. Affordable dwellings do not pay contributions. Market dwellings on gov't land undertaken as SSD and receives 50% discount / offset at determination. \$500k/dwelling dev. cost. 4,000 new workers, 100sqm/worker, \$4k/sqm dev. cost, \$400k/worker dev. cost.



3.5 Recommended approach

Our assessment of each option (including advantages and disadvantages, and recommended approach) is outlined in the table below.

Table 7: Options assessment

Advantages	Disadvantages	Recommendation
EXISTING: s7.11@\$11k/dwelling + s7.12@1%		
Existing plan; no change required.	Does not reflect expected development and infrastructure costs in Broadmeadow. Income will likely be too low to fund local infrastructure costs reasonably apportioned to Broadmeadow development.	● Not recommended.
OPTION 1: s7.11@\$20k/dwelling + s7.12@1%		
	Income will be constrained by \$20k/dwelling cap, which has not been indexed since it was introduced in 2012. More complex than s7.12.	● Not recommended.
OPTION 2: s7.11@\$30k/dwelling & \$3k/worker		
Income to fund infrastructure will be higher than other options.	Requires IPART-review and application of IPART's essential works list meaning Council will not be able to fund local community facilities capital works costs using local contributions.	● Not recommended.
OPTION 3: All s7.12@1%		
Simpler than s7.11 options.	Income lower than all other options. Income will be insufficient to fund local infrastructure costs reasonably apportioned to Broadmeadow development.	● Not recommended.
OPTION 4: All s7.12@2%		
Simpler than s7.11 options. Increased flexibility to fund 100% of the cost of individual works items.	Income will be less than existing contribution plan. Income will be insufficient to fund local infrastructure costs reasonably apportioned to Broadmeadow development. Additional time and cost associated with obtaining Minister's approval for higher rate s7.12 plan.	● Not recommended.
OPTION 5: All s7.12@3%		
Simpler than s7.11 options. Income will be comparable to Option 1, however, will not be constrained by the \$20/dwelling cap. Increased flexibility to fund 100% of the cost of individual works items.	Additional time and cost associated with obtaining Minister's approval for higher rate s7.12 plan.	● Recommended.



As shown in the table, we recommend Option 5, on balance. This option comprises a new ‘higher rate’ section 7.12 levy. The rate for new residential development would be determined after the place strategy exhibition and would depend on the extent (if any) of land acquisition costs (e.g. for playing fields) but could be in the order of 3-4% of the development cost. The s7.12 rates for other types of development could be lower.

A comparison of the existing and recommended approach to local infrastructure contributions is shown in the table below. Any section 7.12 levy above 1% of the development cost needs to be approved by the Minister. The criteria and process for this is outlined in the following subsection.

Table 8: Existing and recommended local contributions approach for Broadmeadow

Development type	Existing	Recommended
Residential – new	s7.11 (\$11k-\$15k/dwelling)	s7.12 (3-4%)
Residential – alterations & additions	s7.12 (1%)	S7.12 (1%)
Non-residential – new		s7.12 (2-3%)
Non-residential – alterations & adds		S7.12 (1%)

Source: GLN Planning

3.6 Increased s7.12 levy requirements

Any proposed s7.12 rate above 1% of the development cost will need to meet the criteria for higher s7.12 rates set out on the Department’s s7.12 Practice Note and be approved by the Minister. Subject to the Minister’s approval, the Environment Planning and Assessment Regulations 2021 will also need to be amended to specify the higher rate.

Criteria from the Department’s s7.12 Practice Note are copied below. We consider that all criteria can be satisfied, based on available information. As noted, this will need to be confirmed after the place strategy exhibition and will depend on the extent and cost of local infrastructure works, including any land acquisition costs.

Council will need to approve the draft local infrastructure contribution plan for public exhibition purposes. If Council approves the draft plan after public exhibition and after considering any submissions made to the exhibition, Council will need to make a formal request to the Minister to approve the proposed higher section 7.12 levy. A justification report demonstrating consistency with the Practice Note criteria will need to be prepared and included with the request to the Minister.

The Department will assess the request against the criteria and make a recommendation to the Minister. If the Minister approves the higher s7.12 levy the Regulations will need to be amended. We understand the timeframe for the Department to undertake its assessment and amend the Regulations, if approved by the Minister, is typically in the order of 6-12 months, depending on complexity and other factors.



