



**THE HILLS**  
Sydney's Garden Shire

**THE HILLS SHIRE COUNCIL**  
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2 February 2026

Ms Fiona Phillips

Chair

The Standing Committee on Regional Development, Infrastructure and Transport

[rdit.reps@aph.gov.au](mailto:rdit.reps@aph.gov.au)

Dear Ms Phillips

### **Inquiry into Local Government Funding and Fiscal Sustainability**

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The Hills Shire Council welcomes the opportunity to contribute to the Inquiry into Local Government Funding and Fiscal Sustainability. This submission is structured to mirror the Committee's Terms of Reference and provides an account of the financial settings shaping local government in NSW, the operational realities for a high-growth council, and a set of practical reforms to restore fiscal sustainability while maintaining community confidence.

#### **Executive Summary**

The Hills is one of metropolitan Sydney's fastest-growing communities. Our population of approximately 218,264 is forecast to rise to around 326,725 by 2046. Council is custodian of approximately \$5.9 billion in community assets and is committed to delivering a further \$1.8 billion in infrastructure over the next 15–20 years through thirteen developer contribution plans. In this context, the sustainability of local government finance is under mounting pressure as rates only allow funds to maintain existing infrastructure. It does not adequately deal with cost escalation, cost shifting, and grants that are becoming costly to administer and do not assist with operational life cycle costs.

Commonwealth Financial Assistance Grants (FAGs) remain the only untied federal funding stream (circa \$8.6 million to The Hills in 2025–26), yet current indexation does not reflect local government cost drivers and the 2014–2017 indexation freeze created an ongoing structural shortfall. At the State level, the Emergency Services Levy has risen sharply, mandatory pensioner rebates leave a funding gap, and expanding compliance requirements (including cybersecurity, planning portal, and governance panels) have no dedicated revenue source. The NSW rate-pegging framework, together with the lengthy Special Rate Variation process, constrains timely alignment of revenue to growth and inflation. Statutory fees are outdated (for example, the GIPA processing charge has been fixed at \$30 since 2009), and the residential stormwater charge has been capped at \$25 since 2006 despite substantial increases in expected environmental and water quality controls that are costly to maintain and renew over traditional systems.

The developer contributions framework is, inherently risky to Councils; repeated IPART review cycles, capped contribution thresholds, and essential-works limitations have contributed to a \$207 million shortfall in Box Hill Contribution Plan 15 as an example. Infrastructure delivery is further impeded by fragmented approvals, compulsory acquisition complexity, and unregulated utility relocation costs that can comprise up to half of a project budget. Emerging planning models such as Build-to-Rent suppress rating revenue for extended periods because dwellings cannot be separately rated for fifteen years. Severe workforce shortages across engineering, project management, planning and trades are compromising delivery capacity.

## **1. Interactions Between Governments**

State and Federal Governments and their policies and programs have significant influence on the operations of Councils. For example, the State Government Policy to cap developer contributions and removing community facilities has heightened the inherent risks of construction planning and has resulted in significant funding shortfalls that are beyond the capacity of rates to absorb. To make up for the shortfall that is funding essential infrastructure, State and Federal Grants will be necessary or alternatively communities will be left short. At a time when more housing is needed, the funding of supporting infrastructure to maintain quality of life is insufficient.

### **1.1. Nature and Scale of Commonwealth, State and Territory Funding**

Council's external funding profile comprises untied Commonwealth Financial Assistance Grants (FAG), a range of tied operating grants, and capital grants from State and Federal sources. The FAG allocation is the only genuinely flexible recurrent funding stream and is a critical component of Council's operating capacity. For 2025–26 The Hills expects to receive approximately \$8.6 million in FAGs. While welcome, this level of support has not kept pace with the escalation of costs specific to local government—including construction inputs, asset renewal, insurance and utilities, regulatory compliance, and technology uplift. The three-year indexation freeze between 2014–15 and 2016–17 created a permanent base shortfall that continues to compound through subsequent years of constrained indexation.

