



10 December 2021

The Hon. Victor Dominello, MP
Minister for Customer Service
52 Martin Place
SYDNEY NSW 2000

Attn: Ineke Ogilvy, Director, Independent Pricing and Regulatory Tribunal

Dear Mr Dominello,

Re: Camden Council submission to the Infrastructure Contributions Reforms

Camden Council (Council) welcomes the opportunity to provide a submission to the recent exhibition package for the Infrastructure Contributions Reforms.

Council has reviewed the reports prepared by IPART on the essential works list, nexus, efficient infrastructure design and benchmark costs and our comments are summarised below.

1. Officers appreciate IPART's understanding that a "one size fits all" approach is not appropriate for vastly different contexts across NSW. We support councils being allowed to use an alternative costing approach that assists in delivering performance and outcome based solutions.
2. Officers acknowledge that the construction costs associated with community facilities did not form part of IPART's Terms of Reference when reviewing the Essential Works List (EWL), but strongly believe that community facilities needs to be included.
3. The benchmark costs and methodology generally seem fair and gives councils and developers more certainty. Some questions in the responses attached.
4. The reforms have focused so much on efficiency, that it has not paid equal weight to other important principles such as resiliency and sustainability. These could be further integrated in inclusion lists and adjustment factors.
5. IPART's collaborative approach with councils is appreciated and officers hope this continues as the reforms are rolled-out. In particular, we would like more clarity around the reforms' implementation and IPART's role in shifting to a review "by exception".

The rest of this submission provides detailed comments in response to IPART's stakeholder questions.

IPART Questions

1. *Do you think our proposed principles-based approach to the EWL, as part of our broader framework incorporating efficient design and delivery and benchmark costs, provides enough certainty? Have we got the balance right between flexibility and certainty?*

Officers support removing the requirement that embellishment of open space be 'base level' and instead consider this as part of the nexus and efficiency assessments. Instead of being "boxed in" to base embellishment in contexts where that may not be appropriate or the best solution.

Officers also provide in principle support for strata space being included with the EWL subject to clarification about how it actually works including strata space for community facilities.

Officers support the inclusion of borrowing costs subject to confirmation on how the value of the collection, as a percentage, will be calculated and indexed over time

2. *Is the proposed evidence to establish nexus for infrastructure in a contributions plan appropriate and reasonable? Is there any other guidance on nexus for local infrastructure that should be included in an updated practice note to assist councils, developers and other stakeholders in preparing and assessing contributions plans?*

Council officers generally support nexus requirements for providing infrastructure, but request more detail on how this will need to be evidenced in the justifications to be included in contribution plans that don't rely on the benchmark costs.

3. *What further guidance on base level, efficient local infrastructure should be included in an updated practice note to assist councils, developers and other stakeholders in preparing and assessing contributions plans? How definitively should the guidance in an updated practice note specify the standards expected of infrastructure (e.g. legislation and other industry standards)?*

Officers are of the view that to properly understand how justification to use a site specific costing approach is to be included in a contributions plan, the practice note should include the criteria IPART may rely on when assessing their review.

4. *Are there other items that we should consider benchmarking?*

Officers are satisfied that the list of infrastructure included in the benchmarking list can be modified to inform the majority of infrastructure situations.

5. *Do you agree with our approach to use adjustment factors so that the benchmarks are applicable to a broader range of projects?*

Officers generally agree, however the presence of contamination on public purpose land to be acquired needs to be included.

6. *What other factors increase the complexity of a project that could be used as an adjustment factor?*

Officers believe that adjustment factors for climate change and resiliency are particularly important to western Sydney to ensure new communities are not subject to extended time frames where the heat island effect impacts on their amenity.

7. *We seek stakeholder views on the approach to project allowances, including the rates and their application.*

Officers generally support the approach for project allowances.

8. *We seek stakeholder views on alternative benchmarks for open space. Is there value in a per person benchmark? How would it work?*

Officers believe that a site specific approach should be supported that is reflective of the density of development and the community envisaged for a particular precinct.

9. *Does 1.5% of the total value of works excluding land broadly reflect the actual cost councils face to administer a contributions plan? If not, what percentage would better reflect the actual cost councils face?*

Officers believe that as Camden is an LGA that seeks to deliver a more environmentally sustainable outcome with regards to how it manages stormwater through riparian areas the 1.5% should be increased to accommodate engineering expertise to manage the oversight of the design and construction of these assets.

10. *What other types of information or data would provide a clear evidence base for the true costs of plan administration?*

Officers recommend that administration costs for land acquisition be included. This is especially important for a LVC where it is unlikely that all land will be acquired within a timeframe that will align with the construction sequence for enabling infrastructure.

11. *We seek views on our proposed approach to annual escalations and 4 yearly reviews of benchmarks, including the choice of index and timeframe.*

Officers believe all indexation should be undertaken on a quarterly basis. A review of base costs every four years is acceptable.

12. *We seek views on an appropriate feedback or data collection mechanism to obtain reliable and consistent project information to refine the benchmarks over time.*

Officers believe this would best be achievable in the same manner quantity surveyors collect market data from constructors, but in this case it would be from councils.

13. *Are the proposed principles and information requirements for councils using an alternative costing approach adequate? Should councils be required to provide any further information to justify deviations from the standard benchmark costs?*

Officers would be in a better position to answer this once the detail proposed in the future practice note, outlining IPART's role in contribution planning and how reviews will be accepted and conducted is released.

14. *Are the proposed principles for reviewing plans and updating costs adequate? Are there any principles that should be removed from or added to this list?*

Officers are generally in agreement with the proposed principles.

