



20 February 2025

Ms Carmel Donnelly
Chair
Independent Pricing and Regulatory Tribunal NSW
Via online submission

Dear Ms Donnelly,

RE: Inner West Council Submission to the Review of IPART's approach to assessing contributions plans

Thank you for the opportunity to provide a submission on the discussion paper on the proposed refinements to IPART's contributions plans assessment approach, and draft infrastructure benchmark report.

A response to the discussion questions has been provided as **Attachment 1** to this correspondence. In addition, Council also engaged quantity surveying consultancy Mitchell Brandtman to review the Benchmark Costs for Local Infrastructure 'Draft' prepared for IPART by Genus Advisory, which can be found as **Attachment 2**. It is requested that **Attachment 2** be treated as confidential, and not be distributed or published online or otherwise without the express permission of Inner West Council.

Summary of issues

Council's **key objections** relate to IPART's assessment criteria as it relates to the essential works list, which came into effect in 2019 through the *Secretary's Practice Note: Local Infrastructure Contributions January 2019 ('Practice Note')*, and the capped amount of \$20,000 per dwelling or residential lot in infill areas which has remained unindexed since its imposition over 12 years ago through the *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012*. A key consideration that has resulted in Inner West Council not presenting a Section 7.11 contributions plan for IPART review has been due to community facilities not being included on the essential works list the inability to include community facilities in the works schedule as the Practice Note directs due to the assessment criteria IPART is required to follow to comply with the Practice Note.

As with many Council areas across metropolitan Sydney, Inner West Council is currently responding to the NSW Government's Transport Oriented Development (TOD) housing reforms by preparing a local response that will meet or exceed the Government's dwelling target for the LGA. This local response will result in future amendments to the *Inner West Local Environmental Plan 2022* and will likely necessitate an amendment to (or the preparation of) a new local infrastructure contributions plan to support the accelerated population growth.

Council's current *Inner West Local Infrastructure Contribution Plan 2023* ('the Plan') was prepared under both Section 7.11 and Section 7.12 of the *Environmental and Assessment Act 1979* (EP&A Act), and provides for the delivery of \$597m of local infrastructure works and services through to 2036. Within this schedule of works, 21 projects categorised as community facilities, at a total estimated cost to Council of \$131.2m, of which \$87.9m is currently unapportioned to new growth and would require funding from an alternative revenue stream. It is anticipated that the cost to deliver local infrastructure will continue to increase because of the NSW Government's housing reforms, due in part to higher land values and construction costs from a constrained labour market.

It is further noted that as of the December 2024 CPI All Groups Sydney indexation period, the Inner West's current Contributions Plan rates have already reached the \$20,000 cap set out under the Ministerial Direction, except for studio / one-bedroom dwellings. If the cap were no longer to apply, Council's current Section 7.11 contribution rates would be as follows:

Development type	Rate in plan (October 2021)	Indexed rate, no cap	Indexed rate, with cap*
Indexation			
CPI (All Groups Sydney) - quarter	Jun-21	Dec-24	Dec-24
CPI (All Groups Sydney) - value	119.4	139.7	139.7
Indexation = CPI(current) ÷ CPI(base)	-	1.17	1.17
Change (%)	-	17.0%	17.0%
Contribution rates			
Per worker	\$3,187	\$3,728	\$3,728
Per visitor	\$5,299	\$6,200	\$6,200
Per resident	\$10,021	\$11,724	\$11,724
Dwelling, 1-bed	\$17,035	\$19,931	\$19,931
Dwelling, 2-bed	\$25,052	\$29,311	\$20,000
Dwelling, 3-bed	\$36,074	\$42,208	\$20,000
Subdivision into single allotment	\$36,075	\$42,209	\$20,000

*Capped at \$20,000 per dwelling, per Minister's Direction

Infrastructure studies are currently underway to define and cost future local infrastructure required to support the recently increased population forecasts. These costs will be in addition to the above contributions rates. The impact of the continued implementation of the \$20k cap and omission of community facilities from the EWL via Ministerial Directions will have major cost implications for Council under the section 7.11 framework that require the immediate action from the Department.

Council has made previous submissions to then Department of Planning, Housing and Infrastructure (DHPI) when changes to the local infrastructure contributions framework was being considered in 2021, and again in 2023. Council maintains its earlier position that a continuation of the current section 7.11 framework is not appropriate and will lead to a terminal decline of public services and amenities provision if the \$20,000 cap is not removed.



More recently, on 29 November 2024 the NSW Government's Legislative Council Standing Committee on State Development published "Report 52: Ability of local governments to fund infrastructure and services", which in part was tasked with examining whether "the level of income councils require to adequately meet the needs of their communities"¹.