State funding to local government is largely tied to specific services or projects. Operating grants contribute to services such as aged care, children's services, libraries, bushfire services and street lighting but generally do not achieve full cost recovery. Capital grants assist the delivery of essential community infrastructure; however, they rarely provide for the life-cycle operating, maintenance and renewal obligations that become a council responsibility after construction is complete.

It is appropriate that citizens receive the benefits of State and Federal Grants. It is a way in which Councils can address their needs, and the untied FAG is an essential component of our annual budget. Local Government is the closest tier of government to citizens and is highly effective in its service delivery. While there are clear lines of responsibilities between tiers of government, there is overlap and there is a need to fund services that are delivered on behalf of State and Federal Governments by Local Government through appropriate funding mechanisms that are sustainable. Changes in Federal legislation to aged service grants will potentially result in Councils exiting their roles to be a service provider should the alternative scheme not recognise compliance and overhead costs in the funding mechanism given to recipients.

### **1.2. Legislative and Policy Frameworks for Commonwealth Support**

The policy and legislative settings underpinning Commonwealth financial support strongly influence local government sustainability. The FAG framework's current indexation method—predominantly CPI and population—does not reflect cost pressures unique to councils, such as rising construction costs, climate and disaster recovery obligations, technology and cybersecurity investment, and regulatory compliance burdens. Restoring FAGs to at least one per cent of Commonwealth taxation

revenue and modernising indexation to reflect council-specific cost structures would improve the reliability and sufficiency of untied support.

Prepayment of FAG instalments in recent years has occasionally aided cash-flow but does not address the underlying misalignment between recurrent cost growth and grant indexation. Without reform, councils with high growth and significant asset renewal backlogs will continue to face structural deficits despite prudent financial management.

## **2. Identification of All Funding Sources**

### **2.1. Federal and State Funding Streams by Type**

Untied funding is limited to Financial Assistance Grants as covered previously. Tied or specific-purpose operating grants support discrete services but usually require council co-funding to meet full delivery standards. Project-based capital grants remain essential for delivering new or upgraded community assets; however, their administrative and compliance obligations are frequently disproportionate to project scale. For instance, Council has encountered quarterly reporting and acquittal requirements for projects valued below two thousand dollars that mirror those for projects hundreds of times larger, diverting staff time from delivery to compliance.

Revenue-sharing arrangements at the State level do not meaningfully augment local revenue bases in New South Wales, and there is no systematic sharing of major State taxes that reflect local demand growth. Emergency, disaster and resilience funding is available but often limited to narrowly defined cost categories and prerequisites that exclude legitimate local costs, such as significant internal staff time, community recovery activity and non-essential asset clean-up when these are necessary for safe operations.

One-off or ad hoc grants are occasionally announced to accelerate infrastructure delivery; however, fixed nominal values combined with multi-year delivery timeframes and construction market volatility mean that the real purchasing power of a grant can erode markedly between approval and tender. Further, the predictability of where those grants are directed is often opaque and potentially having a political element rather than need. Where Grantees fix an Upper Grant Limit before detailed design, subsequent tender prices may exceed the deeded value, and variations are not consistently approved, leaving councils to absorb unavoidable escalation or descope community benefits.

### **2.2. Own-Source Revenue (Rates, Fees and Charges, Commercial Income)**

Rates provide the most stable component of council revenue, contributing roughly forty-four per cent of recurrent income in The Hills. The NSW rate-pegging framework determines the maximum permissible increase each year. Recent methodological improvements have provided a closer alignment to base costs; however, the peg does not recognise major external pressures including cybersecurity, insurance, utilities escalation, expanded compliance regimes and responding to changing climate scenarios given so many of our assets and services operate in the wider environment having exposure to climatic elements.

The Special Rate Variation pathway can take 18 to 24 months from initiation to determination, requires extensive community engagement and evidence preparation, and carries approval uncertainty. It is also politically sensitive, and it is understood that residents do not wish to pay greater taxes so such SRV processes become risky and uncertain. Councils are relatively free to set their own service priorities but are constrained in how they may be funded. There is also an opportunity to benchmark what is considered a reasonable rate as there are significant variations between Councils both within the state and between states.

