



2023-24 Local Government  
Annual Report

# Report to the Minister

October 2024

Local Government »



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## **Acknowledgment of Country**

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

## **Tribunal Members**

The Tribunal members for this report are:

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Chapter 1 >>

Executive Summary

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IPART's role in local government is governed by the [Local Government Act 1993](#), the [Environmental Planning and Assessment Act 1979](#), and related regulations, guidelines, policies and ministerial directions. IPART makes decisions and recommendations on a range of matters, including the rate peg, special variations, minimum rates, and local infrastructure contribution plans, in accordance with this framework.

Across NSW, 128 councils provide important goods, services, and facilities to their local communities. For example, they provide local roads, bridges and footpaths; libraries, parks and playgrounds; sporting fields and swimming pools; and public health, childcare, aged care and emergency management services. Councils fund their operations from a mix of revenue sources. The rates they levy on property owners typically raise around a third of their total income. The rest comes from government grants, development contributions, and user fees and charges.

IPART set the rate peg for [2024-25](#) using our [new rate peg methodology](#). The core rate peg for 2024-25 for each council ranges from 4.5% to 5.5%. There is also an allowance for population growth, meaning some high growth councils have rate pegs up to 8.2%, and adjustments for changes in the superannuation guarantee rate and council-specific Emergency Services Levy costs. These adjustments reflect our new more agile approach to setting the rate peg which better captures the cost increases faced by individual councils.

We also received 9 special variation applications for 2024-25 where councils proposed increases in rates income of more than the rate peg. We assessed these applications in accordance with the Office of Local Government's special variations guidelines. 5 of the applications were approved, a further 3 were approved for a lower increase than applied for and 1 application was not approved.

New development is essential to provide housing for NSW's growing population. The NSW local infrastructure contributions scheme helps provide new and growing communities with appropriate infrastructure to support the Government's priority of increasing housing supply. IPART assesses contributions plans which propose a level of contributions above \$30,000 per lot or dwelling in identified greenfield areas and \$20,000 per dwelling in other areas. During the year we completed final assessments of 7 contributions plans, (including one targeted review) with a further 2 draft reports completed.

In 2023-24 one of IPART's strategic priorities was to enable a broader range of stakeholders to have meaningful input in our processes. During this period we engaged with ratepayers, councils, communities, and industry bodies, collecting feedback from over 5,000 stakeholders. This input was gathered through workshops, public hearings, and formal and informal submissions related to local government matters and helped inform the reviews and decision-making processes throughout the year.

Additionally, we kept stakeholders informed about our local government reviews and processes by presenting at and participating in various conferences and events, including those organised by Local Government NSW and the Country Mayors Association.

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The 2023-24 financial year has been a period in which ratepayers, councils and communities have faced ongoing cost of living pressures. Local councils have experienced further challenges with decreased Financial Assistance Grants. These factors raise concerns about the long-term financial stability of both councils and the communities they support. Ratepayers have expressed concerns to us around the affordability of rates, and councils have expressed concerns around the challenges in servicing their communities at a time of additional cost pressures and rising community expectations.

A parliamentary inquiry was established by the Standing Committee on State Development in March 2024 to report on the ability of local governments to fund infrastructure and services. IPART submitted a written submission to the inquiry, and the IPART Chair and other IPART staff members appeared at public hearings held by the Inquiry. We consider this important inquiry could provide positive outcomes for councils, ratepayers and communities.

Chapter 2 >>

Overview

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The NSW Government requires the Independent Pricing and Regulatory Tribunal of NSW (IPART) to report on its functions related to local government to the Minister for Local Government and the Minister for Planning and Public Spaces by 31 October each year. This Annual Report describes these functions and IPART's related activities during the 2023-24 financial year.





The Terms of Reference and delegation instruments for our functions are included in Appendix A of this report. A list of our assessments and the reports we have released is available in Appendix B.

## 2.1 Exercising local government functions on behalf of the Minister for Local Government

These activities are set out in Chapter 3 of this report, and consist of:

- Setting the 'rate peg', which determines the maximum annual change in councils' general income. This includes developing the Base Cost Change (BCC), productivity factor, population factors and other adjustments.
- Determining special variation applications from councils, where councils seek to increase their general income by more than the rate peg.
- Determining applications from councils to increase their minimum rates.
- Deciding whether to set a 'waste peg' which would cap the amount by which councils can increase their domestic waste management (DWM) annual charges.

In addition, Chapter 3 outlines the following related functions and reviews we carried out this year:

- We completed a review of the rate peg methodology. This review investigated the rate peg methodology to address concerns identified with the local government rate peg. We provided the final report to Government on 31 August 2023 and published the final report on our website on 9 November 2023.
- We consulted on a Terms of Reference to review the financial model for NSW councils.

## 2.2 Assistance to the Minister for Planning and Public Spaces

We assist the Minister for Planning and Public Spaces by reviewing the local infrastructure contribution rates set by councils to fund the infrastructure required to support new developments.

The *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012*<sup>a</sup> issued by the then Minister for Planning and Infrastructure under the *Environmental Planning and Assessment Act 1979* allows councils to submit contributions plans that propose contributions rates above those specified in the Direction to IPART for assessment. IPART assesses contributions plans in accordance with our Terms of Reference and the Department of Planning, Housing and Infrastructure's [Practice Note](#). Following its assessment, IPART must publish and forward its report to the Minister for Planning and Public Spaces. The Minister (or Minister's nominee) advises the council of any amendments required to the plan. Once the council has made these amendments, the council can adopt the plan and charge contributions rates above the specified caps.

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<sup>a</sup> Further Ministerial directions amending this direction are published on the [NSW Planning website](#).

Our assessments of contributions plans submitted by councils are set out in Chapter 4 of this report. They include reviewing local infrastructure contributions plans and undertaking a targeted assessment of certain components of contributions plans.

## 2.3 IPART's ongoing improvements in stakeholder engagement

We are committed to continually improving how we deliver our local government functions. In this report, we outline our efforts in 2023-24 to improve our processes to better meet the needs of ratepayers, councils and other stakeholders. While many of our activities proceed through well-established processes and have done so for many years, best practice among regulators is to transparently review regulatory methods from time to time, in consultation with stakeholders.

We also highlight our focus on stakeholder consultation which enables us to consider a broad range of perspectives in our reviews and assessments. For example, for our 2024-25 special variation and minimum rate increase application assessment process, we developed a feedback form to increase engagement with our stakeholders. We received over 4,000 responses. We also ensured that our rate peg methodology review was a thorough and considered review with extensive consultation including stakeholder workshops across the state. So that we can continue to collect feedback on the implementation of the new rate peg methodology, we will hold periodic ratepayer workshops for ratepayers and other stakeholders, and we have established a council reference group.

Additionally, IPART Tribunal members and staff have undertaken the following in person engagements with the local government sector:

- IPART Chair participated in a panel discussion on the financial sustainability of councils, at the Local Government NSW Annual Conference on 14 November 2023 at the Rosehill Gardens Racecourse, Rosehill.
- IPART staff presented on the rate peg and special variation process at the Local Government Professionals Australia, NSW Finance Conference on 8 December 2023 at the Western Sydney Conference Centre, Penrith.
- IPART staff presented on the rate peg and special variation process at the NSW Revenue Professionals Conference 2024 on 21 March 2024 at the Albury Entertainment Centre, Albury.
- IPART Chair was on a panel to discuss the ability of councils to fund infrastructure and services, at the Local Government NSW Rural and Regional Summit on 9 May 2024 at the State Library of NSW, Sydney.
- IPART Chair presented at the Country Mayors Association meeting on 10 May 2024 at Club York, Sydney.
- IPART Chair and IPART staff appeared at the public hearing for the parliamentary inquiry established by the Standing Committee on State Development to report on the ability of local governments to fund infrastructure and services on May 17 and 30 July 2024 at Parliament House, Sydney. IPART submitted a written submission to the inquiry<sup>b</sup> on 26 April 2024.

<sup>b</sup> IPART [submission](#) 'Inquiry into ability of local governments to fund infrastructure and services', 26 April 2024

## Chapter 3 »

### Exercising local government functions on behalf of the Minister for Local Government

IPART's activities to regulate increases in a council's general income (via rate peg and special variations), minimum rates and domestic waste management annual charges.

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Under delegation from the Minister for Local Government, we regulate the extent to which councils can increase their general income and some of their rates and charges every year. Our activities help ensure that councils have access to enough funds to execute their functions, while protecting the community and ratepayers from unnecessary or unjustified costs.