Figure 7: Criteria for section 7.12 rates above 1% of the development cost

Councils should demonstrate how an area meets the following criteria for an increased levy of more than 1% on the cost of development.	
Item	Criteria for Greater Sydney Region councils*
a.	The strategic areas are identified in a regional plan, district plan or respective Local Strategic Planning Statement, as a strategic centre, growth area, local centre or economic corridor.
b.	Local planning controls reflect, or are being amended to reflect relevant strategic direction and targets for the centre or defined area.
c.	A requirement for a review every 5 years from the date the new contributions plan comes into force is written into the contributions plan.
d.	Ongoing consultation with the Department regarding changes to works schedules will be undertaken, otherwise the higher percentage levy will no longer apply.
e.	The contributions plan should focus on delivering quality place-based community and green infrastructure, and public space improvements that enhance amenity of the centre. Criteria for all other councils: Contributions should focus on delivering high cost infrastructure items identified in regional plans and strategic plans such as roads.
f.	The centre has been identified by the relevant strategic plan/s to accommodate significant employment growth. An example of this includes facilitating an increase of at least 25% more employment opportunities than currently available in the centre. Criteria for all other councils: Not applicable.
* Defined as councils within the boundary of Greater Sydney Region as defined in Schedule 1 to the <i>Greater Sydney Commission Act 2015</i> .	
Councils should demonstrate how an area meets the criteria in Table 1.1 and the following criteria for an increased levy of more than 2% of the cost of development.	
Item	Criteria
a.	The works schedule has been prepared in consultation with the Department.**
b.	Financial modelling is provided demonstrating that a maximum 2% levy on the cost of development is insufficient to deliver identified infrastructure in the proposed timeframe.
** This gives an opportunity for the Department to liaise and coordinate with broader infrastructure agencies in identifying strategic, place-appropriate infrastructure. Additionally, the Department can also help to ensure infrastructure needs are met in the most efficient manner.	

Source: DPHI, Section 7.12 fixed development consent levies Practice note – February 2021



4 Next steps

4.1 Local contributions

This discussion paper has been prepared to support the place strategy.

It provides an overview of place strategy infrastructure and considers local infrastructure requirements, limitations, and opportunities. It recommends Council consider preparing a new 'higher rate' s7.12 plan for Broadmeadow, to be commenced after the place strategy exhibition.

Potential next steps for Council, to be undertaken after the public exhibition, are summarised as follows:

1. Consider any submissions made in response to the exhibition regarding local infrastructure contributions opportunities and limitations, as outlined in this discussion paper.
2. Confirm the local infrastructure that will be provided, including any land that needs to be acquired within or outside the precinct e.g. for playing fields.
3. Confirm the costs of the required local infrastructure, including land acquisition costs, if any, and capital costs.
4. Confirm the local infrastructure contributions approach, having regard to the updated local infrastructure schedule and costs, and the opportunities, limitations and recommendations as outlined in this discussion paper.
5. Prepare the draft local infrastructure contributions plan for public exhibition purposes and any consequential amendments to Council's existing section 7.11 and 7.12 plans.
6. If Council decides to prepare a 'higher rate' s7.12 plan, undertake any preliminary pre-exhibition consultation with the Department's Infrastructure Policy team, if necessary, e.g. regarding the proposed local infrastructure schedule and section 7.12 rate.
7. Update the draft local infrastructure contributions plan as necessary to address any pre-exhibition comments from the Department's Infrastructure Policy Team and publicly exhibit it.
8. Consider any submissions to the draft plan's exhibition and update or amend the plan as necessary. Adopt the revised plan, subject to the Minister's approval (if Council decides to prepare a 'higher rate' s7.12 plan).
9. Subject to the above, make a formal written request the Minister to approve the exhibited draft contributions plan and amend the Regulations as necessary. A justification report will need to be included with the request, demonstrating consistency against the Department's Practice Note criteria for higher section 7.12 levies.
10. Liaise with the Department's Infrastructure Policy Team as necessary to assist them with their assessment of Council's request and making a recommendation to the Minister.



4.2 Community facilities on Government owned land

The draft local infrastructure schedule includes capital costs for community facilities but does not include land acquisition / floor space costs. Analysis suggests there will be limited capacity for Council to fund community facilities land acquisition costs. It is likely that most of the local contributions will be needed to fund capital costs, with limited capacity of local infrastructure contributions income available to fund land acquisition.

The Explanation of Intended Effects (EIE) prepared by the Department for the first move rezonings proposes a requirement for a minimum amount of community floorspace to be provided on certain sites on government-owned land.

4.3 Development where Council is not the consent authority

Under the Environmental Planning and Assessment Act 1979, where the consent authority for proposed development is not a council, the consent authority need only “have regard” to a local infrastructure contributions plan adopted by the council. It is understood that much of the development on Government owned land at Broadmeadow will be undertaken as state significant development (SSD). Council is not the consent authority for this type of development, so the provisions of the EP&A Act relating to contributions outlined above will apply.

It is common for developers undertaking SSD to seek ‘offsets’ against local contributions for works not included in the council’s local contributions plans, regardless of whether the offsets are supported or not by the relevant council. Currently, there is limited guidance available on principles or criteria that can be used by the council or other consent authority to assess the merits of any such proposed local contributions offset. In the absence of any such guidance the risk for Council is that offsets against local contributions may be granted where it is not supported by Council. This can create significant funding issues for Council and impact its ability to meet its infrastructure funding obligations in the wider precinct.

To mitigate against this risk, Council may wish to consider the principles or criteria it would like the consent authority to use in assessing any such requests. As a minimum, works that can be required as a condition of development consent (e.g. new local roads needed within a large development site needed to enable the development) should not be offset against local contributions.



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GLN Planning Pty Ltd Trading as GLN Planning
ABN 39 585 269 237

A Level 10, 70 Pitt Street Sydney NSW 2000
P GPO Box 5013, Sydney NSW 2001
E info@glnplanning.com.au
T (02) 9249 4109 F (02) 9249 4111

glnplanning.com.au

