

## DPIE REVIEW

### Local Planning

- A. On land that is to be rezoned, contributions plans are to be approved before the determination of development applications.  
This will be time-limited to six months.**

#### Effect of changes on Council:

- Certainty that infrastructure will be planned to support development.
- Council would be required to ensure that a contributions plan is adopted within 6 months of a rezoning.

#### Comment:

- The reforms propose a 'relevant timeframe' of 6 months to finalise a contributions plan before development may be approved. This is inadequate and unreasonable, as it doesn't align with IPART timeframes and does not accommodate processes such as exhibitions/re-exhibitions, briefings, reporting and review of supporting technical studies. Recommend the relevant timeframe is removed.
- Recommend the clause apply to all rezoning, including state led rezoning.
- Recommend that this clause applies to subdivision or infrastructure works.

#### *Recommendation: In principle support, with changes*

- B. Draft Voluntary Planning Agreements to be exhibited with a Development Application or Planning Proposal**

#### Effect of changes on Council:

- The preparation of a VPA must occur earlier in the planning process in order to be exhibited concurrently.
- May delay the exhibition and finalisation of development applications and planning proposals.

#### Comment:

- The changes are dependent on the reforms currently on exhibition for rezoning processes. Consideration of this matter needs to run parallel to these new reforms.
- To exhibit a VPA concurrently, Council requires all information available to review and establish infrastructure needs, negotiate terms and in some instances negotiate asset delivery. These processes take time to consider and resolve and don't appear to fit in the proposed new rezoning process.
- There are specific internal processes for the negotiation of VPAs, including reporting to specialist committees. This needs to be factored into application processing timeframes.

#### *Recommendation: Support in principle, consideration to be given of other planning processes*

- C. Consolidation and standardisation of exemptions from local infrastructure contributions.**

#### Effect of changes on Council:

- Existing exemptions to contributions are to to be extended to development for the state for schools, health service facilities, emergency service and public administration.
- The additional exemption may result in a shortfall in contributions plans.

#### Comment:

- DPIE has not provided full justification for the exemption of such facilities. As we understand, the proposed exemption is based on the premise that the delivery of this infrastructure provides other benefits to communities. Concern is raised that the exemption of these developments does not align with nexus-based arguments.

- The removal of these developments will create shortfalls in contributions plans. Councils will be forced to pass on any shortfalls created by these forms of development onto undeveloped land, which creates an equity issue. The exemption of these items will also impact income from Councils existing s7.12 Plan for non-residential development.

**Recommendation:** *Support the consolidation of exemptions, oppose additional exemptions.* All development that generates a need for infrastructure should be subject to the payment of infrastructure contributions

**D. The standardisation of the type and timing of indexation for the cost of works and land in contributions plans. This will include the application of the Land Value Index (LVI) for land and the Producer Price Index (road and bridge construction (NSW)) (PPI) for works.**

**Effect of changes on Council:**

- The proposed land index may not deliver necessary contributions to purchase land at market rate.

**Comment:**

- Concern is raised on the proposed method of indexation for land, the Valuer Generals Land Value Index (LVI). This index is not based on a market rate.
- Councils are required to purchase property through the Just Terms Compensation Act (i.e. the purchase of property at market rate). It does not appear that the LVI will have the ability to keep up with market rate costs.
- The exhibition package does not demonstrate how using this index will provide Council with suitable funds to purchase land. DPIE is sought to address this matter.
- Support the use of the producer price index (roads and bridge construction) (NSW) to index works.
- DPIE should provide further justification in respect to the proposed annual indexation approach for Section 7.11 plans and how this will impact Council and developers over the life of a contributions plan. It is considered more appropriate to seek quarterly indexation, such as what most Councils implement currently and what is proposed for a 'local levy'.

**Recommendation:** *Oppose proposed land index, support works indexation with changes*

**E. The introduction of a Land Value Contribution (LVC), as an alternative for Councils to assist with the early acquisition of land for infrastructure. The LVC will be separate to a contributions plan and will require the payment of a levy when land in a rezoning area is sold or proposed for development.**

**Effect of changes on Council:**

- Provides a new mechanism for Councils to collect contributions for the purchase of land.
- Is not mandatory for Councils to implement.
- The LVC is unlikely to provide Council with sufficient income for land purchase for infrastructure.