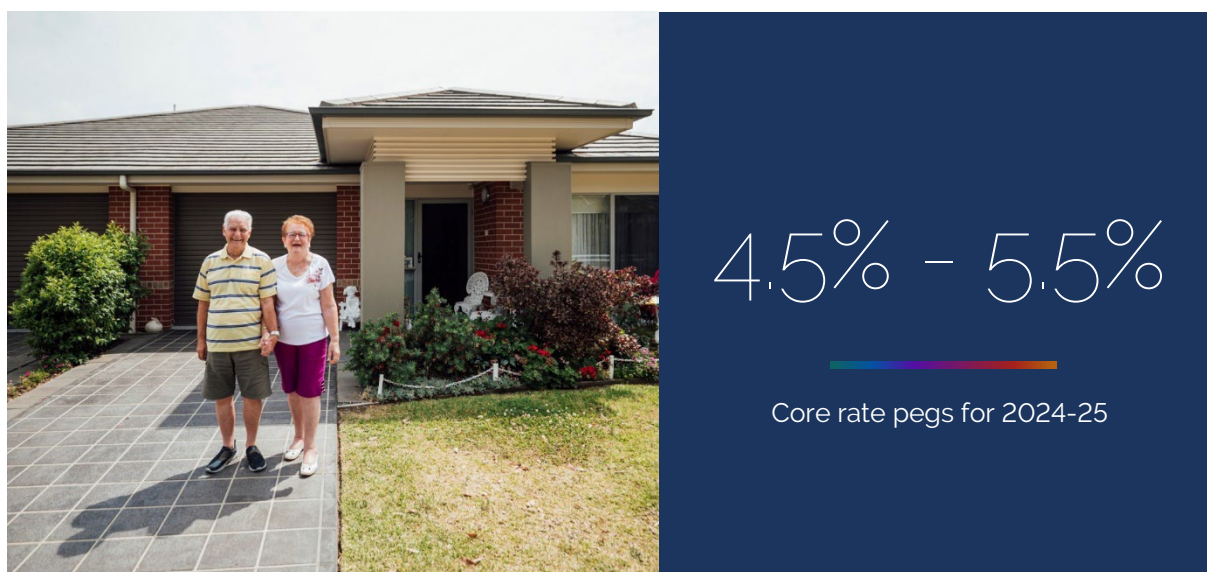
### 3.1 Variation of councils' general income (the rate peg)

The rate peg is the maximum percentage amount by which councils may increase their general income<sup>c</sup> for a financial year. IPART is responsible for determining this percentage change each year under delegation from the Minister for Local Government.<sup>d</sup>

Councils rely on rates revenue to provide their communities with services and infrastructure. Costs for councils can increase year to year, for example, if labour or construction costs increase. The rate peg is a cap on the additional rates revenue councils can collect to cover these cost increases.

We set the rate peg each year. For 2024-25, we applied a new methodology developed through a consultative review (detailed later in this section) and set a rate peg for each council.

For 2024-25, the core rate pegs range from 4.5% to 5.5%. The final rate pegs after including the population factor are between 4.5% and 8.2%.



<sup>c</sup> For most councils, general income mainly comprises income from ordinary rates.

<sup>d</sup> The Minister has the power to set the rate peg under section 506 of the *Local Government Act 1993* (LG Act).

The 2024-25 rate pegs include several components which differ across councils. This leads to councils receiving differing final rate pegs. These components include:

- changes in the base costs that a council incurs in providing services to the community (3.9%)
- an adjustment for the superannuation guarantee rate (0.4%) which applies to all councils
- a separate council specific Emergency Services Levy (ESL) factor to reflect annual changes in council contributions to the ESL that differ from the changes in the council's base costs (-0.7% to 1.2%)
- a council specific adjustment factor that reflects some of the increase in ESL costs incurred in the years when these increases were not captured by the rate peg because they were subsidised by the NSW Government (0% to 1%)
- a productivity factor which applies to all councils; this is currently set to zero until we have sufficient information to develop a new approach (0%)
- a council specific population factor that maintains the amount of rates collected per person in areas that have a growing population (0% to 2.7%).

Councils have discretion to increase general income up to the rate peg, by less than the rate peg or not at all. If a council does not apply the full rate peg increase, it will be able to catch up on the shortfall in general income over the next 10 years. Some councils might have an approved special variation, which replaces the rate peg and is not affected by these decisions.

We do not set the actual rates that households and businesses pay. It is up to each council to determine how to allocate the increase from the rate peg between households, businesses and other ratepayer categories. However, councils must set those rates to ensure that the change in total rates revenue stays at or below the rate peg limit, unless they have approval from IPART for a special variation.

Our method is designed to give ratepayers confidence that increases in council rates are reasonable, by calculating the additional revenue councils need to recover increasing costs.

## 3.2 Assessment of special variation and minimum rate increase applications

### 3.2.1 Special Variations

If elected councillors decide that a council needs to increase its rates income by more than the rate peg, the council can apply to IPART for a special variation. IPART is responsible for determining special variation applications submitted by councils.<sup>e</sup> We will assess special variation applications for a single year or for multiple years (up to a maximum of 7 years), either temporarily or permanently. We make the decision on each application on a case-by-case basis, under a delegation from the Minister for Local Government.

<sup>e</sup> Functions delegated by the Minister for Local Government under sections 508(2) and 508A of the *Local Government Act 1993*.

Councils decide to apply for additional rates income for a variety of reasons, such as to increase the quality of local services, improve long-term financial sustainability, invest in new facilities or fund backlogs for asset maintenance.

We assess special variation applications against the [guidelines](#) issued by the Office of Local Government (OLG), updated most recently in November 2020. Councils are required to explain why an additional increase in rates is needed and consider how the special variation would change their financial position and long-term plans. They must also consider whether the impact on their ratepayers is reasonable and identify the productivity improvements and cost containment strategies realised in the past and proposed for the special variation period. Finally, councils need to show that they have informed the community of the need for a special variation and have consulted with ratepayers.

### OLG criteria<sup>f</sup> for special variation assessments<sup>g</sup>



#### Financial need

Councils should provide evidence that the special variation is needed within the context of their financial situation and plans to meet community needs



#### Community awareness

Councils should demonstrate that their communities are informed on the need and extent of a rate increase



#### Reasonable impact on ratepayers

Councils should show that they have assessed the financial impact of a special variation against their community's capacity to pay



#### Integrated Planning and Reporting documentation

Councils must adopt the relevant Integrated Planning and Reporting framework documents before applying for a special variation



#### Productivity improvement and cost containment

Councils should identify and quantify their current and future strategies to improve productivity and cost containment



#### Other matters IPART considers relevant

<sup>f</sup> OLG, *Guidelines for the preparation of an application for a special variation to general income*, pp 8-10.

<sup>g</sup> In addition to any other matters considered relevant by IPART.

To better meet the needs of ratepayers and councils, we continued to improve our special variations process. We introduced a stakeholder feedback form to improve our engagement with ratepayers and other stakeholders.

This year's reports:

- expanded our affordability analysis for ratepayers reflecting the cost-of-living pressures facing the community
- emphasised the importance of the need for councils to continuously make productivity gains and pursue cost containment during the period of the special variation and beyond
- implemented a more concise pass/fail grading system for each OLG special variation criterion

### 3.2.2 Special variations for the 2024-25 financial year

On 14 May 2024, IPART announced its decisions on 9 NSW council applications for a Special Variation (SV). We received 685 submissions and more than 4,000 responses to our community feedback survey. We want to thank every single person and organisation that provided feedback. We considered all issues raised as part of that consultation.

Most of the submissions came from residents of Tamworth Regional, Snowy Valleys, Kempsey Shire and Goulburn-Mulwaree Councils.



In making its decisions, the Tribunal carefully considered the current cost of living pressures and whether increases in rates revenue were needed to enable council services to continue to be provided.

We also assessed whether the impact of the special variation on ratepayers would be reasonable, considering current rate levels, the existing ratepayer base, and the proposed purpose of the SV.

Of the 9 special variation applications we assessed this year, we decided to:

- fully approve 5 applications
- for 3 applications, approve a lower increase than the council applied for, and

- not approve 1 application.

A summary of our decisions is set out in **Table 3.1** below.