Of note, the Standing Committee made the following recommendation in its Final Report:

"Recommendation 7

*That the NSW Government implement changes to the developer contributions framework to better financially support local councils to fund the ongoing costs at the completion of new infrastructure and works deemed essential to support development including community facilities as determined by the council on behalf of the local community.*²

Council supports and changes to the local infrastructure contributions framework that will support Council's to operate on a more sustainable financial footing, deliver the local infrastructure and services required to meet the needs of our growing community, including the delivery and/or embellishment of existing community assets through local infrastructure contributions funding, and reduces the funding gap that continues to increase the longer the current contributions framework remains in place.

Finally, Council has also sought to provide a response to each question provided in the discussion paper, as an attachment to this correspondence.

Should you require any further information regarding this matter, please don't hesitate to contact Katie Miles, Team Leader Infrastructure Planning.

Yours sincerely,

Daniel East
Senior Manager Strategic Planning

¹ New South Wales Parliament, Legislative Council, Standing Committee on State Development, [Report no. 52: Ability of local governments to fund infrastructure and services](#), November 2024.

² Ibid, Recommendation 7, pg. 59

Attachment 1 – Response to list of issues for stakeholder comment

1. What do you think could be improved about how IPART assesses contributions plans?

The introduction of the essential works list (EWL) in 2019 presents a significant barrier to Council in presenting a Section 7.11 contributions plan for an IPART assessment due to the absence of community facilities and services on the EWL. The *Inner West Local Infrastructure Contributions Plan 2023* (described herein as “the Contributions Plan”) identifies 21 community facility projects in its works schedule, at a total cost of \$131.2m (of which \$43.3m can be apportioned to future growth and collected through the plan). Even with the inclusion of community facilities in Council’s current Contributions Plan, the unapportioned cost to Council of approximately \$87.9m over the life of the Plan (to 2036) places a significant financial burden on Council to deliver the necessary community infrastructure to service our growing community.

The removal of the essential works list, or alternatively the inclusion of community facilities combined with regular reviews of the EWL, would improve local government’s ability to fund required local infrastructure. IPART should seek to amend its assessment processes to align with the recommendations of the NSW Government’s Legislative Council Standing Committee on State Development “*Report 52: Ability of local governments to fund infrastructure and services*”. These changes to IPART’s assessment process would encourage more Council’s to consider preparing new contributions plans for IPART’s review.

2. Do you support using a suitable land value index to update land costs in your CP? Is there any other guidance about our assessment of land acquisition costs that would support your preparation of CPs?

Land value index for future land acquisitions is favoured over more rudimentary indexes, such as the consumer price index (CPI), as it allows for changes in escalating land prices to be better absorbed by acquiring authorities through its contribution rates. A criticism of the land value index in brownfield areas is that it does not adequately consider the value of existing structures on the land, such as dwellings or operating businesses. Existing structures are commonplace within brownfield areas and should be adequately addressed by a relevant index.

To support land value index (or other relevant indexes) clause 207 of the *Environmental Planning and Assessment Regulation 2021* is stated below, it is noted that only CPI is currently referenced, which should be updated to include all possible indexes:

“The cost of providing public amenities and public services must be indexed quarterly or annually, as specified in the relevant contribution plan, in accordance with movements in the Consumer Price Index.”

3. Do you support IPART using Urban Development Program growth forecasts as the agreed measure for population forecasts when assessing contribution plans?

Council's previous experience when preparing development contributions plans is that the NSW Government's population forecasts (currently embedded within the NSW Treasury's Common Planning Assumptions (CPA)) do not accurately project growth at the local level. The primary inputs utilised to inform UDP growth forecasts include Sydney Water connections data, and outdated inputs from Council in terms of additional growth through Planning Proposals under assessment or likely to be brought forward imminently but not yet under assessment. The limitations of CPA growth forecasts are also known across Government agencies as well as the broader industry, with Geocoded National Address File (G-NAF) data (which provides a quarterly update of newly registered property addresses) often used to "fact check" the growth forecasts embedded within NSW Treasury's CPA.

Of relevance to Inner West Council, the CPA/UDP growth forecasts do not account for non-market housing, which includes student accommodation, boarding houses and other co-living arrangements, seniors housing, and the newly emerging Build To Rent (BTR) model. Non-market housing (particularly student accommodation, key worker accommodation, boarding houses or co-living housing) make up a significant proportion of new population growth in the LGA, which is currently not factored into growth forecasts or dwelling targets for the Inner West. With the further expansion of the BTR model, Council anticipates that there is the potential for continued divergence between population forecasts in the CPA versus dwelling delivery, particularly in areas like the Inner West, where one single new proposal is seeking to deliver over 1,000 new dwellings of non-market housing on a single site (<https://www.abc.net.au/news/2025-02-17/nsws-largest-build-to-rent-project-in-marrickville/104946598>).

4. Do you have any feedback on our proposal to provide guidance to councils on our assessment of reasonable timeframes in CPs?

This submission has no comment.

5. Do you have any feedback on our proposal to develop guidance on how we identify and assess the Practice Note criterion 'other relevant matters'?

