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Bronwen Sandland
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Via email: ipart@ipart.nsw.gov.au

Dear Ms Sandland,

We welcome the opportunity to provide feedback on the Independent Pricing and Regulatory Tribunal's (IPART) approach to assessing contributions plans.

Our members include the nation's major investors, owners, managers, developers, designers and builders of property of all asset classes. We recognise the need for a transparent, consistent and fair contributions system that can deliver better infrastructure for growing communities, improvements to productivity, and feasibility for investment.

The timely assessment of contributions plans is crucial, as delays in the assessment process can have significant financial impacts on both councils and developers. The current process can be difficult to navigate at times and creates uncertainty around the timing for implementation of planned assets. The impact of these delays is heightened given the ongoing constraints on affordability in the residential market, driven by supply shortages and a lack of feasibility. The recommendations below highlight key focus areas to improve the assessment process and respond to key questions posed in the discussion paper.

Guidance on key issues

We support IPART's commitment to developing better guidance materials, which will facilitate more efficient and accurate plan preparation. Resources that are used by councils to develop their plans such as IPART's Terms of Reference and the Local Infrastructure Contributions Practice Note have not been updated since 2019 and should be reviewed to provide a single source of truth to guide the review process. Any changes to these materials should focus on aspects that will have the most impact on ensuring that local infrastructure contributions are reasonable and have regard to the cumulative impact of other levies and charges imposed by government.

A land value index could be a useful tool to remove some of the uncertainty of valuing land that is yet to be acquired, particularly in release areas. However, the concept of land being costed based on its forecast future value should not be the only solution put forward in contributions plans. We recommend further consultation with industry and valuation experts to consider how this issue can be appropriately addressed.

The Urban Development Program (UDP) growth forecasts can help ensure that infrastructure planning aligns with actual population trends. For areas across NSW that are not included in the

UDP, consistent guidance should be given on the information requirements and methodology used to inform how councils estimate population growth. In any case, broader strategic planning should be considered as part of the review process to contextualise the nexus between the proposed development contribution and the proposed public amenities and services outlined in the plan.

Additionally, we welcome IPART's intent to provide more guidance to councils on their considerations of timing in contributions plans. Better aligning the timing and delivery of infrastructure can ensure that infrastructure is delivered when and where it is needed most.

Engagement and consultation

Currently, councils will exhibit a draft contributions plan before it is referred to IPART for review. Plans may also be re-exhibited following changes recommended by IPART and endorsed by the Minister. We would support the removal of re-exhibition requirements for councils if a draft plan was not significantly altered following an IPART review as this would be a good time saving measure. However, where significant changes are made, we suggest a re-exhibition period should remain – for example, if a review results in a significant increase to the proposed contributions or impacts the nature or cost of works proposed. Updated guidance materials for local councils should define or provide examples of what constitutes a 'significant increase' to provide consistency in IPART's approach in determining when re-exhibition is needed.

Quantity of open space

We generally support the shift towards a performance-based approach for assessing the open space nexus, in line with the Draft Greener Places Design Guide. By considering factors that determine the quality and usability of open spaces rather than the quantum alone, this can encourage more innovation in design and be more outcomes-focused in planning. The performance-based approach will ensure that open spaces are designed to meet the needs of the communities that will ultimately use them.

Updates to benchmarks

We broadly support adopting individual benchmarks to ensure that contributions are fair and reasonable and align with actual expenses given the rising costs of construction materials in recent years. Transparent and up to date benchmarks will enhance the credibility and fairness of the contributions plan development and assessment process. We understand the complexity and sensitivities in developing benchmark costs and welcome the opportunity for industry expertise to be leveraged on an ongoing basis when considering reviews of item charging and costs.

We thank IPART for the opportunity to provide a submission to this review. If you have any questions about this submission, please contact [REDACTED]

Yours sincerely,