**Table 3.1 Outcomes of special variation applications assessed for the 2024-25 financial year**

Council	Application	Determination	Approved increases
Blayney Shire Council	33.1% over 3 years	Approved	10.0% in 2024-25, 10.0% in 2025-26 and 10.0% in 2026-27
Goulburn-Mulwaree Council	51.2% over 3 years	Approved a lower increase	22.5% in 2024-25
Griffith City Council	34.9% over 3 years	Approved a lower increase	10.5% in 2024-25 and 10.5% in 2025-26
Kempsey Shire Council	42.7% over 3 years	Approved a lower increase	7.9% in 2024-25 and 15% increase in 2025-26.
Narrandera Shire Council	48.1% over 2 years	Approved	25.5% in 2024-25 and 18.0% in 2025-26.
Randwick City Council	11.67% in 1 year	Approved	11.67% in 2024-25
Snowy Valleys Council	42.38% over 3 years	Not approved	rate peg
Tamworth Regional Council	36.3% over 2 years	Approved	18.5% in 2024-25 and 15% increase in 2025-26.
Willoughby City Council	15% increase in 1 year	Approved	15% in 2024-25

Note: All stated increases are inclusive of the actual rate peg for the 2024-25 financial year and an assumed rate peg of 2.5% for all other years.

Source: IPART, [Media Release – IPART Decisions on Council Special Variation Applications](#), 14 May 2024.

### 3.2.3 Minimum rates

Councils can specify the minimum amount of an ad valorem<sup>h</sup> rate to be levied on each parcel of land.<sup>i</sup> This ensures that ratepayers pay at least the minimum amount towards council services regardless of the value of their land. Should a council decide to introduce a minimum amount of a rate, it cannot set it above the specified statutory limit unless IPART has approved that council specifying a greater amount.

IPART recommended to the Minister for Local Government that the statutory limit for the minimum amount of ordinary rates for 2024-25 be increased by 4.5% from \$590 to \$617. This percentage increase reflects the minimum rate peg councils would have received for the 2024-25 financial year under our new methodology. The regulation was updated to reflect this on 1 July 2024.

<sup>h</sup> That is based wholly on land values.

<sup>i</sup> Section 548(1) of the *Local Government Act 1993*.

<sup>j</sup> Clause 126 of the *Local Government (General) Regulation 2021*. IPART exercises its function of determining applications to levy minimum rates above the statutory limit under section 548(3) of the *Local Government Act 1993* under delegation from the Minister for Local Government.



Increasing the statutory minimum rate annually ensures that the spread between minimum rates and average ad valorem rates grows at the same rate, in the absence of special or minimum rate variations. Unlike the rate peg, the statutory limit on minimum rates applies to all councils, unless the council has approval to set minimum rates above that limit.<sup>j</sup> As there is only one statutory limit on minimum rates, we recommended that the increase should match the lowest rate peg. This allows the statutory limit on minimum rates to rise by no more than the average rate increase permitted for any council.

Councils seeking to increase the minimum amount of a rate above the statutory limit for the first time, or to increase a minimum rate that is above the statutory limit by more than the applicable rate peg or special variation percentage, must apply to IPART for approval.

Unlike special variations, minimum rate increases do not change the amount of general income that a council can collect in a year. Nonetheless, they can influence how the rates are allocated among ratepayers. Since all ad valorem rates are based on unimproved land values, minimum rates are usually paid by owners of land with a low rateable value. This typically happens when there are many owners per parcel of land, as in the case of strata properties (such as apartments). In the absence of minimum rates, the rating burden can disproportionately affect owners of high value land, like detached dwellings. Councils can use minimum rates to ensure that their rating structure is fairer and the rates are more equally distributed.

IPART reviews minimum rate increase applications against OLG Guidelines. We require councils to provide evidence in support of their application to increase minimum rates above the statutory limit, including evidence of community consultation. Councils also need to consider the impact of minimum rate increases on affected ratepayers.

### 3.2.4 Applications for minimum rate increases in the 2024-25 financial year

We received applications for minimum rate increases from Goulburn-Mulwaree Council and Narrandera Shire Council in conjunction with their special variation applications. We approved Goulburn-Mulwaree Council's application for 1 year only which is in line with our special variation determination. We fully approved the application from Narrandera Shire Council. This is summarised in **Table 3.2**.

Table 3.2 Outcomes of minimum rate increase applications assessed for the 2024-25 financial year

Council	Increases applied for	Annual increases approved
Goulburn Mulwaree Council	\$300 increase over 3 years (business rates only)	Increase to \$722 in 2024-25 (business rates only)
Narrandera Shire Council	\$245 increase over 2 years (Residential, business ordinary and farmland) \$275 increase over 2 years (Business Narrandera)	Increase to \$640 in 2024-25 and \$755 in 2025-26 (for residential, business ordinary and farmland rates) \$715 in 2024-25 and \$845 in 2025-26 (for business Narrandera rates)

Source: [IPART Decisions on Council Special Variation Applications](#), 14 May 2024

<sup>j</sup> In the past, IPART set one rate peg which applied to all councils. However, section 506 of the *Local Government Act 1993* was amended in May 2021 to expressly allow for different rate pegs for different councils. From the 2022-23 rating year, IPART has decided to set a separate rate peg for each council.

### 3.2.5 Crown land adjustments

Crown lands are generally exempt from rates. Councils may apply to the Office of Local Government (OLG) to seek additional general income to account for parcels of Crown land that have become rateable. This land becomes rateable if it is sold or leased to private entities, or transferred to State Owned Corporations that are liable to pay rates. These adjustments allow councils to apply the full rate peg or special variation (SV) uniformly to all rating categories.

OLG assesses councils' requests for Crown Land Adjustments (CLA) and makes recommendations to IPART about the appropriate percentage increase to general income. Crown land adjustments are usually not subject to the standard criteria for a special variation application, as they are expected to have no financial impact on other ratepayers. If IPART approves an application for a Crown land adjustment, IPART typically grants a single-year permanent SV. However, where the council has an existing multi-year SV, we treat the CLA application as an application to vary the existing SV instrument.

This year, we approved Walgett Shire Council's and Strathfield Municipal Council's CLA applications for permanent increases to their rate bases for the 2024-25 financial year, to reflect the additional income from properties that are now rateable. We granted Walgett Shire Council a single-year permanent SV instrument, and because Strathfield Municipal Council had an existing multi-year SV, varied its existing instrument. In making these determinations, we had regard to OLG's assessment that these applications were valid.

## 3.3 Domestic waste management annual charges

In 2010, the Minister for Local Government delegated to IPART the function of specifying the maximum percentage by which councils may vary the amounts of annual charges for domestic waste management (DWM) services for a specified year.

IPART decides each year to set a maximum percentage ('waste peg') by which NSW councils can increase their DWM annual charges. Since 2010, IPART has decided each year it would not limit the variation of these charges.

In October 2022, we completed a [review](#) of how we exercise our regulatory functions relating to DWM annual charges to inform our future decisions and consider how best to protect customers and ensure the charges provide value for money into the future.

During our review, OLG recommended a new approach to regulating DWM annual charges of OLG providing further guidance to councils and undertaking targeted investigation of councils that may be imposing unjustifiably high charges on their communities. IPART recommended that OLG implement its recommended regulatory approach for DWM annual charges.

IPART's decision for the 2024-25 financial year is that no limit is to apply to the percentage by which councils may vary their domestic waste management annual charges. In making this decision, we considered OLG's regulatory role and its planned approach to regulating DWM annual charges.

We also recognised the need to support councils and communities in meeting the NSW Government's Waste and Sustainable Materials Strategy 2041 targets and transitioning towards a circular economy. This includes requirements for councils to provide food organics and garden organics (FOGO) collection services to all NSW households by 2030.

### 3.4 Review of the rate peg methodology

On 31 August 2023, IPART provided to Government its Final Report on the review of the rate peg methodology. This was then published on our website on 9 November 2023. The report outlined our decisions on the new rate peg methodology, to apply from the 2024-25 rate peg.

Our final recommendations to the NSW Government included commissioning an independent review of councils' financial model and other mechanisms aimed at enhancing financial sustainability, accountability, and community trust within the sector.

The new rate peg uses forward looking measures of councils' base costs. This addresses the issue of using lagged data in a volatile economic climate. The new methodology delivers rate pegs that more accurately reflect changes in the costs NSW councils incur in providing their current services, and our changes also more accurately consider the diversity of councils across the State. The methodology provides the option of additional adjustment factors which allows for the rate peg to be more agile and responsive.

During the review we undertook extensive consultation which included input from councils and ratepayers through workshops, focus groups, submissions, and a public hearing. We received more than 169 submissions to the issues paper and draft report and there were nearly 3,400 responses to the survey of ratepayers.

We will continue to consult with ratepayers, councils and other stakeholders on the implementation of the rate peg methodology. We will hold periodic ratepayer workshops, and this will be a mechanism for ratepayers and other stakeholders to provide their feedback and views on the implementation of the new rate peg methodology and for us to share any new developments on our rate peg methodology. We have decided to establish a council implementation reference group to advise us on the implementation of our new rate peg methodology. The purpose of the reference group would be to identify any practical issues or unintended consequences that might arise from implementation

### 3.5 Review of NSW councils' financial model

In January 2024 IPART received a draft Terms of Reference (ToR) from the NSW Government to investigate and report on the financial model for NSW local councils under section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992*.

