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**Creating for Generations**

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20 May 2021

Mr Michael Edgar  
General Manager  
The Hills Shire Council  
PO Box 7064  
NORWEST NSW 2153

Dear Mr Edgar

### Draft Section 7.12 Contributions Plan – Norwest Innovation Precinct

The Property Council of Australia welcomes the opportunity to provide comments on draft Section 7.12 Contributions Plan for the Norwest Innovation Precinct.

As Australia's peak representative of the property and construction industry, the Property Council's members include investors, owners, managers and developers of property across all asset classes.

The following comments detailed in the attached submission are provided for your consideration.

Should you have any questions regarding the content of this submission, please contact Troy Loveday, NSW Policy Manager, on 0414 265 152 or [tloveday@propertycouncil.com.au](mailto:tloveday@propertycouncil.com.au) or Ross Grove, Western Sydney Regional Director on 0412 897 130.

Yours sincerely



**Jane Fitzgerald**  
NSW Executive Director  
Property Council of Australia

# **Submission to The Hills Shire Council**

## **Draft Section 7.12 Contributions Plan – Norwest Innovation Precinct**

**20 May 2021**

## 1.0 Introduction

The Property Council welcomes the opportunity to provide Council with comments on the draft Norwest Innovation Precinct contributions plan (the Draft Plan) which has been prepared in accordance with section 7.12 of the Environmental Planning and Assessment Act 1979. Contribution rates established under the Draft Plan will be imposed upon new commercial development approved within the Norwest Innovation Precinct (the Precinct).

It is understood the Draft Plan will provide funding for new community infrastructure that will be required to accommodate future growth within the Precinct. Council is concurrently assessing a Planning Proposal to give effect to several amendments of *The Hills Local Environmental Plan 2012*, which will contribute towards an additional 450,000m<sup>2</sup> of commercial floor space and 25,000 jobs. The Precinct is located to the south of the mixed-use Bella Vista and Kellyville Precincts located to the east of Old Windsor Road.

The rate of the proposed levy set out in the Draft Plan exceeds the maximum levy authorised by clause 25K of the *Environmental Planning and Assessment Regulation 2000*, being 1% of the proposed cost of carrying out the development. We note that Council is currently seeking approval from the Minister for Planning and Public Spaces to impose a levy rate above the current maximum amount.

We support the work Council is undertaking to plan for an increase in employment numbers within the Precinct and planning for the provision of vital enabling infrastructure at an early point in the planning process.

## 2.0 Background

The Norwest Business Park, located in The Hills Shire LGA, comprises three (3) precincts, Norwest Innovation, Norwest Central and Norwest Service. The Draft Plan applies to the western precinct, known as Norwest Innovation. The Sydney Metro Northwest services three new station precincts at Bella Vista, Norwest and Showground. The subject precinct is in close proximity to the Bella Vista Metro station.

Following the completion of detailed planning studies following the approval of the Sydney Metro Northwest, the Department of Planning, Industry and Environment approved rezoning of part of the Norwest Business Park in November 2017. Changes to planning controls for land in the Bella Vista employment area involved increasing the maximum FSR from 1:1 to 2:1 which has led to significant growth potential for this area.

Council recently sought comments on Section 7.11 Plan No. 18 – Bella Vista and Kellyville Precincts and we understand that Council has referred this plan to the Independent Pricing and Regulatory Tribunal (IPART) for its consideration and approval. The Property Council provided Council with comments on CP18 in January 2021 and acknowledged the high contribution rates for two, three and four-bedroom apartments.

The Norwest Innovation Precinct lies to the immediate south of the Bella Vista and Kellyville Precinct and has an area of 77.3 hectares. Council anticipates that some 21,300 new jobs will be created from \$2 billion of new investment. We support steps that Council has taken to progress the renewal of this precinct to provide new employment opportunities close to rapid transport and other community services.

### 3.0 Funding infrastructure to support new growth

Section 7.12 of the Environmental Planning and Assessment Act 1979 permits a consent authority to impose a requirement on development which requires an applicant to “pay a levy of the percentage, authorised by a contributions plan, of the proposed cost of carrying out the development”. Council has decided to fund the future infrastructure needs of this precinct using a section 7.12 contribution plan. This approach, as opposed to section 7.11, is considered appropriate and is supported.

Based on the information set out in the Council’s report dated 23 March 2021, a list of new and upgraded infrastructure works has been prepared to support future development within the precinct. Schedule 3 of the Draft Plan sets out how the approximately \$56.6 million of funds collected will be allocated to upgrades to local roads, open space and transport facilities. We understand these infrastructure projects are essential for the future development of the Precinct.

### 4.0 Rate of levy

The Draft Plan proposes a levy based upon a sliding scale dependant upon the floor space ratio (FSR) applying to the land under *The Hills Local Environmental Plan 2012*. The base levy of 1% will apply to land where no uplift in FSR beyond 1:1 has been granted. Where land has benefited from an uplift in FSR of more than 1:1, it will be subject to a maximum levy of 2.8%.