**Comment:**

- The LVC sets a maximum percentage of land to be acquired for acquisition and this is not supported. It is not considered appropriate for the provisions of the LVC to be pre-empting proper planning processes or current IPART work on efficient use of land. Where a maximum rate is mandated, Councils may opt-out of an LVC.
- Concern is raised with the application of the LVI in respect to the proposed LVC, such as its impact on the sale and development of land. DPIE has not provided any evidence in the reform exhibition material to demonstrate that the application of LVI will provide Council, over the lifespan of a development, the funds needed to be able to acquire land, at market rate.
- A simple comparison of the LVI and market rate was undertaken using the recently rezoned industrial precinct of Mamre Road as an example. Using LVI, from the commencement of the rezoning in 2020 Council would not be collecting sufficient funds by using LVC to acquire land in the precinct and would content with a shortfall of contributions.

- It is recommended that DPIE provide further evidence on the testing of LVC to demonstrate for different development contexts, particularly highly fragmented land, that over the lifespan of a project, the LVC will not leave Council with a shortfall for land acquisition.
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- There is uncertainty whether the LVC applies to sites that are required for infrastructure delivery. DPIE should provide further explanation on the relationship between the LVC and acquisition processes. Further guidance is also recommended where works in kind are proposed and how this may relate to the payment of contributions.
- It is recommended that if Council utilises the LVC, that this should be listed within 10.7 certificates and therefore the Regulations should be amended.

***Recommendation: Defer, until the process is resolved, and Councils can be guaranteed that sufficient contributions to cover the cost of land can be collected.***

#### **F. S7.12 changes (Local Levy)**

**Amending the rates that development may be charged under s7.12 (renamed to local levy), and to be set by development type and regional location. Contributions are to be charged at a flat rate, rather than the existing percentage. For residential development, this cost is equivalent to 3% capital Investment Value (CIV) (an increase from the current 1%). Non-residential development remains at the equivalent of 1% CIV.**

#### **Effect of changes on Council:**

- Potential to reduce income for existing non-residential 7.12 plan.
- Provides a feasible option to use s7.12 levies for infill development.
- Would not support existing contributions planning in the Aerotropolis.
- Greater administration due to increased complexity of regulations.

#### **Comment:**

- The proposed changes seek to increase the existing 1% levy to a flat rate equivalent of 3% for residential development. The existing 1% levy is retained for non-residential development, converted to a flat rate. The proposed rates are geographically based.
- Council currently has one s7.12 development contributions plan that applies a 1% levy to non-residential development across Penrith Local Government Area (LGA). As the plan is relatively new, there is limited data to refute or support the proposed levy rate for industrial or commercial uses. However, the limited data suggests that the rates may be low.
- The reforms propose to discount the levy for non-residential developments that do not increase floorspace. This form of development accounts for a significant proportion of income of a contributions plan and has the ability to generate the need for increased infrastructure. This will impact the ability of Council to deliver the required infrastructure. It is requested that DPIE provide further justification as to why discounting is proposed.
- Existing legislation does not specify land uses that a s7.12 plan may apply to. The proposed regulation amendments specify applicable land uses, and not all are listed. The 'missing' land uses as an example include some tourist and visitor accommodation land uses or education establishments (private). Councils should be able to determine what land uses the plan will apply to.
- The proposal to index the local levy to account for increases in costs is supported.
- The proposed changes to s7.12 levies would make the implementation of s7.12 plans in greenfield or city centre contexts unviable. It does not provide Councils with the opportunity to seek flexibility in the rate of application, particularly for non-residential development, and this is not supported.