We consulted on the draft Terms of Reference until 15 March 2024 via a survey and submissions. IPART received 103 submissions to the Draft Terms of Reference and 448 responses to the Have your Say survey from ratepayers, councillors, and organisations including councils, council organisations and advocacy groups.

On 19 March 2024, IPART received a letter from the NSW Government withdrawing the referral for the review. The letter stated that the referral was being withdrawn to avoid unnecessary duplication, as the matter would now instead be considered by the NSW Parliament's Standing Committee on State Development. The Committee would inquire into and report on the ability of local governments to fund infrastructure and services. IPART gazetted notice of, and reasons for, the withdrawal of the referral on 5 April 2024.

### 3.5.1 NSW Parliamentary Inquiry

A parliamentary inquiry was established by the Standing Committee on State Development on 14 March 2024 to report on the ability of local governments to fund infrastructure and services.

On 26 April 2024 IPART submitted a written submission to the inquiry<sup>k</sup>. The IPART Chair and other IPART staff members appeared at public hearings held by the Inquiry on May 17 and 30 July 2024.

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<sup>k</sup> IPART [submission](#) *'Inquiry into ability of local governments to fund infrastructure and services'*, 26 April 2024

## Chapter 4 »

### Assistance to the Minister for Planning and Public Spaces

Assessment of Contributions Plans submitted by councils to  
levy developer contribution rates to fund new infrastructure.



Councils can levy contributions towards the cost of providing local infrastructure. We assist the Minister for Planning and Public Spaces in reviewing councils' local infrastructure contribution plans where a council proposes to levy contributions above the specified caps to fund the infrastructure required by new development. Our work helps to ensure that councils' estimates reflect the reasonable cost of providing this infrastructure.

## 4.1 Review of Local Infrastructure Contribution Plans

New development is essential to provide housing for NSW's growing population and more commercial, retail, and industrial space for employment. When development occurs, local councils need to provide additional infrastructure to support both the development and the new community – for example, new roads, stormwater management and open spaces. In NSW, councils can require developers to contribute to the cost of providing that infrastructure..

Contributions plans are prepared by councils. They set out the local infrastructure required to meet the demand from new development, and the contributions a council can levy on developers to fund the necessary land and works. Currently, a contributions plan that proposes a level of contributions above a threshold of \$30,000 per lot or dwelling in identified greenfield areas and \$20,000 per dwelling in other areas must be submitted to IPART for review.



An IPART reviewed contributions plan allows councils to levy contributions from developers above the specified caps, to fund local infrastructure required to meet the demand from a new development.

To carry out our assessments, we evaluate plans in accordance with our Terms of Reference<sup>a</sup> and against the criteria set out by the Department of Planning, Housing and Infrastructure (DPHI) in its [Practice Note](#) and summarised below. We also consult with DPHI, the council and consider any submissions from stakeholders, as part of a public review process.

<sup>a</sup> IPART was first asked to review contributions plans in 2010 when it entered into an arrangement with the then Minister for Planning under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992*. The current [Terms of Reference](#) was issued in November 2018.

If costs in the contributions plan are too high, developers may pay too much for local infrastructure, which may discourage development. On the other hand, if costs in the plan are too low, then new development will impose costs on the existing and future or broader community that does not use the infrastructure. This is because the council would ultimately have to fund any gap for required infrastructure from other sources, such as general revenue from rates or grants, rather than the revenue received from development contributions.

We provide a report on our review to the Minister for Planning and Public Spaces. The Minister (or the Minister's nominee) then advises the council of any required amendments to its contributions plan. Once the council has made any amendments, it may levy the contributions amounts set out in the adopted plan.<sup>b</sup>

### Criteria for contributions plans assessment<sup>c</sup>

- 01 **Essential Works List**  
The public amenities and public services in the plan are on the essential works list, which sets out which items are considered necessary to meet the demand for new infrastructure.

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- 02 **Nexus**  
The proposed public amenities and public services are reasonable in terms of nexus, meaning that there is a connection between the land and facilities in a contributions plan and the demand for them arising from the new development.

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- 03 **Reasonable cost**  
The proposed development contributions are based on a reasonable estimate of the cost of the proposed public amenities and public services, meaning that the way the council derived its proposed costs, including its use benchmarks and/or indexes, and external valuations, is appropriate.

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- 04 **Reasonable timeframe**  
The proposed public amenities and public services can be provided within a reasonable timeframe.

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- 05 **Reasonable apportionment**  
The proposed development contributions are based on a reasonable apportionment of costs, meaning that costs are divided equitably between all those who create the need for the infrastructure, including any existing population.

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- 06 **Community liaison and publicity**  
Council has conducted appropriate community liaison and publicity in preparing the contributions plan.

<sup>b</sup> Minister for Planning, *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012*, 21 August 2012 as amended (Direction).

<sup>c</sup> The criteria are set out in the Practice Note and summarised below.

## 07 Other matters

The contributions plan addresses other matters we consider relevant.

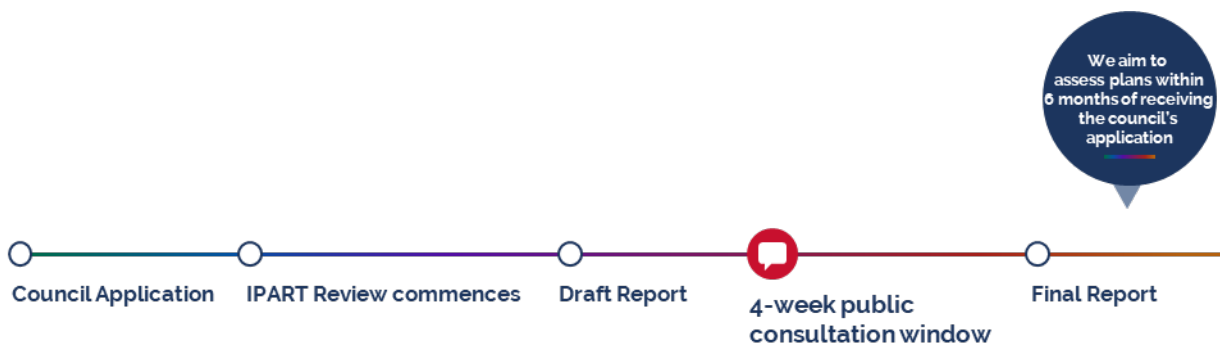
While timelines for reviews vary, we acknowledge that our assessment process is taking longer than intended. This usually occurs when:

- the council has requested us to pause the review, so it can undertake further work or for other reasons
- we have requested further information from the council, and the council requires time to provide the requested information.

We are currently reviewing our internal assessment processes, in consultation with councils and other stakeholders, to identify areas where we can streamline our processes or identify where improvements can be made to reduce the time it takes for us to complete our reviews.

As part of the typical assessment process, we release a Draft Report, followed by a 4-week period where we seek submissions on our recommendations from the public and interested stakeholders. We then publish our final recommendations in the Final Report, which will be delivered to the Minister and the council. The Minister considers our assessment and, if appropriate, advises the council to amend the contributions plan.

Figure 4.1 General timeline for assessing contributions plans



### 4.2 Contributions plans reviewed in the 2023-24 financial year

During 2023-24, we completed final assessments of 7 plans (including one targeted review) which were received in the previous financial year. We received 4 contributions plans for review during 2023-24 and completed 2 draft reports and commenced 2 reviews of contributions plans. Details of the review status for each of the plans are shown in **Table 4.1**.



Table 4.1 Timeline of contributions plans reviewed in the 2023-24 financial year

Council	Contributions Plan	Status in FY23/24	Date Received	Date Completed	Time review was on hold <sup>a</sup>
Wollondilly Shire Council	Appin	Review commenced	June 2024	Ongoing	
Wollongong City Council	West Dapto	Review commenced	April 2024	Ongoing	
Penrith City Council	Orchard Hills North	Draft Report published	September 2023	Ongoing	
Penrith City Council	Glenmore Park - Stage 3	Draft Report published	September 2023	Ongoing	
The Hills Shire Council	Revised CP15 - Box Hill (2023)	Review completed	April 2023	April 2024	
Blacktown City Council	Section 9 review - Targeted Stormwater and Soil Disposal costs in CP20 and CP21	Review completed	March 2023	February 2024	
Liverpool City Council	East Leppington	Review completed	September 2021	January 2024	December 2021 to September 2023
Camden Council	Camden Growth Areas Contributions Plan - Lowes Creek Maryland	Review completed	March 2023 (updated May 2023)	December 2023	
Blacktown City Council	CP24 - Schofields Precinct (2022)	Review completed	November 2022	October 2023	
Liverpool City Council	Austral and Leppington North Precincts	Review completed	April 2021	July 2023	December 2021 to October 2022
Northern Beaches Council	Frenchs Forest Town Centre	Review completed	August 2022	July 2023	

a: Reviews are placed on hold when requested by the council, or where we have requested further information from the council and are waiting for a response.

