

ITEM 7.20 Clarence Valley Local Infrastructure Contributions Plan 2025

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Meeting	Council	17 April 2025
Directorate	Strategic Planning	
Prepared by	Murray Lane, Manager Development & Land Use Planning	
Reviewed by	Adam Cameron, Director Environment & Planning	
Attachments	1. Draft Clarence Valley Local Infrastructure Contributions Plan 2025	

SUMMARY

The purpose of this report is to present the draft Clarence Valley Local Infrastructure Contributions Plan 2025 (draft Contributions Plan), which has been prepared under the provisions of the *Environmental Planning and Assessment Act 1979* (the EP&A Act), and to seek Council's endorsement to exhibit the draft Contributions Plan in accordance with Council's Community Participation Plan for a minimum of 28 days.

The draft Contributions Plan (**Attachment 1**) is proposed to update and replace Council's 17 existing local infrastructure contributions plans with a single new plan that is easy to use, current, best-practice and provides a balanced approach to infrastructure contributions. It has been prepared by reviewing current population projections, infrastructure needs and capital works priorities, apportioning infrastructure demand and costs to development and determining the contributions needed to meet the infrastructure costs. The draft Contributions Plan:

1. Combines Council's 17 existing contribution plans into a single plan
2. Updates development projections
3. Updates the works schedule, for example, to align with Council's Capital Works Plan
4. Updates contribution rates, to reflect current population projections, infrastructure demand, land and infrastructure costs
5. Updates various other provisions, including development excluded from contributions, deferred payments, and refunds.

Works Schedule

The draft Contributions Plan includes an updated works schedule. The works schedule was prepared having regard to population and development projections and associated infrastructure demand. It identifies what infrastructure that is planned to be provided, when it is estimated to be provided, the estimated cost, and how much of the cost is 'apportioned' to development, that is to be funded from contributions under the draft Contributions Plan. The works schedule and maps are shown at Appendix B to the draft Contributions Plan and a summary is provided below.

Table 1: Works Schedule Summary

	Items	Total	Apportionment	Apportioned cost	Unapportioned cost
Yamba catchment					
Yamba Urban Bypass works	3	\$15m	30%	\$5m	\$11m
LGA-wide catchment					
Roads	18	\$190m	10%	\$20m	\$170m
Open Space & Recreation	12	\$85m	20%	\$17m	\$68m
Active transport	22	\$17m	20%	\$3m	\$13m
Total	55	\$307m	14%	\$45m	\$262m

The works schedule contains a total of 55 works items including Yamba urban bypass intersection works, local road works, open space and recreation works and active transport (walking and cycling) works. The total estimated cost of the works is approximately \$307 million. Of this, approximately \$45 million (15 per cent) is apportioned to development, to be funded from contributions under the draft plan. The balance, \$262 million (85 per cent) is apportioned to the existing 2025 population and is planned to be funded by Council using other funding sources, such as grants and general revenue.

Examples of key works items include:

1. Upgrading of Prince Street, Grafton aligning with the Grafton CBD Precinct Plan.
2. Argle to Wharf Street, Maclean, being 13 intersections and stormwater infrastructure in the Maclean CBD.
3. A number of key upgrades to Yamba Road to improve safety and flood resilience.
4. Redevelopment of Yamba and Maclean swimming pool facilities.
5. Delivery of masterplan improvements to significant parks, such as See Park, Grafton and the Townsend Collective.
6. Numerous active transport improvements connecting our towns and villages.

It is important to note that contribution plans allow councils to levy and collect contributions through the approval of development applications in a planned way, but do not in themselves create a requirement for Council to deliver on all items identified in the works schedule, such as if necessary funding is not available.

Yamba Urban Bypass and Urban Intersections

Council has levied contributions in the Yamba and surrounds catchment area for the Yamba Urban Bypass and associated urban intersections since the year 2000. Council recently resolved to work collaboratively with Transport for NSW to develop a Yamba Integrated Transport Plan. Until the Yamba Integrated Transport Plan is completed, the current planning for the future Yamba Urban Bypass and associated urban intersections remains. Therefore, the draft Contributions Plan includes a separate contributions catchment for Yamba and surrounds, with the works schedule containing three road intersection upgrades which are considered feasible to deliver within the timeframe of the plan.

Contribution Rates

The draft Contributions Plan includes updated contribution rates. It retains the Clarence Valley Contributions Plan 2011 approach of applying section 7.11 'nexus-based' contributions to new residential development and section 7.12 'fixed rate' levies to non-residential development. The draft Contributions Plan section 7.12 rates remain unchanged at up to 1 per cent of the development cost over \$200,000, per Council's existing plans. Section 7.11 rates are calculated by dividing the total infrastructure cost 'apportioned' to development by the forecast growth in residents and dwellings over the Plan's development horizon, 2025 until 2041.

The headline section 7.11 contribution rate needed to fund the infrastructure costs apportioned to development is approximately \$16,000 per dwelling house across the local government area (LGA) and \$20,000 per dwelling house in the Yamba Urban Bypass and Urban Intersections catchment. This represents a moderate increase compared to the existing section 7.11 rate of approximately \$11,000 per dwelling. The proposed contribution rates are provided in **Table 2** and **3** below.