Fees and charges constitute an important component of own-source revenue, but around thirty-one per cent are statutory and set by the State. Many of these charges have not kept pace with service delivery costs. Fixed statutory fees do not reflect cost of service and indexation has been poor or non-existent for example, the GIPA processing charge has remained fixed at thirty dollars since 2009 despite the growth in complexity, volume and time required to respond to access applications. The State Government decision to remove the compliance levy in 2021, curtailed dedicated resources for oversight of privately issued Complying Development Certificates, even though a high proportion of complaints investigated by Council are substantiated and must be addressed within tight legal timeframes.

### **2.3. Stormwater Management Funding**

The prescribed maximum residential stormwater charge has been frozen at twenty-five dollars since 2006. Over the last five years, Council collected approximately \$8.5M while spending around \$20.8M on renewal of existing assets, delivery of new assets and necessary investigations. The stormwater network has a carrying value of roughly \$464M and annual depreciation of approximately \$2.1M. The current cap is inconsistent with construction cost inflation and the risk profile of increasingly intense rainfall events; reform is required to realign the charge with prudent asset management and allow for annual indexation tied to relevant construction indices. Further, as government commitments in legislation to require improved water quality outcomes, the resultant designs to accommodate those targets are significantly more costly (capital and recurrent) than traditional pits and pipes. A good example is the requirement for biofiltration through constructed swales that dramatically alter the look and operation of traditional street networks.

### **2.4. Developer Contributions and the Contributions Framework**

Developer contributions are indispensable for growth-related local infrastructure. However, the current framework in New South Wales has three systemic limitations. First, contribution rate thresholds of twenty thousand dollars for infill development and thirty thousand dollars for greenfield release areas have not been updated since 2012, despite significant increases in CPI, land values and construction costs; this forces many plans into IPART assessment simply due to ordinary indexation. Second, IPART reviews can take up to two years, during which development approvals continue under older, lower rates, creating embedded revenue shortfalls that cannot be recovered retrospectively. Third, the essential works list restricts the types of infrastructure that can be funded, excluding items such as community facility construction and library fit-out that are essential for liveability and social cohesion in new communities.

As an example, our Box Hill precinct (Contribution Plan 15) exemplifies these challenges. Since 2014, the plan has been reviewed by IPART on five occasions. Historic capping under the Local Infrastructure Growth Scheme produced an \$81M deficit that is no longer being funded by the State. Ministerial directions have prevented apportionment of the accumulated funding gap to remaining development, notwithstanding IPART support for partial apportionment. Combined with rapid growth and cost escalation, these factors have led to a funding shortfall now estimated at \$207M. Attempting to recover this gap via a Special Rate Variation focused on the affected community would be inequitable and—in practical terms—untenable given the magnitude of the increase required.

### **2.5. Rating Base Constraints (Exempt Land and Build-to-Rent)**

Large tranches of land are exempt from ordinary rates, including schools, hospitals, religious institutions, universities and Crown land. The cost of servicing the population is effectively shifted to other ratepayers. If all currently exempt properties in The Hills were fairly rated as business land, annual revenue would increase significantly, improving equity and sustainability.

Build-to-Rent developments present a distinct challenge: subdivision is prohibited for fifteen years in most zones, which means hundreds of dwellings are rated as a single assessment for an extended period. For a proposal in our Shire, modelling indicates a loss of approximately \$7M over 15 years compared with the revenue that would be raised if dwellings could be separately rated. Without legislative adjustment, this anomaly will erode the rate base precisely where density is highest and service expectations are most acute. It will also mean these residents are not paying their fair share toward the Councils operations.