Source: See the [IPART website](#) for a list of current and completed assessments of contributions plans

Table 4.2 Contributions plans assessments in the 2023-24 financial year

Contributions plan	Revised total cost (\$m) <sup>a</sup>	Change in total cost	Change in contribution rates	Key recommendations
<b>The Hills Shire Council</b> - Revised CP15 - Box Hill (2023)	1,086.8	\$131.4 million removed (11% reduction)	Killarney Chain of Ponds: council proposed rates: \$43,022 - \$97,518. IPART recommended rates: \$34,130-\$77,362 (20.7% reduction in all rates) Second Ponds Creek: council proposed rate: \$38,812 - \$87,975. IPART recommended rates: \$29,419-\$66,684 (24.2% reduction in all rates)	<ul style="list-style-type: none"> <li>Remove \$1.2 million for the skate bowl/plaza and pump track/BMX track from open space.</li> <li>Remove \$8.23 million received from AIF grant funding.</li> <li>Update apportionment of 6 transport items to 70% of plan.</li> <li>Change plan admin costs to 1.5% of works costs.</li> <li>Remove \$112.8 million of estimated funding gap in NPV terms when setting residential contribution rates.</li> <li>Remove \$9.2 million of estimated funding gap in NPV terms when setting non-residential contribution rate.</li> <li>Review the method used to index the cost of land.</li> <li>The council only include construction costs for one item (BHT22) and its updated land acquisition costs if the Minister issues a section 7.19(1) direction to amend the plan accordingly.</li> <li>We also recommended the Practice Note be updated include more guidance on managing risks and funding gaps.</li> </ul>
<b>Blacktown City Council</b> - Section 9 review - Targeted Stormwater and Soil Disposal costs in CP20 and CP21	83.7 (for 5 priority stormwater basins and associated soil disposal)	No adjustment made to council's proposed stormwater costs, however, is expected to result in an increase to CP20 of around \$66.6 million. No change to CP21.	Eastern Creek: CP20: \$86,766/ dwelling. Indicative rates including revised stormwater costs: \$94,374/dwelling. (8.8% increase). First Ponds Creek: CP20: \$88,606/ dwelling. Indicative rates including revised stormwater costs: \$94,795 /dwelling. (7% increase).(assuming density of 15 dwellings/ha).	<ul style="list-style-type: none"> <li>Noting the scope of this review was limited to reasonableness of the council's costs for priority stormwater detention basins and soil disposal costs. IPART found the council's proposed revised costs to be reasonable.</li> </ul>

<sup>a</sup> Note that the revised costs and changes to contribute rates in this table are IPART recommendations and may differ from the Minister's final direction to council.

Contributions plan	Revised total cost (\$m) <sup>a</sup>	Change in total cost	Change in contribution rates	Key recommendations
<b>Liverpool City Council</b> - East Leppington	79.9	No adjustment made to costs proposed by council	\$66,365 per average dwelling (no change)	<ul style="list-style-type: none"> <li>Review all works costs in CP including changes to assumptions and strategies, actual costs of delivering land and works, and site specific estimates, recent benchmarks or other relevant sources.</li> </ul>
<b>Camden Council</b> - Camden Growth Areas Contributions Plan - Lowes Creek Maryland	442	\$2.6 million removed from the plan (less than 1%)	Council proposed rate for typical dwelling: \$68,000. IPART recommended rate: \$67,500 (lowered by less than 1%)	<ul style="list-style-type: none"> <li>List the ancillary stormwater items provided with transport works and costs of essential works stormwater items and amend the plan to reflect reallocation of stormwater infrastructure from the transport category.</li> <li>Reduce long service levy from 0.35% to 0.25%.</li> <li>Apply 5% land acquisition allowance across all infrastructure categories</li> <li>Update administration costs (1.5% of works costs) to reflect updated costs in plan.</li> <li>Issue new works schedule incorporating cost estimate updates.</li> <li>Provide more detailed timing for works and land acquisition in the next review.</li> <li>Remove proposed amendments that apply to Leppington and Leppington North.</li> </ul>
Blacktown City Council - CP24 - Schofields Precinct (2022)	323.5	No adjustment made to costs proposed by council	\$45,739 to \$131,254 depending on dwelling type and location (unchanged)	<ul style="list-style-type: none"> <li>The plan should establish that CPI- All Groups Sydney will be used to escalate the portion of the contributions rates relating to land costs if the LVI becomes unavailable.</li> <li>The LVI should only apply to the proportion of the contribution rates that represent the value of land not yet purchased, at the time the contributions plan is adopted</li> </ul>
Liverpool City Council - Austral Leppington North Precincts	1,006.4	No adjustment made to costs proposed by council	\$60,000 per residential lot (unchanged)	<ul style="list-style-type: none"> <li>The stormwater strategy should be reviewed within 2 years and adjustments made based on findings of review.</li> <li>LVI should only apply to land not yet purchased at the time the plan is adopted.</li> <li>Works costs should be reviewed within 2 years.</li> </ul>

Contributions plan	Revised total cost (\$m) <sup>a</sup>	Change in total cost	Change in contribution rates	Key recommendations
Northern Beaches Council - Frenchs Forest Town Centre	64	Total cost reduced from \$77,073,440 (17% reduction)	Council proposed contribution rate: \$26,345 for 2-bedroom dwelling. IPART recommended rate: \$25,456 (3.4% reduction)	<ul style="list-style-type: none"> <li>The plan should be resubmitted to IPART within 3 years.</li> <li>The council should explore options to increase open space provision.</li> <li>Update cost estimates, land valuations and work schedule and resubmit the plan within 3 years.</li> <li>Adopt a land value index for future land acquisitions and use the ABS PPI for indexing the future cost of works</li> <li>Remove costs funded by grants and community hub building works.</li> <li>Include administration cost of \$12,000 per lot acquired.</li> </ul>

#### 4.2.1 Contribution plans completed this financial year

This year, we completed 7 contribution plan assessments, as follows:

**Contributions Plan – Revised CP15 – Box Hill (2023)** was submitted to IPART by the Hills Shire Council in April 2023. The council proposed to levy a contribution rate of around \$95,000 for a typical house. Under our recommendations, we estimated contribution rates to range from \$29,000 for an apartment and up to \$77,000 for a typical house. This was IPART's fifth review of the plan. These contributions will fund upgrades to infrastructure in the area to meet a projected population increase of 51,231 people and 16,699 new dwellings. Our Draft Report was released in October 2023. The council proposed to recover a funding gap of around \$172 million in present value terms, which had accumulated since development first commenced in Box Hill in 2014. The Tribunal concluded that the best available option was to allocate the funding gap in proportion to the amount of development remaining, i.e., 29% of the funding gap could be allocated to the remaining development. This resulted in recommending that the council recalculate its contribution rates to generate \$122 million less than its total precinct costs in NPV terms. We also recommended that the Practice Note be updated to provide more guidance on how to address funding gaps. Our Final Report was published in April 2024. In July 2024, the Minister's nominee wrote to the Hills Shire Council to advise that they did not support IPART's approach to apportion 29% of the funding gap to the remaining development nor the council's proposal to apportion 100% of the funding gap to the remaining development. The Minister's nominee directed the council to remove \$172 million from the plan in setting residential contribution rates.

**Targeted Stormwater and Soil Disposal costs in Blacktown City Council's Contributions Plans (CP20 and CP21)** IPART commenced a Section 9 review under the IPART Act to assess construction costs for priority stormwater detention basins and associated soil disposal costs in CP20 and CP21. We received the Terms of Reference from then Minister for Planning in June 2022. We received the council's application in March 2023 which proposed costs of \$83.7 million for stormwater detention basins and soil disposal. In our previous reviews, we recommended removing \$140 million of soil disposal costs from the cost of essential works for CP20 and \$95 million of stormwater infrastructure costs from CP21. At the time we assessed the contributions plans, we did not find there was justification to include these costs in the plans. This Section 9 review focused only on the reasonableness of the construction costs for priority stormwater detention basins and associated soil disposal costs. We found the council's cost estimates for stormwater and soil disposal to be reasonable. We provided our Final Report to the Minister for Planning and Public Spaces in February 2024.