- The proposed changes do provide Councils with established infill areas an option of using s7.12 instead of s7.11. For Penrith LGA, the proposed per dwelling rate for s7.12 plans are broadly consistent with the existing s7.11 contributions for infill development. This may not be the case for other Councils that may have an existing s7.11 plan rate that is higher.
- The proposed changes to s7.12 add increased complexity to an existing process that is relatively simple. Historically the reduced complexity of preparing and administering an s7.12 plan came with a lower contribution rate, compared with an s7.11 Plan. The complexity of the proposed changes, such as the application of different cost categories and regions is likely to result in the creation of loopholes in payments. DPIE must consider ways to continue to retain the simplistic nature of s7.12 plans and ensure Councils can sufficiently recoup funds for the administration of the plan.
- Significant concern is raised with the application of the proposed changes and the impact on Penrith and Liverpool Councils Draft Aerotropolis s7.12 Contributions Plan. Councils have been working closely with DPIE on the delivery of local infrastructure in the Aerotropolis, through an initial s7.12 Plan with a rate of 6.5%. The proposed changes, if applied to this draft plan, would require Councils to review the impacts of the regulation amendments and potentially restart the contribution planning process in the Aerotropolis, as there is a significant difference between the rate requested for the draft plan and the proposed standard 1% levy rate. We seek DPIE to consider transitional arrangements to enable Councils to finalise the draft Aerotropolis Development Contributions Plan.

**Recommendation: *Defer proposed changes to non-residential development to ensure Councils will be no worse off. Request DPIE assist Council to ensure reforms will not impact contributions planning in the Aerotropolis***

**G. The standardisation of timeframes to review a contributions plan, proposed to be every four years. Minor changes to contributions plans will be permitted without the need for a public exhibition.**

**Effect of changes on Council:**

- Suitable resourcing will be required to ensure regular reviews of contributions plans can occur.

**Comment:**

- Contributions plans require regular review to ensure they are delivering the right infrastructure for the community at the correct cost. With the current shortage of qualified infrastructure contributions professionals, the review of plans every four years will be challenging to achieve.
- It is recommended that DPIE urgently review the impact on the availability of infrastructure contributions professionals in NSW and provide advocacy to assist Councils to resource this area into the future.

**Recommendation: *Support in principle, however, DPIE is requested to assist regarding the shortage of qualified contributions professionals.***

**H. Enable forward funding and borrowing between plans, with interest costs associated with borrowing to be recouped through contributions plans.**

**Effect of changes on Council:**

- No effect: A practice Council undertakes in its contributions plans.

**Comment:**

- The proposed amendments to the regulations are considered formalising a practice that Council already undertakes in respect to borrowing and pools of funds and the indexation of the cost of interest.
- We seek DPIE to provide justification on the proposed method of indexation for the interest on the loan or borrowing. One of Council's s7.11 plans are loan funded, and the interest from the loan is recouped through indexation based on the 90-day bank bill swap rate. This method is considered suitable for Council

**Recommendation: Support**

- I. Practice Note Review - A review and update of the infrastructure contributions practice note. Council must consider practice notes when they are preparing planning agreements and contributions plans.**

**Effect of changes on Council:**

- The practice note will supersede the existing 2005 note.
- Council will be required to comply with the practice note when undertaking development contributions related planning.

**Comment:**

- There is considered a contradictory policy regarding the identification of community facilities infrastructure that Council may deliver. While we agree with this premise, the essential works list excludes Councils from delivering this in IPART reviewed plans, with potential further limitations on all 7.11 plans after 2024.

**Recommendation: Support with changes**

- J. Planning certificates changes - A Planning certificate (10.7 certificate) is to specify if a SEPP imposes a Regional Infrastructure Contribution on a property.**

**Effect of changes on Council:**

- Council will be required to update planning certificate processes to detail any applicable regional contributions on properties.

**Comment:**

- The inclusion of this information on planning certificates is supported, to ensure the community is aware of any regional infrastructure contributions that are applicable to a property.

**Recommendation: Support**

- K. Register for affordable housing contributions - Where Councils collect contributions for affordable housings under SEPP 70 and VPAs, Councils will be required to keep a register on the contributions and report on the expenditure, consistent with other contributions plans**

**Effect of changes on Council:**

- Council currently will need to commence reporting on the collection of contributions for affordable housing

**Comment:**

- Council currently has VPAs that provide monetary contributions for affordable housing.
- Extensive reporting is currently required for infrastructure contributions.