### **3. Impacts and Effectiveness**

#### **3.1. Influence of Funding Arrangements on Sustainability, Services and Infrastructure**

Taken together, the FAG indexation settings, rate-pegging constraints, outdated statutory charges, stormwater funding cap and the contributions framework have produced a structural imbalance between recurrent revenues and the true cost of service delivery and asset stewardship. The consequence is mounting pressure to reduce service levels, defer renewal, or delay new works, which in turn increases long-term costs and generates community dissatisfaction. The lack of escalation recognition in fixed-value grant deeds exposes councils to unavoidable cost overruns at tender.

#### **3.2. Evolving Responsibilities and Adequacy of Existing Mechanisms**

The role of local government has expanded significantly beyond the traditional core of roads, rates and rubbish. Councils now manage complex regulatory frameworks, sophisticated digital platforms, comprehensive risk and assurance programs, and heightened community expectations around open space, libraries, community facilities and environmental outcomes. Yet the principal funding mechanisms have not evolved at the same pace. In particular, neither rate-peg indexation nor statutory fee reviews systematically recognise the additional staffing, systems and risk treatments required to operate secure, compliant and modern public organisations. Without reform, councils must fund these evolving responsibilities by drawing from the same limited revenue base, which is neither sustainable and will result in lower service standards in the future if not addressed.

#### **3.3. Barriers to Infrastructure and Service Delivery, Including Workforce**

Infrastructure delivery in growth councils is impeded by several external barriers. Land acquisitions are complex and time-consuming, especially where fragmented ownership requires multiple negotiations or compulsory acquisition processes with statutory timeframes that exceed community expectations. Approvals from external agencies can add significant time, even for infrastructure already identified in State strategies and precinct plans. The relocation of utility services can represent up to fifty per cent of a major road upgrade budget, with limited transparency or mechanisms to ensure cost efficiency and coordination. More could be done to make utility owners (Telcos, Power, water and sewer provider) pay to relocate the services clear of road upgrades that are only happening due to population growth.

Workforce constraints compound these barriers. Across Australia, ninety per cent of councils report skill shortages in engineering, planning, surveying and critical trade roles. High-growth areas face additional competition from the private sector and State agencies, driving wage differentials that councils cannot match within existing revenue frameworks. While initiatives such as the Fresh Start program are positive, funding typically covers award wages with insufficient recognition of corporate on-costs, digital tools, supervision and training, and the funding ceases if a trainee leaves—creating risk to program continuity.

### **3.4. Opportunities to Improve Productivity and Coordination**

There are opportunities to lift productivity and improve coordination across levels of government and utility providers. At the Commonwealth level, modernising FAG indexation to reflect local government cost drivers would stabilise recurrent capacity and reduce reliance on ad hoc grants. Within New South Wales, embedding environmental, technology, insurance and compliance cost components within the rate-peg methodology would more accurately reflect the cost to serve. Streamlining the Special Rate Variation process with clear, proportionate evidence thresholds and time-boxed determinations would enable timely, transparent community conversations about service levels and affordability. The biggest step changes in productivity come with technology however, current funding models provide insufficient resources to permit Councils to undertake research and develop the use of Artificial Intelligence, automation and other emerging technologies.

In the planning and contributions system, updating thresholds established in 2012, adopting conservative early-stage cost allowances, limiting IPART review timelines and allowing provisional rate use pending certification would materially reduce the lag between growth and infrastructure delivery. Establishing a regulatory mechanism for utility relocations—requiring early coordination, standardised costing and clear accountability—would reduce project risk and release scarce capital back to community-facing outcomes.

Where Councils are required to upgrade roads and infrastructure to support population growth, utilities should be required to fund the relocation and upgrade of their networks. That cost and risk should not fall back to Councils.

## **4. Previous Inquiry**

The Committee has previously received evidence on local government sustainability in the 47th Parliament. The themes set out in this submission are consistent with that evidence: structural misalignment between revenue frameworks and contemporary council responsibilities; the insufficiency of efficiency measures alone to offset exogenous cost growth; and the need for a durable national approach to untied support that recognises the diversity of local government contexts. In the New South Wales context, the 2024–25 Parliamentary Inquiry reached similar conclusions, noting that rate pegging has not kept pace with costs and that financial challenges cannot be resolved through fiscal discipline alone. A copy of Councils submission is attached to this report (Attachment 1).