This submission has no comment. Council would encourage IPART to play a more advisory role in advocating for improvements to local government and funding arrangements to the NSW Government.

6. Are there any other areas of IPART's assessment of contributions plans that you would like guidance on?

This submission has no comment.

7. Do you support our proposal for IPART to convene regular forums about our CP assessment process? Should these be separate forums for councils and developers?

Council supports continued and ongoing dialogue with IPART and other agencies of the NSW Government that contribute to the CP assessment process on IPART's recent assessments, as well as the outcomes of recently reviewed plans.

8. Would you support IPART holding a stakeholder workshop on the CP when we receive the council's plan for assessment?

Council would engage with our community as well as relevant stakeholders as per the requirements of our *Community Engagement Strategy 2022-2024*. Any feedback that would result in amendments to the proposed CP would be made prior to submitting to IPART for assessment. Further clarification is requested as to what benefit IPART would be looking to achieve through additional stakeholder workshops, particularly if this increases the assessment timeframes to approving or amending a CP.

9. Would you support IPART inviting submissions on the CP as soon as we receive the council's plan for assessment in addition to submissions on our draft reports?

Refer to response provided above.

10. Do you support a performance-based approach to assess nexus for open space, consistent with the Draft Greener Places Design Guide?

The performance-based approach described in the draft Greener Places Design Guide is encouraged and is noted as being a commonplace approach for inner metropolitan councils' reviews of their recreational needs over the last decade. The current EWL Practice Note should be reviewed to align with best practice to support funding for more diverse offerings of recreational and community facilities.

Land acquisition for open space in inner metropolitan areas is particularly difficult – to the point of being too cost prohibitive for local government to achieve, and too politically challenging to promote the timely acquisition of land. State Government housing policy announcements often further accelerate land value speculation. IPART should encourage better funding models that promote State Government support for strategic land acquisitions for open space in metropolitan areas.

11. Do you have any feedback about the list of local infrastructure benchmarks? Are there any other infrastructure items that you think should be included?

Council engaged Mitchell Brandtman to undertake a review of the proposed local infrastructure benchmarks. Refer to **Attachment 2**. In summary, it was identified that many of the benchmarks remain too low to be suitable for an inner-city infill setting.

The following infrastructure items were also specifically identified as suitable for inclusion:

- Bicycle parking / lock up stations;
- Parking meters;
- EV charging stations;
- E-Mobility hire stations (small and large corrals);
- Contamination rates for open space upgrade and/or embellishment. This may be in the form of a percentage based amount to be allowed for as additional contingency on a site by site basis, depending on the sites history and previous uses; and
- Heavy haulage costs to offset the deterioration of Council roads as a result of redevelopment .

12. Do you have any feedback about the updated draft individual infrastructure benchmarks?

Refer to **Attachment 2**.

13. Do you have any feedback on our proposal to adopt the updated draft benchmarks for individual local infrastructure items?

Council remains concerned as to the suitability of the updated draft benchmarks for individual local infrastructure items, and instead would support a process whereby Council can submit its reasonable costs to IPART for assessment, based on quantity surveyor assessment of the proposed works item to ensure that the proposed cost is in line with what is typical in an inner-city context.

14. Would our updated individual infrastructure benchmarks be useful to you in preparing your contributions plan, particularly at an early stage?

The updated infrastructure benchmarks may be most relevant for greenfield areas. Brownfield areas would likely remain reliant upon currently costs incurred for their most recent capital works projects to project future funding forecast expectations. Contingency costs for brownfield areas are generally higher to manage existing population functions (i.e. night works to prevent peak hour interruptions), demolition of existing structures, undergrounding, relocation and augmentation of existing utilities, and site remediation activities.

The performance-based approach to the augmentation or provision of new community facilities also promotes diverse facilities that offer a variety of co-located services to better cater to population demands. Co-located facilities also offer cost-savings from a lifecycle management perspective, in comparison to sporadic offerings of smaller, separately located facilities. The benchmarks should be refined to allow consideration of co-located diverse community facilities, rather than base-level embellishment costs.

15. Do you have any feedback about the draft aggregate benchmarks?

Refer to **Attachment 2**.

16. Do you have any feedback on using the draft aggregate benchmarks to assess reasonable costs in a CP?

Refer to **Attachment 2**.

17. Do you have feedback on the methodology used to develop the draft aggregate benchmarks?

Refer to **Attachment 2**.

18. Would you be willing to provide work schedules or other relevant information to us to support the development of our aggregate benchmarks?



Inner West Council is currently preparing an Infrastructure Delivery Plan to support infrastructure costs anticipated to be incurred from additional housing facilitated by Council's own master plan studies (to be submitted to Councillors by end of April/May 2025). Income analysis modelling will be undertaken however a key factor for determining whether an IPART s7.11 submission will be made will be ascertaining whether IPART will consider community facilities as a type of essential local infrastructure, irrespective of the 2019 Practice Note. Further correspondence on this matter would be invited.