Officers would also like to recommend that principles are included to illustrate where a comprehensive review is required and where a simple plan update will suffice. Consider the following examples:

- When contributions rates are indexed, this is usually just updated on the website - *Will this remain the same?*
- When benchmark costs are updated by IPART - *Will the Plan just be updated to reflect these costs in the works schedule? Or will it need to go through the comprehensive review process?*
- Changes to the area of application – *Where an area is added or removed from the application map, will it require re-exhibition, endorsement and adoption by Council?*
- Administrative errors - *Where errors relating to administering or implementing the Plan are corrected, will this require re-exhibition, endorsement and adoption by Council?*
- Ministerial Directions and other legislative changes - *Although Plans usually have a section that indicates Ministerial Directions apply, if the CP wants to include guidance around how these Directions apply within the Plan's context, will that require re-exhibition, endorsement and adoption by Council? An example of this are the Ministerial Directions in response to Covid-19 that allowed the pooling of funds and deferral of contributions payment to occupation certificate stage.*

15. *Are the proposed information requirements for councils enough? Are there any other pieces of information that should be added to this list?*

Officers generally in agreement that the information requirements are fair and adequate. Officers are working to identify whether any other pieces of information should be added to the list.

16. *Do you support our proposal for a fixed 4 yearly review of contributions plans?*

Officers are generally in support of this threshold as most of Council's CPs are in high growth contexts and our Contributions Policy requires review every 3 years.

17. *Does the annual update and four-yearly review provide an appropriate balance between cost reflectivity and certainty?*

Council's Contributions Policy requires a review every 3 years to ensure contribution plan costs are updated with actual costs, changes in staging and changes in demographic.

18. *Does the annual update and four-yearly review provide an appropriate balance between cost reflectivity and certainty?*

Officers are supportive of:

- DPIE integrating updates to benchmark costs in their online tools; and
- Councils updating their CPs with indexation annually and doing a more comprehensive review at least every 4 years.

Officers recommend that all indexing be undertaken quarterly

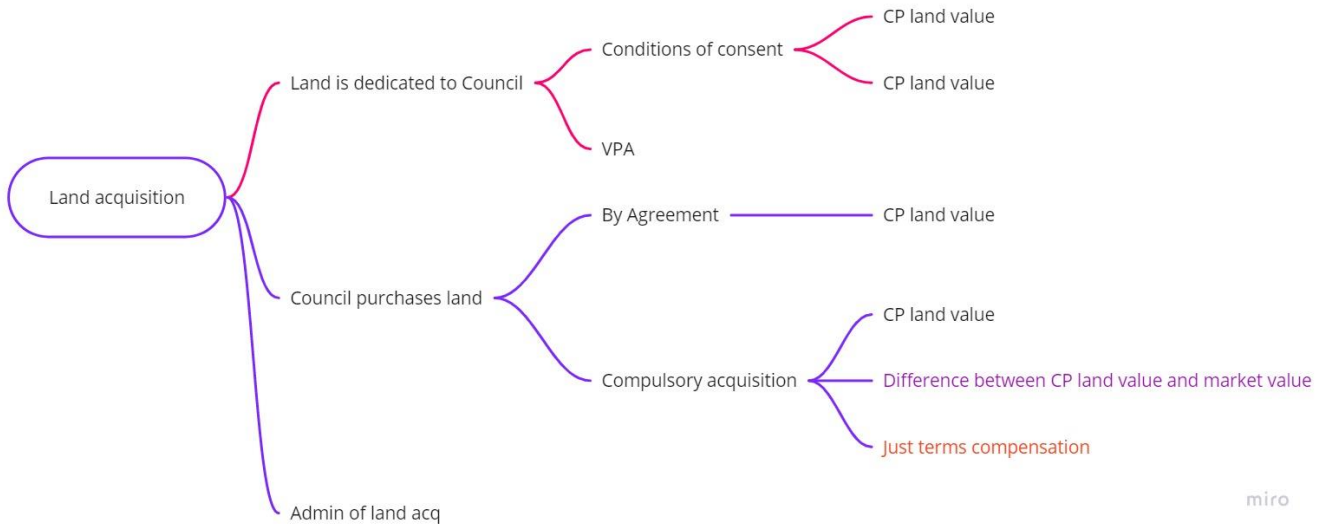
Officers require more clarity on:

- What triggers a comprehensive review versus a simple CP update; and
- The 4-year comprehensive review cycle become a maximum rather than a fixed amount of time for a CP to be reviewed.

Other matter for IPART to consider

Benchmark costs for other land acquisition cost items

In DPIE's introduction of Land Value Contributions (LVCs), the costs for Just Terms where Council needs to undertake compulsory acquisition has not been considered (highlighted in red in Figure 1).



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Figure 1 Land acquisition costs (highlighted in red are the costs not included in an LVC)

Although DPIE will have to provide direction for how this allowance is charged, **Council thinks that IPART may have a role to play in benchmarking this allowance.** This could be similar to how a contingency is applied to the construction cost of works.

Conclusion

Camden Council welcomes the review of the current infrastructure contributions framework and is keen to collaborate with DPIE and IPART on the reform’s implementation in the interest of providing better service to our community.

Should you have any questions regarding the above submission, please contact Ben Richards, Coordinator Contributions Planning via email at [redacted] or by phone on [redacted]

Yours sincerely

[Redacted signature]

**Tina Chappell
DIRECTOR SPORT, COMMUNITY & ACTIVATION**