**Recommendation: Support**

**Land Use Planning**

- L. Ministerial direction for the consideration of contributions plans. Councils will be required to consider if a contributions plan is needed to deliver development.**

**Effect of changes on Council:**

- When assessing and preparing a planning proposal, Council would be required to consider whether a contributions plan is needed to deliver the development.
- May impact planning proposal assessment timeframes due to having to prepare a draft contributions plan for a gateway determination.

**Comment:**

- The early consideration of infrastructure for developments that generate the need for new, updated or augmented infrastructure is supported, however, the proposed direction requires trade-offs with planning proposal processing timeframes.
- The proposed process of preparing contributions plans early will impact the planning proposal process and will require more detailed information to be provided by applicants at lodgement and to be assessed prior to the gateway.
- This process is highly dependent on the proposed reforms on exhibition for rezoning processes and consideration of this matter needs to run parallel to this reform.

**Recommendation: Support in principle**

**M. Ministerial direction for efficient use of land. Councils will be required to consider the dual and shared use of open space and public facilities and demonstrate efficient use of land for public open space, drainage purposes or public facilities**

**Effect of changes on Council:**

- Council must demonstrate that it has considered the shared use of infrastructure land to enable more than one public amenity or service on the land or facility.

**Comment:**

- The topic of efficient use of infrastructure land is currently under investigation and consideration under three different reviews/reforms: The subject reforms, IPART's review on essential works list, nexus and efficient infrastructure design and the Draft Design and Place SEPP.
- This direction focuses on land for certain purposes but does not consider broader efficient design elements. It appears that this direction is to implement the draft Design and Place SEPP provisions of co-locating public open space and drainage uses. If that is the case, then Council officers consider the direction unnecessary.
- Council officers are currently considering the impacts of the draft Design and Place SEPP. DPIE should not proceed with this direction until submissions are received and reviewed for the draft Design and Place SEPP.

**Recommendation: *Defer for further review. A ministerial direction on this matter is unnecessary and should be considered in the context other concurrent reviews.***

**N. Planning Proposals and Contributions Plan processes - A benchmark process guide how contributions plans are to be prepared with planning proposals.**

**Effect of changes on Council:**

- Council to consider guideline intended during in the process of preparing contributions plans with planning proposals.
- Guideline is not consistent with current processes and proposed rezoning reforms

**Comment:**

- The benchmark process inadequately describes the processes Councils and developers undergo to prepare Contributions Plans and Planning Proposals and should be significantly revised.
- DPIE has recently released a discussion paper regarding the rezoning process. The benchmark process should not proceed until Councils have reviewed both processes.
- The draft procedure does not acknowledge the extent of pre-lodgement meetings and collaborative work between Councils and applicants that take place for planning proposals. This often involves numerous meetings, often with state agencies included.
- The focus of the procedure is on the preparation of the contributions plans, and whilst the actual plan is important, the most critical element of this process is the infrastructure schedule. The schedule is

what specifies infrastructure is necessary to support the planning proposal, the size and location of this infrastructure and its cost. The process needs to be clarified to ensure that this is the focus for initial submission, not necessarily the contributions plan.

- Noting that a contributions plan template, according to the exhibition documentation, is going to be prepared by DPIE, the infrastructure schedule should be the element that is focused on, as the preparation of the plan itself should be relatively straight forward.
- In relation to the process, Council will not commence the preparation of a contributions plan for a private planning proposal, until such time a planning proposal has been lodged. The advice is contrary to this practice and should be amended.
- The procedure should be clarified to ensure that supporting studies are outcomes focused. The paper focuses too much on the actual plan, instead of the strategies underpinning it.
- The requirement to lodge the contributions plan with the planning proposal is predicated on the fact that the supporting studies are suitable and are supported by Council. Months of work usually go into reviewing and updating these strategies. In order to have a contributions plan to endorse for gateway, all supporting studies need to be completed prior to gateway. This does not currently occur and will impact timeframes and will require an amendment to the gateway process.
- By seeking a Council resolution for the contributions plan to send to the gateway, there is concern that the detail required contributions plans to be prepared for gateway is significant and will inflate these timeframes. Councils will not be prepared to provide 'in principle' endorsement of infrastructure items that have not been fully assessed and determined.
- The process does not give weight to the usually significant discussion with state government during this process. Often infrastructure is identified in conjunction with state government agencies and collaborative work is required to deliver this infrastructure.