## **5. Other Relevant Matters**

Housing and planning reforms are reshaping development patterns and timing across the Hills. Transit-Oriented Development precincts such as Bella Vista–Kellyville will introduce around eleven thousand six hundred dwellings—approximately twenty-three thousand two hundred residents—within a concentrated one-kilometre radius. Without commensurate State commitments to schools, open space, community facilities and both local and regional road upgrades, liveability will be impacted and congestion will intensify. The transition from Special Infrastructure Contributions to the Housing and Productivity Contribution by 1 July 2026 presents an opportunity to address the existing backlog of regional projects; legacy items identified in SIC determinations should be prioritised and funded before new commitments proceed.

Council's Box Hill experience should be regarded as a cautionary example with State-wide relevance. When contributions frameworks lock in rates that are lower than actual delivery costs and prohibit recovery of gaps from remaining development, councils inherit obligations without the resources to meet them. The result is delayed infrastructure, eroded community trust and pressure

to cross-subsidise growth areas from established suburbs—contrary to user-pays and intergenerational equity principles.

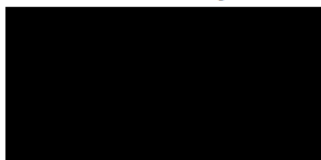
Council reaffirms its commitment to prudent financial management, transparent community engagement and the efficient delivery of core services. However, enduring sustainability requires structural reform across the Commonwealth and State frameworks that shape local government finances.

## **Conclusion**

The Hills Shire Council respectfully requests the Committee to recommend: restoration of Financial Assistance Grants to at least one per cent of Commonwealth taxation revenue with modernised indexation; suggest a standardised rate methodology that reflects environmental, technology, insurance and compliance costs; a streamlined and time-boxed Special Rate Variation pathway; require periodic audit and indexation of statutory fees and charges; stormwater funding reform to align the cap with current construction costs and enable annual indexation; comprehensive reform of the developer contributions framework to update thresholds, broaden eligible works and reduce assessment lags; a regulatory framework for utility relocations; and targeted programs that build and retain the skilled workforce required to deliver community infrastructure and services at scale. Make utilities providers responsible for the cost of relocating and upgrading their services when roads require widening and better collaboration of sustainable funding for Federal and State services when making policy/funding choices – that impact Local Government services.

These ideas will restore balance between responsibilities and resources, to align infrastructure delivery with population growth, and to safeguard the liveability and productivity of rapidly growing communities such as The Hills. Council appreciates the Committee's consideration and would welcome the opportunity to appear at a hearing to discuss this submission in further detail.

Yours faithfully



**Michael Edgar**  
**GENERAL MANAGER**

Attachment 1: Previous Submission dated 23 April 2024



**THE HILLS**  
Sydney's Garden Shire

**THE HILLS SHIRE COUNCIL**  
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23 April 2024

The Hon. Emily Suvaal MLC  
Chair  
The Standing Committee on State Development  
[Officeof.MLCSuvaal@parliament.nsw.gov.au](mailto:Officeof.MLCSuvaal@parliament.nsw.gov.au)

Dear Ms Suvaal

**Inquiry into Ability of Local Governments to Fund Infrastructure and Services**

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



for a funding gap of \$122 million. This funding gap arose despite Council's tireless effort in preparing a plan and keeping the plan up to date since the precinct was rezoned by the State Government in 2013. It is impossible for any forecasts to be 100% accurate for an ordinary project, let alone an entire precinct. There were also many factors beyond Council's control that contributed towards the funding gap. However, any forecast variances and external impact are not fully recoverable from the plan and must be funded by alternative sources that are not linked to the development. Further, as noted in IPART's final report, "there is a lack of clear guidance" and recommended "that guidance on contribution plans be reviewed to provide greater clarity to both councils and IPART".