Currently, section 7.12 levies are capped at 1% by virtue of clause 25K of the *Environmental Planning and Assessment Regulation 2000*. The Minister has power to approve any the contribution plan proposing a levy that exceeds 1% which will be considered against the criteria set out in the recently finalised practice note – *Section 7.12 Fixed Development Consent Levies*. Table 1.1 applies to proposals to increase the rate of the levy above 1% and Table 1.2 applies to proposals to increase the rate of the levy beyond 2%. As Council has proposed a levy rate in excess of 2% the criteria set out in both Table 1.1 and 1.2 applies.

We note that Council has prepared a statement of consistency with criteria to assist the review of the Draft Plan. The following table provides our assessment of the Draft Plan against each of the relevant criteria.

Table 1.1 Criteria	Property Council response
<p>a. The strategic areas are identified in a regional plan, district plan or respective Local Strategic Planning Statement, as a strategic centre, growth area, local centre or economic corridor.</p>	<p>Agreed. Council has made reference to the Precinct's status within the suite of strategic planning documents that apply to The Hills Shire, including the Greater Sydney Regional Plan, Central City District Plan and Council's approved LSPS.</p> <p>These identify Norwest as the Shire's premier employment location which is set to transform from a traditional business park into an integrated major employment precinct for North West Sydney.</p>
<p>b. Local planning controls reflect, or are being amended to reflect, relevant strategic direction and targets for the centre or defined area.</p>	<p>Agreed. Council is responding to recent changes to the planning controls that apply to the Precinct and to a current planning proposal to increase the FSR for the Circa Commercial site.</p>
<p>c. A requirement for a review every 5 years from the date of the new contributions plan come into force is written into the contributions plan.</p>	<p>Noted. We note that Council will provide for the regular review of the draft plan every 5 years.</p>
<p>d. Ongoing consultation with the Department regarding changes to works schedules will be undertaken, otherwise the higher percentage levy will no longer apply.</p>	<p>Noted. We note that Council will consult with the Department in respect of any changes to the works schedule.</p>
<p>e. The contributions plan should focus on delivering quality place-based community and green infrastructure, and public space improvements that enhance amenity of the centre.</p>	<p>Agreed. We note the proposed infrastructure schedule developed by Council which includes several items which fall within this category of infrastructure.</p>

<p>f. The centre has been identified by the relevant strategic plan/s to accommodate significant employment growth. An example of this includes facilitating an increase of at least 25% more employment opportunities than currently available in the centre.</p>	<p>Agreed. Currently Norwest supports 32,000 jobs and Council has anticipated an additional 24,000 jobs by 2036 in its LSPS. The Norwest Innovation Precinct currently supports 12,500 jobs and a further 21,300 new jobs may arise from changes to the planning controls. This represents an increase of about 82% over the next 15 years.</p>
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Table 1.2 Criteria	Property Council response
<p>a. Financial modelling is provided demonstrating that a maximum 2% levy on the cost of development is insufficient to deliver identified infrastructure in the proposed timeframe.</p>	<p>We understand that Council has anticipated that redevelopment activity within the Precinct will likely comprise about 640,000m<sup>2</sup> of GFA and anticipated development cost of \$2 billion. Using a 75% uptake of the total GFA potential, Council has estimated a 2.8% levy is necessary to fund the draft works program. On this basis, the proposed levy rate is supported.</p>
<p>b. The works schedule has been prepared in consultation with the Department.</p>	<p>Agreed. We note that Council has prepared a works list based on earlier work undertaken by the Department and continues to engage with the Department on the planning of this Precinct.</p>

## 5.0 Timing of Payment

Section 17 of the Draft Plan indicates when the levy will be expected to be paid to Council. We note that the Draft Plan requires the payment of the levy at the time Council specifies in the condition imposed on a development consent.

Council would be aware that the Minister for Planning and Public Spaces issued the Environmental Planning and Assessment (Local Infrastructure Contributions – Timing of Payments) Direction 2020 which provided temporary deferral of infrastructure contributions and levies until the issue of an Occupation Certificate for certain types of development. This Direction is expected to expire on 31 March 2022.

The NSW Productivity Commissioner has recommended that the payment of all levies be deferred until the Occupation Certificate stage and the NSW Government has accepted this recommendation.

**It is important that the timing of payment of a levy should be as late as possible to minimise impacts on project feasibility and cash flow. It is recommended that Council update Section 17 to reflect any requirement imposed by the NSW Government through a Regulation or Direction.**

## 6.0 Alternatives to Payment - Works in Kind

Section 20 of the Draft Plan sets out the process for seeking Council's acceptance of an offer to carry out works or provide a material public benefit (also known as 'works in kind'). The Property Council encourages Council to allow developers to undertake works in kind where it will allow for local infrastructure projects to be delivered at a lower cost and much sooner than would be possible under Council's normal works program.

## 7.0 Conclusion

The Property Council welcomes the opportunity to provide The Hills Shire Council with comments on the Draft Plan. We support the future redevelopment of the Norwest Innovation Precinct that will allow the precinct to achieve its intended status as The Hills LGA's premier employment location.

The Plan will support the funding of \$56 million of new community infrastructure that is aligned to the development of an additional 21,000 jobs within the Precinct. We support the making of the Draft Plan as exhibited subject to minor changes addressing timing of payments and offers for works in kind.