***Recommendation: Defer until rezoning reforms have been finalised.***

## **Regional Contributions**

**O. Regional Contributions - The replacement of special infrastructure contributions (SIC) and the introduction of Regional Infrastructure Contributions (RIC), to apply to all new development across Greater Sydney, the Hunter and Wollongong.**

### **Effect of changes on Council:**

- Regional contributions to apply to new residential, commercial and industrial development across Penrith LGA.
- There will be a transitional period for its introduction to accommodate this contribution.
- Potential impacts on feasibility and affordability of new development.
- No legislated guarantee on the spending of funds where they are collected.

### **Comment:**

- The application of the proposed RIC to infill development within Penrith LGA should be reviewed. The proposed RIC will apply further infrastructure contributions to infill developments of between \$15,000-\$17,000 per dwelling and additional costs for commercial, business and industrial development. These costs have never previously been applicable or accounted for.
- There is concern regarding the impact of the RIC on development feasibility and housing affordability. It is acknowledged that transitional arrangements are proposed, however, there is still concern about the capacity for the market to pay both the RIC and Local Contributions, plus other charges and the impact this may have on the revitalisation of key centres and the delivery of sensitive infill development. The feasibility testing provided in the package contained examples of

development in Penrith LGA that demonstrated the vulnerability of emerging centres such as St Marys and low-value markets (i.e. Western Sydney) of the application of the RIC and other charges. This work does not provide certainty that there is not going to be an impact on established areas, particularly commercial or mixed-use locations.

- The application of the RIC to 'knock-down rebuild' development is not supported. A nexus argument cannot be established, as generally no additional development is being created. At face value, it appears that the application of the RIC in this instance is double-dipping.
- More rigour is required on the proposed infrastructure works that are to be delivered by the RIC. The State Government should be held to the same high standards of plan making, nexus and reporting required of Councils for local contributions. RIC list of work should be easily accessed by the community, should have clear timeframes for delivery and identified prioritisation. RIC work schedules should also be reviewed regularly.
- DPIE must provide more certainty for the community in relation to where contributions collected from a specific area will be spent. This is required of Councils for local contributions and the same standards should be applied in this instance. Money generated in the Penrith LGA should be spent on infrastructure in Penrith LGA.
- DPIE must commit to engaging directly with local government on identifying suitable RIC infrastructure, through Councils strategic planning processes and planning proposals. There needs to be a mechanism to be able to identify these items.
- Priority should be given to infrastructure works that unlock development.
- DPIE should clarify if community facilities will be considered for RIC funding, noting that the draft Aerotropolis SIC provides funding for certain community facilities. Support is given to the RIC providing regional level community facilities; however, there would be inequity between what local contributions and RIC's can deliver, which is not supported.
- The strategic biodiversity component of the RIC is proposed to apply to Greater Penrith to Eastern Creek (GPEC) and the Aerotropolis. Council in its submission to the Cumberland Plain Conservation Plan (CPCP) acknowledged the benefits of strategic conservation planning given the large-scale development proposed within the Penrith local government area (LGA) over the next 36 years. However, Council raised a number of concerns with the draft CPCP including:
  - o the impacts of the proposed E2 zones on property owners (including their application to entire properties without compensation or acquisition and the potential impacts on existing land uses);
  - o the lack of ground-truthing;
  - o the process for monitoring the delivery of the CPCP (including ensuring offsets are provided commensurate with development); and
  - o the relationship between biodiversity controls in the proposed State Environmental Planning Policy (SEPP) and Penrith Local Environmental Plan (LEP) 2010.
- Concerns are raised with the demonstratable nexus of the application of a \$5,000 charge per dwelling and charges to commercial and industrial land uses, particularly within the GPEC area, where it is considered that a limited number of development areas would be subject to offset requirements. DPIE is requested to provide further justification on this component and how nexus is achieved in its application.

**Recommendation: *Defer, application to knock down rebuilds not supported***

The application of state infrastructure contributions for growth across Greater Sydney is broadly supported, but only where nexus exists, where the accountability of the program resembles the same

obligations of local infrastructure contributions, that the infrastructure supports growth and the community pays for infrastructure within their local area.