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

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

financial stability. Only 7 metropolitan councils have not applied for an SV in the last 10 years. The impact of rate pegs and the need for additional revenue streams can also be assessed by examining the sector's debt levels, cash reserves, and infrastructure backlogs.

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

acquisition process and escalating land prices, are often beyond Council's control. Additionally, the timing and outcome of IPART's review of these plans are uncertain and the review and endorsement process can take up to two years, resulting in cash implications and not having sufficient population to recover costs. Contributions Plan 15 Box Hill Precinct (CP15), for example, was revised and submitted to IPART in April 2023. The final report released by IPART in April 2024 indicated that Council must find alternative funding for a \$122m shortfall. This shortfall continues to grow as more developments occur before the plan is adopted by Council after its endorsement by the Minister for Planning and Public Spaces. At the time of writing this submission, Council had not received Ministerial approval and it is now one year on since the draft plan was submitted to IPART. Similar delay in the IPART process has been experienced in past reviews of all contribution plans, except for CP18 Kellyville and Bella Vista where Landcom is the major developer.

#### **Funding need for community assets**

With an increase in population, there is also likely to be a future shortage of commun

compares to The Hills' average rate of \$1,100 for the same period. Given that rates make up over 45% of total revenue, a further \$144 to \$1,386 across Council's 70,000 rateable residential properties is a significant difference. It would be beneficial for NSW Councils if the Government were to conduct benchmarking and analysis in the future to determine an appropriate rate charge, considering the Local Government Act (1993) grants councils significant flexibility in service provision and service levels.

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

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

There is advantage to having a rate peg, as it removes the responsibility of initiating and determining a rate

special variation and the community's capacity to pay; and the Adopted IP&R, which must be exhibited, approved, and adopted by councils before application is made to IPART.

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

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

**(g) Any other related matters.**

**Box Hill Precinct**

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

The Box Hill Precinct was rezoned by the State Government for urban development in April 2013 with the Government's final Precinct Planning



deficit (referred to as the 'LIGS' deficit), Council has since been advised that this funding will no longer be provided. We now have no way of recouping this money which significantly affects Council's cash flow position.

- IPART assessment timeframes and restricting income from CP15 - Contribution plans are intended to enable Local Councils to levy development for the provision of the local infrastructure. For a contributions plan to levy more than \$30,000 per dwelling within a land release area, it must be reviewed by IPART prior to adoption. As part of this process, IPART assesses the draft Plan having regard to the essential works list and principles of nexus, apportionment, and reasonableness of costs. IPART exhibits a draft report for public comment before issuing a Final Recommendation Report to the Minister for Planning and Public Spaces, who in turn, approves the final plan to be implemented. As mentioned above, CP15 has been reviewed on a number of occasions with each review taking up to two years (preventing Council from implementing updated contribution rates), during which time significant amounts of development is approved at outdated, lower and insufficient contribution rates. These delays increase the value of contributions which Council would need to levy from the remaining development in the Precinct to fully fund the infrastructure works schedule.
- Escalating land values and increased construction costs - The timeframe for each plan review has limited Council's ability respond quickly to changing economic circumstances, in particular rapidly increasing land values and construction costs, to ensure the rates being levied are sufficient and accurate. Furthermore, IPART has frequently raised issue with the use of strategic cost estimates and has historically recommended revised lower costings which have consistently proven insufficient to cover infrastructure costs once these have been incurred by Council.

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

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

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

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

and buildings starts being built, the resulting density, built form and character is nothing like what was presented to the community during the planning phase. This ultimately creates distrust between the residents and Government. Residents tend to blame Council as we are the most accessible to them. However, for most of these Precincts Council has had its hand tied behind its back. The planning powers are ultimately held by State Government.

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

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

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

I thank the Committee for the opportunity to provide this submission. Should you wish to discuss these matters further, please do not hesitate to contact me on 9843 0105 or [medgar@thehills.nsw.gov.au](mailto:medgar@thehills.nsw.gov.au)

Yours faithfully



**Michael Edgar**  
**GENERAL MANAGER**