**Contributions Plan – East Leppington** was submitted to IPART by Liverpool City Council in September 2021. The review was placed on hold from December 2021 to September 2023 while we sought key information regarding the plan and prioritised the council's concurrent CP in Austral and Leppington North. The council sought to collect contributions totalling \$79.9 million. The East Leppington Precinct covers a Net Developable Area of 75.6 ha within the South West Growth Area. The precinct will accommodate an additional 3,485 residents in 1,129 dwellings. We released our Draft Report in November 2023. Overall, we found costs across stormwater, transport and open space are based on a reasonable estimate, but transport and open space appear to be low. We encouraged the council to review its costs ahead of the next IPART Review of the plan. The Final Report was published in January 2024.

**Contributions Plan - Camden Growth Areas - Lowes Creek Maryland** was submitted to IPART by Camden Council in March 2023 and a revised version was submitted to IPART for review in May 2023. The plan covers the Lowes Creek Maryland precinct and elements of Leppington and Leppington North and sought to collect contributions totalling \$445 million. The Lowes Creek Maryland development will increase the population by 21,000 in 7,000 dwellings. Our Draft Report was released in September 2023. Our final recommendations included changes to costs, allowances and timing and removed \$2.6 million from the plan. Based on our recommendations, the total cost of the plan is \$442 million. The development contribution rate for a dwelling, ranges from \$39,340 to \$75,141 depending on the dwelling type. The Final Report was published in December 2023.

**Contributions Plan – Schofields Precinct (2022)** was submitted to IPART by Blacktown City Council in November 2022. This was IPART's third review of the plan, which began in 2013 and is expected to continue for another 5 to 10 years. The council sought to collect contributions totalling \$323.5 million. The Schofields precinct is a 465-hectare area within the Blacktown local government area and is part of the North West Growth Area. Development is projected to increase the population by 10,500 new residents in 3,700 dwellings. Our draft Report was released in July 2023. We made recommendations about how the Land Value Index and Consumer Price Index should be applied. The total cost of works and land in the plan is around \$323 million and residential contributions range from around \$46,000 to \$131,000 for dwellings in the Schofields precinct. Our Final Report was published in October 2023.

**Contributions Plan – Austral and Leppington North Precincts** was submitted to IPART by Liverpool City Council in April 2021. The review was placed on hold from December 2021 to October 2022. The Austral and Leppington North Precinct contains 1,175 ha of Net Developable Area within the South West Growth Area. The council sought to collect contributions totalling \$1006 million. Development of the precinct is expected to occur over 20 years and will accommodate a population of around 58,000 residents and up to 13,000 additional workers. We released our Draft Report in April 2023. Overall, our preliminary findings on costs across stormwater, transport and open space are based on a reasonable estimate but appear to be low. We recommended several measures to improve the estimates of infrastructure costs. We also recommended the council comprehensively review its stormwater strategy to ensure adequate scope of infrastructure. The Final Report was published in July 2023.

**Contributions Plan – Frenchs Forest Town Centre** was submitted to IPART by Northern Beaches Council for assessment in August 2022. The council sought to collect contributions totalling \$77 million. The Frenchs Forest Town Centre precinct is focused on the redevelopment of the existing Forest High School site and surrounds. It is expected to provide 1,930 new dwellings for 3,894 residents and non-residential floor space for 1,757 workers. We released a Draft Report in April 2023. Our recommendations determined a reasonable total cost of works and land for the contributions plan is \$64,269,335. This results in an estimated development contribution rate from \$11,377 per resident up to \$36,101 for a 3+ bedroom. The Final Report was published in July 2023.

#### 4.2.2 Contributions plans received for review in the 2023-24 financial year

In this financial year, we commenced reviews of 4 other contribution plans as follows:

**Contributions Plan – Glenmore Park Stage 3** was submitted to IPART by Penrith City Council in September 2023 alongside the Orchards Hills North CP. Glenmore Park is a roughly 206 ha area within the Penrith local government area. The precinct is forecast to result in 2,310 new dwellings to support a population increase of 6,898 residents. Our Draft Report was completed in May 2024. We recommended that contingencies in the plan receive a net increase, with some stormwater items rising from 15% to 30% contingency allowance and a 20% and 15% contingency allowance applied to transport and open space works. We also recommended that the works schedule be adjusted for new estimates and CPI values to bring transport costs in line with the indexation of other items. We also sought comment from the council on the costs and apportionment levels for some items in the plan. We received 3 submissions to the Draft Report. The Final Report was published after the reporting period, in September 2024.

**Contributions Plan – Orchard Hills North** was submitted to IPART by Penrith City Council in September 2023 alongside the Glenmore Park Stage 3 CP. The precinct covers around 152 ha and is forecast to result in 1,675 new dwellings to support a net population increase of 5,025 residents. Our Draft Report was completed in May 2024. Our recommendations included increasing contingency levels and adjusting the works schedule for new sources and errors. We also sought comment on numerous issues to help us understand the basis of costs for certain items. We received 3 submissions to the Draft Report. The Final Report was published after the reporting period, in September 2024.

**Contributions Plan – West Dapto 2024** was submitted to IPART by Wollongong City Council in April 2024. The plan covers the West Dapto Urban Release Area, an area of around 4,700 ha spanning several suburbs. Pre-development population was around 7,000 people in 2,300 homes. Up to 20,000 new dwellings are expected to support an additional 59,000 people by 2062. This is IPART's third assessment of the plan. The Draft Report was published after the reporting period, in September 2024.

**Contributions Plan – Appin** was submitted to IPART by Wollondilly Shire Council on 28 June 2024. The plan applies to the Appin Growth Area which is part of the Greater Macarthur Growth Area. The Appin Growth Area covers around 1,358 ha of land, including around 1,353 ha for residential development and 5 ha for non-residential development. Up to 18,650 dwellings are expected to support a population increase of 55,950. This is the first time IPART has reviewed the plan. We anticipate releasing a Draft Report by the end of 2024.

### 4.3 Updated discount rate

We recommend councils apply the local government discount rate when calculating local infrastructure contributions using a net present value (NPV) approach.

When determining contribution rates in a contributions plan, councils have the option of using the net present value (NPV) approach. This involves the use of a cash flow model where future revenues and costs are discounted by a specified discount rate.

To assist councils that want to use an NPV approach, we calculate our recommended discount rate every six months and publish the results on our website in February and August.

As at the end of January 2024, the nominal local government discount rate is 3.2% and the real discount rate is 0.6%.



# Appendices

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Appendix A >>

Terms of Reference



## A.1 Terms of Reference delegating functions to IPART



## TERMS OF REFERENCE

I, Kristina Keneally, Premier of New South Wales approve the provision of services by the Independent Pricing and Regulatory Tribunal (IPART) under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992 (IPART Act)* to the Minister for Local Government (Minister) for the development of a local government cost index in accordance with the following terms of reference.

### Background

Since 4 June 2010, the NSW Government has announced changes to local council charges on new housing development. The changes will lower the cost of new housing construction and provide certainty, transparency and fairness to councils, landowners, developers and the community.

At the same time the Government announced that in future the amount by which councils could increase their rating income will be determined by IPART having regard to the movements of the Local Government Cost Index and Productivity Factor. These functions are to be delegated to IPART by the Minister for Local Government.

### Terms

In providing the services, IPART must:

- (a) develop a local government cost index (**Local Government Cost Index**);
- (b) develop a productivity factor (**Productivity Factor**); and
- (c) publish the Local Government Cost Index and the Productivity Factor on IPART's website.

In developing the Local Government Cost Index and the Productivity Factor, IPART is to have (where relevant) regard to the following matters (in addition to any other matters IPART considers relevant):

- (a) the change in prices of goods and services composing the typical expenditure of Councils to reflect the annual change in underlying costs of ordinary council operations;
- (b) the findings and recommendations of IPART's final report on the local government review titled "Revenue Framework for Local Government";
- (c) the identification of appropriate price indices that would reflect the movement in component costs over time;
- (d) the estimation of the relevant weights to apply to the components of the index; and

- (e) the scope for productivity improvements across the community and in comparable sectors of the economy and the achievable productivity improvements by Councils.

### **Definitions**

Council has the meaning given to that term under the EP&A Act.

EP&A Act means the *Environmental Planning and Assessment Act 1979*.