## Miscellaneous Matters

### P. Contributions Plan Template

**Comment:**

- The exhibition material discussed the preparation of a contributions plan template.
- Support a standard contributions template.
- In 2020, Council invested resources in the preparation of a contributions template and would be happy to provide a copy of this template to DPIE on request.

### Q. Digital Tool

**Comment:**

- The exhibition material acknowledged a proposed digital tool for contributions but did not provide further detail on the proposed tool. It is unclear whether the tool is intended for calculating state contributions and/or local contributions?
- Council officers support the implementation of tools that will assist the community in understanding contributions obligations easily. Council has recently completed tender processes to implement digital tools for development contributions. Given this recent investment of Council and the complexity of integrating contributions payments, we seek further advice from DPIE on how the tool would apply to local government, to ensure Councils processes and significant investment are not impacted.

## IPART REVIEW

### A. Essential Works list (EWL)- The maintenance of the existing essential works list with minor changes. EWL applies where contributions are greater than \$30,000 (new release) and \$20,000 (centres and existing suburbs)

**Effect of changes on Council:**

- The EWL to include strata space for community facilities and borrowing costs to forward fund works.
- EWL to continue to exclude the collection of contributions for community facility works.

**Comment:**

- Support the minor amendments to the essential works list. The addition of strata space for community facilities is warranted, as is the addition of borrowing costs.
- The terms of reference for the review specifically excluded the consideration of community and cultural facilities as an essential works list, notwithstanding, there is objection to its exclusion from consideration. This is based on the following:
  - o Community and Cultural Facilities meet the nexus principles provided in the IPART report. The need for new facilities is based on new development creating a demonstratable increase in the demand for community facilities.
  - o That there is no logical differentiation between providing land for a facility, but not the construction of the facility as is the case under the current EWL.
  - o For many large release areas, including the equivalent of new cities (such as the Aerotropolis within Penrith and Liverpool Local Government Areas) the population growth is such that 100% nexus can be established for such facilities.

- IPARTs final report on *Review of the Rate Peg to include Population Growth Report* specifically indicates that the increase to the rate peg is not going to be enough to cover capital works, and suggest council seeks special variation to provide facilities. It is not be considered acceptable to the broader community to pay for facilities when the need is generated by new development.
- This outcome may generate community concern that growth does not deliver the communities expectation of suitable infrastructure needed for communities.
- The *Draft Urban Design Guide* exhibited as part of the Design and Place SEPP provides some discussion on the provision of high quality public facilities and open space. IPART should ensure that the EWL recognises all infrastructure identified in the Design and Place SEPP and guides that set a standard for good design outcomes

**Recommendation: *Support minor amendments, continue to oppose the exclusion of community facility works from the EWL.***

### **B. Nexus- Costs in a plan should relate to the provision of development contingent local infrastructure.**

#### **Effect of changes on Council:**

- IPART are clarifying their position on nexus- that costs in a contributions plan must relate to the provision of infrastructure that is necessary for the delivery of development.

#### **Comment:**

- Support that the determination of nexus should be based on technical studies and Councils policies and strategies and standards. The technical studies should be supported and approved by Council.
- The Draft Urban Design Guide exhibited as part of the Design and Place SEPP provides draft standards for the delivery of public open space, street tree canopy targets. IPART should ensure that all are considered as forming nexus to development.
- IPART should also consider Councils technical studies and policy into Urban Heat matters to be a suitable technical study that would provide nexus for related infrastructure.

**Recommendation: *Support***

### **C. Efficient Design - Costs should reflect base level, efficient located infrastructure required to meet the identified demand.**

#### **Effect of changes on Council:**

- Councils are required to demonstrate that infrastructure is base level, it is efficient (i.e. dual use land) and it meets the demands of the proposed population.
- Base level can be different between developments and different LGAs. Focus will be on what can be reasonably considered base level infrastructure.