Table 2 - Section 7.11 contribution rates for developments outside the Yamba Catchment

Infrastructure item	Per dwelling house or subdivided lot	Per self-contained dwelling in a seniors housing development	Per other residential accommodation dwelling	Per workforce accommodation dwelling	Per MHE dwelling; long term caravan site/moveable dwelling in a caravan park
Road Transport (LGA)	\$7,855	\$4,713	\$6,284	\$3,142	\$5,342
Active Transport	\$1,338	\$803	\$1,071	\$535	\$910
Open Space and Recreation	\$6,720	\$4,032	\$5,376	\$2,688	\$4,569
Plan Administration and Management	\$239	\$143	\$191	\$95	\$162
Total	\$16,152	\$9,691	\$12,922	\$6,461	\$10,983

Table 3 - Section 7.11 contribution rates for developments in Yamba Catchment

Infrastructure item	Per dwelling house or subdivided lot	Per self-contained dwelling in a seniors housing development	Per other residential accommodation on dwelling	Per workforce accommodation dwelling	Per MHE dwelling; long term caravan site/moveable dwelling in a caravan park
Road Transport (LGA)	\$7,855	\$4,713	\$5,342	\$3,142	\$4,713
Road Transport (Yamba Bypass)	\$6,781	\$4,069	\$4,611	\$2,712	\$4,069
Active Transport	\$1,338	\$803	\$910	\$535	\$803
Open Space and Recreation	\$6,720	\$4,032	\$4,569	\$2,688	\$4,032
Plan Administration and Management	\$340	\$204	\$231	\$136	\$204
Total	\$23,035*	\$13,821	\$15,664	\$9,214	\$13,821

**Section 7.11 contributions cannot exceed \$20,000 per dwelling or lot under the terms of a direction issued by the Minister in 2012. The NSW Government has not indexed the \$20,000 threshold since issuing the direction 2012. The table above shows both uncapped and capped section 7.11 rates. The capped rate will apply, consistent with the direction and so long as it remains in force.*

The contribution rates are recommended to increase because:

- the amount of development forecast – and associated infrastructure demand and cost – is generally higher under the draft plan compared to Council's existing contribution plans, most of which were prepared 10 to 20 years ago.
- the standard (quality) and cost of infrastructure in the draft plan is generally much higher than equivalent infrastructure in Council's existing plans from 10-20 years ago, in part due to rising community expectations, and despite indexation provisions in Council's existing contributions plans.

The draft Contributions Plan's proposed section 7.11 rates are comparable to other NSW North Coast councils, including Tweed Shire (\$20,000 per dwelling house), Byron Shire (approximately \$16,000 per dwelling on average) and Port Macquarie Hastings Shire (range of approximately \$10,000 to \$30,000 per dwelling house). Where some councils in the area have lower section 7.11 rates, this is typically because they have lower rates of growth, lower land costs, and/or their plans have not been reviewed and updated for many years. Examples include inland councils such as Glen Innes Severn Council and Armidale Regional Council.

The draft Contributions Plan includes provision indicating it will be reviewed every five (5) years to ensure it reflects up to date development forecasts, infrastructure demand, costs, Council priorities and remains financially sustainable.

OFFICER RECOMMENDATION

That Council:

- endorse the draft Clarence Valley Local Infrastructure Contributions Plan 2025 (draft Contributions Plan) for public exhibition in accordance with the requirements of the *Environmental Planning and Assessment Act 1979* and Council's Community Participation Plan for a minimum of 28 days;
- delegates authority to the General Manager to make minor changes to the draft Contributions Plan, if needed, prior to exhibition;
- adopt the draft Contributions Plan subject to no submissions being received that require further consideration by Council; and
- note that if submissions are received that require further consideration of Council, this matter will be reported to the next available Council meeting after submissions close.

LINKAGE TO OUR COMMUNITY PLAN

Theme Infrastructure

Objective We will have communities that are well serviced with appropriate infrastructure

BACKGROUND

Planning for infrastructure

Council's provision of local infrastructure is essential to support the area's economy, a growing population and create a vital urban environment that is attractive for residents, businesses, visitors and investors. From 2025 to 2041, almost 7,000 new residents and 3,000 new dwellings are expected across the Clarence Valley local government area (LGA). This new population will use local infrastructure and contribute to demand for its use. If Council does not invest in new and upgraded local infrastructure to meet the needs of the people who live and work in the LGA, the infrastructure service levels for the existing and future population will decline.

To ensure the area remains an attractive, functional and desirable place to live, work, visit and invest, Council has committed to providing new and upgraded local infrastructure to meet the demand of new residents, workers and visitors. This local infrastructure includes open space, recreation facilities, community facilities and traffic and transport works.

Infrastructure priorities that are identified by Council, such as those identified through the Integrated Planning and Reporting (IP&R) framework (e.g. the Community Strategic Plan, Delivery Program, Operational Plans and Capital Works Program) and Council's adopted strategies are partly funded by developer contributions. The Long-Term Financial Plan (LTFP) includes the funding expected to be collected under Council's local infrastructure contributions plans.