### **Interpretation**

- (a) A reference to a law or statute includes regulations, rules, codes and other instruments under it and consolidations, amendments, re-enactments or replacement of them.
- (b) A reference to an officer includes a reference to the officer who replaces him or her, or who substantially succeeds to his or her powers or functions.
- (c) A reference to a body, whether statutory or not:
  - a. which ceases to exist; or
  - b. whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.
- (d) Words importing the singular include the plural and vice versa.

## TERMS OF REFERENCE

I, Kristina Keneally, Premier of New South Wales approve the provision of services by the Independent Pricing and Regulatory Tribunal (IPART) under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992 (IPART Act)* to the Minister for Planning and the Councils for the review of Reviewable Contributions Plans in accordance with the following terms of reference.

### Background

Since 4 June 2010, the NSW Government has announced changes to local council charges on new housing development including:

- (1) imposing a cap of \$20,000 per lot for council imposed charges on new development on land in established areas and a cap of \$30,000 per lot for council imposed charges on new development on land determined by the Minister for Planning as being within Greenfield areas; and
- (2) requiring IPART to review certain council Contributions Plans.

The changes will lower the cost of new housing construction and provide certainty, transparency and fairness to councils, landowners, developers and the community.

The Department of Planning, in conjunction with the Division of Local Government and IPART (overseen by the Land and Housing Supply Coordination Taskforce) are to develop guidelines for preparing Contributions Plans. Councils with contributions within their Contributions Plans that exceed the relevant cap will be required to submit them to IPART for review unless otherwise exempt by the Minister for Planning. Further, when Councils conduct a review of their Contributions Plans, they will be required to submit them to IPART for review prior to finalising those plans if the contributions within those plans exceed the relevant cap. The Minister may also refer to IPART for review any Contributions Plan that is below the relevant cap, where changes are proposed to that plan that the Minister considers merit having an independent assessment. Once IPART receives those plans, IPART is to assess them against the Guidelines and the Regulation and report to the Minister for Planning and Councils on the compliance of those plans.

### Terms

In providing the services, IPART must:

- (a) assist with the preparation of revised contributions plan guidelines;
- (b) conduct an assessment of the Reviewable Contributions Plan against the Guidelines and the Regulation. As part of that assessment, IPART should consider whether:
  - (i) the infrastructure listed in the plan is essential infrastructure
  - (ii) the costs in the plan are reasonable
  - (iii) the Contributions Plan complies with the Guidelines and the Regulation;

(c) provide a report to the Minister for Planning and the relevant Council on IPART's assessment of the Contributions Plan under paragraph (a); and

(d) publish a copy of the report in paragraph (b) on IPART's website.

In conducting the assessment under paragraph (a), IPART is to:

- (a) consult with the Department of Planning (NSW);
- (b) consult with the relevant Council and any other person IPART considers necessary; and
- (c) consider any criteria set out in the Guidelines (in addition to any other matters IPART considers relevant).

### Definitions

Cap means:

- (a) the \$20,000 cap per residential dwelling or per residential lot on land in established areas; or
- (b) the \$30,000 cap per residential dwelling or per residential lot on land determined by the Minister for Planning as being within Greenfield areas.

Contributions Plan means a contributions plan prepared and approved by the relevant Council under Part 4, Division 6 of the EP&A Act.

Council has the meaning given to that term under the EP&A Act.

EP&A Act means the *Environmental Planning and Assessment Act 1979*.

Guidelines means the current guidelines or practice notes (as the case may be) issued by the Department of Planning on Contributions Plans under Part 4, Division 6 of the EP&A Act.

Regulation means the *Environmental Planning and Assessment Regulation 2000* relating to the Contributions Plan.

Reviewable Contributions Plan means either:

- (a) a Contributions Plan which has a contribution that exceeds the relevant Cap, other than a Contributions Plan for which a Council, as at 31 August 2010, has received (in aggregate) development applications for at least 25 per cent of potential development within that existing Contributions Plan; or
- (b) a Contributions Plan which the Minister for Planning determines from time to time should be subject to review by IPART.

### Interpretation

- (a) A reference to a law or statute includes regulations, rules, codes and other instruments under it and consolidations, amendments, re-enactments or replacement of them.
- (b) A reference to an officer includes a reference to the officer who replaces him or her, or who substantially succeeds to his or her powers or functions.
- (c) A reference to a body, whether statutory or not:
  - a. which ceases to exist; or
  - b. whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.
- (d) Words importing the singular include the plural and vice versa.
- (e) Explanatory notes do not form part of the terms of reference, but in the case of uncertainty may be relied on for interpretation purposes.



## TERMS OF REFERENCE

I, Kristina Keneally, Premier of New South Wales approve the provision of services by the Independent Pricing and Regulatory Tribunal (**IPART**) under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* (**IPART Act**) to the Minister for Planning and the Minister for Local Government for the preparation of an annual report on the operation of IPART's delegated functions under the LG Act and IPART's assistance to the Minister for Planning and the councils in relation to the EP&A Act in accordance with the following terms of reference.

### Background

Since 4 June 2010, the NSW Government has announced changes to local council charges on new housing development. The changes will lower the cost of new housing construction and provide certainty, transparency and fairness to councils, landowners, developers and the community.

### Terms

In providing those services, IPART must:

- (a) prepare an annual report for the previous financial year relating to:
  - (i) IPART's delegated functions under the LG Act including:
    - (A) variation of general income
    - (B) special variation applications including those rejected and approved by IPART
    - (C) minimum amounts
    - (D) domestic waste charges
  - (ii) the development and publication of the local government cost index and the productivity factor
  - (iii) IPART assistance to the Minister for Planning and councils in relation to the EP&A Act under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* including reviews of the contributions plans;
- (b) forward to the Minister for Planning and the Minister for Local Government the report in paragraph (a) by 31 October each year; and
- (c) publish the report in paragraph (a) on IPART's website.

### Definitions

EP&A Act means the *Environmental Planning and Assessment Act 1979*.

LG Act means the *Local Government Act 1993*

**Interpretation**

- (a) A reference to a law or statute includes regulations, rules, codes and other instruments under it and consolidations, amendments, re-enactments or replacement of them.
- (b) A reference to an officer includes a reference to the officer who replaces him or her, or who substantially succeeds to his or her powers or functions.
- (c) A reference to a body, whether statutory or not:
  - a. which ceases to exist; or
  - b. whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.
- (d) Words importing the singular include the plural and vice versa.



**THE HON. BARBARA PERRY MP**

Minister for Local Government,  
Minister for Juvenile Justice,  
Minister Assisting the Minister for Planning,  
and Minister Assisting the Minister for Health (Mental Health)

Ref:  
MIN:  
Doc ID: A219064

Mr Rod Sims  
Chairman  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB POST OFFICE NSW 1230

6 SEP 2010

Dear Mr Sims

I am writing in response to the NSW Government Cabinet Minute 124-10 – Infrastructure Contribution Reforms to Support Land and Housing Release in New South Wales.

As you are aware, Cabinet's decision required me, as Minister for Local Government, to delegate to the Independent Pricing and Regulatory Tribunal responsibility for setting the annual Local Government Rate Peg and for assessing and determining local council's applications for Special Variations to their general income from rates under section 508 and section 508A of the *Local Government Act 1993*.

In order to carry out the necessary determinations I am delegating my authority under the following sections of the Act to the Tribunal:

- Section 506 - the authority to specify the percentage by which councils' general income for a specified year may be varied ie the rate pegging percentage.
- Section 507 - the authority to vary annual charges for domestic waste management services.
- Section 508(2), (3), (6), (7) - the authority to specify a percentage by which individual councils' general income may be varied for a specified year ie special variation with a single annual percentage increase.
- Section 508A - the authority to specify the percentages by which individual councils' general income may be varied for specified years ie special variation for multiple annual percentage increases.
- Section 548(3), (8) - the authority to approve the setting of minimum amounts of rates, above the statutory maximum, for specific councils,

Attached is a copy of my Instrument to effect the above delegation.

Yours sincerely

Barbara Perry MP  
Minister

**LOCAL GOVERNMENT ACT 1993**  
**DELEGATION UNDER SECTION 744**

I, **BARBARA MAZZEL PERRY MP**, Minister for Local Government, by this Instrument made under section 744 of the *Local Government Act 1993* ("Act"), hereby delegate to:

- (a) the Independent Pricing and Regulatory Tribunal of New South Wales ("IPART"); and
- (b) such members of IPART and other persons as are nominated for that purpose by IPART, and approved by the Minister, from time to time:
  - (1) all of my functions (as defined in the Act) under sections 506, 507, 508(2), 508(3), 508(6), 508(7), 508A, 548(3) and 548(8) of the Act (together the "Delegated Functions"); and
  - (2) such other powers under the Act and the *Local Government (General) Regulation 2005* which are necessary for IPART to perform the Delegated Functions.