#### **Comment:**

- Support the need to ensure that efficient design and delivery is established and demonstrated in a contributions plan, and the overarching principles as set out in the draft report are generally considered suitable.
- Concern that the process to establish efficient design and delivery in line with the report appears to be a lengthy and arduous process. To assist Councils to undertake this process, it is recommended that IPART consider developing a process map or guideline for this process.
- It is important for Council, developers and the community that the process of establishing efficient design and delivery can be completed in a streamlined manner, and that the expectations of the needs and requirements of the process are clearly established.
- IPART should provide further scope in response to reconciling base level embellishment and community expectations. Councils are best placed to understand the base level embellishment

needed to meet community needs, however this may not align with developer expectations or the draft benchmarks.

- IPART should provide more guidance through this process of reconciling lower ongoing maintenance costs, and developers seeking low upfront cost. This is a potential point of conflict that IPART could set a clear process of review.

**Recommendation: Support in principle, process and assessment assistance requested from IPART**

**D. Benchmarking** - IPART is to prepare base costs for certain items within contributions plans. The benchmark cost for plan administration should be set at 1.5%. IPART should annually update benchmark costs. IPART to review benchmarks every four years. IPART should work with DPIE and councils to establish a mechanism for obtaining actual project costs. Councils provide appropriate justification when using cost estimates instead of benchmarks.

**Effect of changes on Council:**

- Councils will have the option of using benchmark costs prepared by IPART or seek to use their own costing.
- Benchmark costs do not cover all infrastructure and may be considered as a starting point for costing.
- Council is unlikely to use the benchmark costs, where we have the ability to undertake costing.

**Comment:**

- Support the notion of benchmarks as a starting point for costing infrastructure, on the provision that they represent the true costs to Council and respond to market conditions and unique circumstances. Where the benchmarks don't fit the specific circumstances, which is likely as they appear to cover a very specific set of circumstances, Council will choose to use alternative approaches.
- Councils adopted specifications should take precedence.
- Council has recently undertaken infrastructure contributions planning work within the Mamre Road (greenfield industrial) and Aerotropolis (new city) to establish benchmark costs for inclusion in the draft contributions plans. We would be pleased to share our experiences of this process with IPART.
- The benchmarks don't address industrial collector roads, the benchmarks don't appear to address industrial roads sufficiently. IPART should provide an indication of whether the benchmarks are applicable to industrial development.
- Support the preparation of an infrastructure worksheet that assists in the standardisation and streamlining of costing preparation.
- The benchmarks for roads don't appear to consider or respond to the uniform engineering guidelines undertaken by Western City Deal Councils. The benchmarks should not limit Councils and developers from seeking to innovate.
- The benchmarks should reflect outcomes consistent with the *draft Design and Place SEPP*.
- The plan administration benchmark cost must consider the additional requirements for reporting that have come into force by DPIE. IPART should provide a clear methodology as to why 1.5% is still a suitable administration cost.

- Generally, the benchmark costs appear low and may not meet community expectations, such as the playground costing. Currently Council is finalising the costings for an update open space and recreation contributions plan and would be happy to provide IPART the costings from this work.

**Recommendation:** *Defer for further review*

**E. Plan Updates- All development contributions plans above threshold amounts be reviewed every four years.**

**Effect of changes on Council:**

- Suitable resourcing will be required to ensure regular reviews of contributions plans can occur.

**Comment:**

- Contributions plans require regular review to ensure they are delivering the right infrastructure for the community at the correct cost. With the current shortage of qualified infrastructure contributions professionals, the review of plans every four years will be challenging to achieve.

**Recommendation:** *Support*

**Miscellaneous matters**

**F. Transitional arrangements**

**Comment:**

- If IPART are to be removed from reviewing plans, and only by exception, IPART should provide guidance as to how will this work in practice, what methodology will IPART use to review plans by exception?
- It is unclear how the recently announced delay to the application of the EWL to all contributions plans will impact this review or existing plans. IPART should be clear in its final report as to the impacts of introducing changes to the EWL, other principles and benchmarking individually or in a holistic manner.
- Penrith City Council has several contributions plans under preparation for locations transitioning from metropolitan rural area to greenfield release areas. Discussions have been underway with DPIE for some time to ensure these plans can be considered under Schedule 2 of the Ministers Direction *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* for a higher cap rate. Council seeks certainty that this can occur under the announced delay to the EWL.