NSW Local Infrastructure Contributions System

Local infrastructure contributions (also known as development contributions) are monetary and land contributions from new development that enables Council to provide infrastructure for services and facilities to support growth. The services and facilities can include open space, community facilities, public domain (streetscape) works, roads and transport infrastructure. Local infrastructure contributions are one of many sources of revenue that Council uses to fund new facilities, others include general revenue, grants and special levies.

Under the EP&A Act, Council can only levy local infrastructure contributions if it has a local infrastructure contributions plan in place. A contributions plan contains information such as contributions rates, works schedule, justification for the contribution amount, payment details, and mapping of facilities. The plan content is governed by legislation with supporting practice notes, and the plan must undergo community consultation before it is made.

There are two main types of contributions:

Section 7.11 Contributions

These contributions apply to development that directly result in an increased demand for services and facilities. The relationship between new development and the increased demand for services is known as nexus. An example is new housing redevelopment that results in an increase in population, and therefore creates a demand for additional recreation and community facilities. Since 2012 these contributions have been capped at \$20,000 per dwelling, unless a variation is sought from the NSW Independent Pricing and Regulatory Tribunal (IPART).

Section 7.12 Levies

These contributions are levied using a percentage rate based on the cost of works. They are often used when there is not a strong relationship or nexus between new development and additional services and facilities. Examples in Council's current contributions plans include alterations and additions to buildings and new industrial development. Council has more flexibility in spending this type of contribution, but the amount collected is normally less than a section 7.11 contribution for comparable types of development. The maximum section 7.12 levy that can be levied is capped at 1 per cent of the development cost over \$200,000 but the Minister can approve higher proposed levies in certain circumstances.

Council's Existing Contributions Plans

Council currently operates 17 local infrastructure contributions plans applying different types of contributions (section 7.11 and 7.12) to different types of development in different areas. Updating Council's contributions planning has been identified as a priority and is a key project in the current Operational Plan 2024/2025.

Council's most recent plan is the Clarence Valley Council Contributions Plan 2011, which collects contributions from residential and non-residential development towards community facilities and open space and recreation works. When introduced, it repealed or partially repealed several predecessor plans.

However, parts of 15 predecessor plans continue to apply and collect contributions towards other types of local infrastructure, for example, roads and street trees. Most of the predecessor plans were prepared between 1992 and 2000. The plans need reviewing as they are complex, fragmented, inconsistent, out of date and no longer reflect up to date development forecasts, infrastructure demand, costs and Council's capital works priorities.

Current average indicative indexed section 7.11 contribution rates for a new dwelling is approximately \$11,000 for each new dwelling house. Current section 7.12 levies are capped at 1 per cent of the development cost over \$200,000, per NSW legislation. In the last five years Council has received an average of approximately \$1.8 million in local infrastructure section 7.11 and 7.12 contributions each year. The majority of this (84%) has been collected under Clarence Valley Council Contributions Plan 2011 with the remainder (16%) collected under the remaining 16 plans.

COUNCIL IMPLICATIONS

Budget/Financial

The review of developer contributions is an action in Council's LTFP which is included in the Council's Resourcing Strategy, July 2024. The expected income from the existing contribution plans has already been allocated under Council's LTFP.

The proposed moderate increases in development contributions under the draft plan are expected to result in slight increases in contribution income, improving Council's ability to deliver planned infrastructure in the future.

The draft Contributions Plan includes a provision indicating Council will review it every five (5) years. A key reason for doing this is to ensure it remains financially sustainable. If necessary, the contribution rates and works schedule can be adjusted as part of the next five-yearly review.

Asset Management

The draft Contributions Plan does not specifically relate to asset management. It does provide a funding source for upgrading the infrastructure items included in the works schedule, which will assist in improved to asset renewal where existing assets are upgraded.

Policy and Regulation

The draft Contributions Plan has been prepared with input and assistance from specialist development contributions consultants and complies with all relevant policy and regulation. This includes relevant provision under the EP&A Act, *Environmental Planning and Assessment Regulation 2021*, Ministerial directions, and practice notes relevant to contributions planning.

Consultation

The draft Contributions Plan has been prepared in close consultation between Development and Land Use Planning, Open Spaces and Facilities, Civil Services, Strategic Infrastructure and the Finance sections of Council.

Legal and Risk Management

The draft Contributions Plan will result in improved legal and risk management. This is because it is intended to update and replace all of Council's 17 existing local infrastructure contributions plans with a single new plan that reflects up to date development forecasts, infrastructure demand, costs, Council priorities and statutory requirements. By having an up-to-date contributions plan, Council also reduces its exposure of potential legal challenges to the validity of contributions, such as those levied under older plans.

Climate Change

The draft Contributions Plan supports infrastructure projects that improve Council's priorities to improve climate resilience. Examples include raising key sections of Yamba Road, upgrading Brooms Head Road and improving Old Lilypool Road, which all result in improved flood resilience outcomes.