**Section 506**      **Variation of General Income**  
**Section 507**      **Variation of Annual Charges for Domestic Waste Management Services**  
**Section 508(2), 508(3), 508(6) and 508(7)**  
**Orders under sections 506 and 507**  
**Section 508A**      **Special Variation over a period of years**  
**Section 548(3) and 548(8)**  
**Minimum Amounts**

Dated this 6<sup>th</sup> day of September 20 10.

  
**The Hon Barbara Perry MP**  
**Minister for Local Government**

## A.2 Revised Terms of Reference for reviewing contribution plans



Ref:A2339404

05 OCT 2018

Dr Peter Boxall AO  
Chair  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
HAYMARKET POST SHOP NSW 1240

Dear Dr Boxall,

To date, IPART has reviewed councils' development contributions plans in specified circumstances in accordance with the Terms of Reference issued on 30 September 2010.

On 17 July 2017, the *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* was amended to give effect to development contributions scheme reforms. These reforms were announced by the Government in June 2017 as part of the Housing Affordability Strategy and include a staged removal of caps on council contributions and the phasing out of the Local Infrastructure Growth Scheme program.

I am writing to request that, under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992*, IPART reviews council's contributions plans in accordance with the enclosed revised Terms of Reference, which have been amended to reflect the new Direction issued by the Minister.

Yours faithfully,

Gladys Berejiklian MP  
Premier

Enc.

CC: The Hon Anthony Roberts MP, Minister for Planning

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## INDEPENDENT PRICING AND REGULATORY TRIBUNAL ACT 1992

## TERMS OF REFERENCE

**Reviewable Contributions Plans - *Environmental Planning and Assessment Act 1979***

I, GLADYS BEREJIKLIAN MP, Premier, under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* approve provision, by the Independent Pricing and Regulatory Tribunal (**IPART**), of services to the Minister for Planning with respect to reviewing Reviewable Contributions Plans, in accordance with the following terms of reference.



Premier

Dated: 14/11/15

**Background**

The *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* contemplates that a Council may submit a Contributions Plan to IPART for review, where the Plan would (but for the Direction) authorise a contribution under section 7.11 of the EP&A Act that exceeds the maximum amount that the Direction allows to be imposed as a contribution in relation to residential development.

The Minister for Planning may also refer any contributions plan to IPART for review where the Minister considers there is merit in having an independent assessment.

**Services**

On and from the date that these terms of reference are issued to IPART, IPART is to review each Reviewable Contributions Plan submitted to it and provide the Minister for Planning and the relevant Council with a report on its review.

In providing the services, IPART must:

- (a) review the relevant Reviewable Contributions Plan in accordance with the assessment criteria set out in the Practice Note, including whether the public amenities and services to which the Contributions Plan relates are on the essential works list (if any) set out in the Practice Note;
- (b) consider, in its review of the Reviewable Contributions Plan, whether the estimate of the costs of providing those public amenities and services, as set out in the Plan, are reasonable;
- (c) publish a report of its review on its website; and
- (d) provide a copy of the report to the Minister for Planning and the relevant Council.

**Consultation**

In conducting a review under these terms of reference, IPART must:

- (a) consult with the Department of Planning and Environment (NSW);
- (b) consult with the relevant Council and any other person IPART considers appropriate; and
- (c) consider any criteria set out in the Practice Note (in addition to any other matters IPART considers relevant).

**Definitions**

**Contributions Plan** means a contributions plan or draft contributions plan prepared by the relevant Council for the purposes of imposing conditions under section 7.11 of the EP&A Act.

**Council** has the same meaning as it has in the *Local Government Act 1993*.

**EP&A Act** means the *Environmental Planning and Assessment Act 1979*.

**Practice Note** means the “Revised Local Development Contributions Practice Note: For the assessment of Local Contributions Plans by IPART” issued by the Department of Planning and Environment and dated January 2018, as amended or replaced from time to time.

**Reviewable Contributions Plan** means a Contributions Plan submitted to IPART as contemplated by the *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* or referred to it by the Minister for Planning.

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## Appendix B

Reports, papers and decisions  
released during 2023-24

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# B



## B.1 Reports and papers released during 2023-24

**Table B.1** sets out the reports, papers and fact sheets related to our local government functions published during 2023-24. The list does not include the numerous Media Releases on our activities.

Table B.1 Reports and papers publicly released during 2023-24

Date	Report or paper
21/06/2024	Terms of Reference - Council reference group - the rate peg methodology
14/05/2024	Final Report - Kempsey Shire Council Special Variation Application 2024-25
14/05/2024	Final Report - Narrandera Shire Council Special Variation and Minimum Rate Application 2024-25
14/05/2024	Final Report - Randwick City Council Special Variation Application 2024-25
14/05/2024	Final Report - Snowy Valleys Council Special Variation Application 2024-25
14/05/2024	Final Report - Blayney Shire Council Special Variation Application 2024-25
14/05/2024	Final Report - Tamworth Regional Council Special Variation Application 2024-25
14/05/2024	Final Report - Goulburn Mulwaree Council Special Variation and Minimum Rate Application 2024-25
14/05/2024	Final Report - Willoughby City Council Special Variation Application 2024-25
14/05/2024	Final Report - Griffith City Council Special Variation Application 2024-25
7/05/2024	Draft Report - Assessment of Penrith City Council Contributions Plan Orchard Hills North Area A
7/05/2024	Draft Report - Assessment of Penrith City Council Contributions Plan Glenmore Park Stage 3 At Mulgoa -
3/05/2024	Information Paper - Summary of Draft Terms of Reference survey results - NSW council financial model review
16/04/2024	Fact Sheet - Estimating future rate pegs under the new methodology
12/04/2024	Final Report - Assessment of The Hills Shire Council Contributions Plan No 15 Box Hill Precinct 2023
26/02/2024	Final Report -Review of Targeted Stormwater and Soil Disposal Costs Blacktown City Council
22/02/2024	Fact sheet - Local government discount rate
12/02/2024	Fact Sheet - Review of NSW council financial model - Draft Terms of Reference consultation
16/01/2024	Final Report - Assessment of Liverpool City Council East Leppington Contributions Plan
8/01/2024	Draft report - Review of the Targeted Stormwater and Soil Disposal Costs - Blacktown City Council
8/01/2024	Consultant report by WT Partnership - Blacktown Stormwater Basins - 12 December 2023
15/12/2023	Rate peg model 2024-25
1/12/2023	Final Report - Assessment of Camden Growth Areas Contributions Plan - Lowes Creek Maryland -
21/11/2023	Fact Sheet - Variation of domestic waste management charges for NSW councils for the 2024-25 financial year
21/11/2023	Information Paper - Rate peg for NSW councils for 2024-25 - 21 November 2023
9/11/2023	Final Report - Review of the rate peg methodology
2/11/2023	Draft Report - Assessment of Liverpool City Council East Leppington Contributions Plan
2/11/2023	Consultant Report - East Leppington Draft Contributions Plan - Stormwater Costs review
2/11/2023	Stakeholder guide for Councils - 2024-25 Special Variations - How to prepare and apply
30/10/2023	Annual Report on IPART's functions in relation to local government for 2022-2023
26/10/2023	Final Report - Assessment of Blacktown City Council Contributions Plan No 24 - Schofields Precinct 2022
23/10/2023	Fact Sheet - Engaging with IPART about special variation applications for 2024-25
20/10/2023	Stakeholder user guide - Submitting special variation and minimum rates notification letters and applications
20/10/2023	Stakeholder user guide - Navigating the portal and trouble shooting
20/10/2023	Stakeholder user guide - Register the council and manage users
20/10/2023	Stakeholder user guide - Submitting developer contributions plans for review

Date	Report or paper
19/10/2023	Draft Report - Assessment of The Hills Shire Council Contributions Plan No 15 - Box Hill Precinct
11/10/2023	IPART Submission to the Inquiry into the Environmental Planning and Assessment Amendment Bill 2023
26/09/2023	Draft Report - Assessment of Camden Growth Areas Contributions Plan - Lowes Creek Maryland
24/08/2023	Fact sheet - Local government discount rate
28/07/2023	Consultant Final Report - Review of Stormwater Works - Nexus and Costs - Austral and Leppington North
28/07/2023	Final Report - Assessment of Liverpool City Council's Austral and Leppington North Contributions Plan
25/07/2023	Draft Report - Assessment of Blacktown City Council's Contributions Plan No 24 - Schofields Precinct
4/07/2023	Final Report - Northern Beaches Council Frenchs Forest Contributions Plan

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