

Our Reference: CM 12175

Ineke Ogilvy & Jessica Hanna
Independent Pricing and Regulatory Tribunal
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13 December 2021

Dear Ms Ogilvy and Ms Hanna

REVIEW OF BENCHMARK COSTS FOR LOCAL INFRASTRUCTURE; REVIEW OF THE ESSENTIAL WORKS LIST, NEXUS AND EFFICIENT INFRASTRUCTURE DESIGN WOLLONDILLY SHIRE COUNCIL TECHNICAL SUBMISSION

Thank you for the opportunity to provide feedback on the Draft Review of the essential works list, nexus, efficient design and benchmark costs for local infrastructure. Together with the DPIE reform package on exhibition, the review proposes a contributions system that is certain, efficient, simple, transparent and consistent. The exhibited package for the most part falls short of these noble principles and in many cases displays contradictions to these principles and invites inconsistency between each of the exhibited streams (being local, land use, State and IPART).

Given the significance of these reforms, I would like to express my sincere disappointment that the exhibition period could not be held open until the new elected Council could make a single submission so that important policy considerations could be expressed in line Councils function under the Local Government Act.

The timing of this consultation is also not consistent with the Ministers Planning Principles announced on the 2 December 2021. Specifically,

Planning principle 1. A strategic and inclusive planning system for the community and the environment

1.19 Community engagement must seek opinions from diverse groups of people, be open and inclusive, easy for people to access, relevant, timely and meaningful. It should be tailored and proportionate to the relevant context, encourage genuine participation and put people, particularly those most affected, at the centre of planning.

Any statements made in relation to policy setting are made on the basis of existing resolutions of Council, and in particular resolutions relating to the delivery of infrastructure for our Shire and for Wilton, our growth area.

Essential Works List

For Wollondilly, the Wilton and Greater Macarthur Growth Areas were released based on a 'no additional cost to Government' principle to infrastructure delivery. Our council seeks commitment and certainty from Government that implementation of any reforms will secure this principle. Council does require that any directions placed on local government consistently

apply to the planning, commitment, sequencing and delivery of state and regional infrastructure in the State-led Growth Precincts in the Shire

The draft review of Essential Works List (EWL) recommends a continuation of the Government's ideological aversion to supporting place and communities by the proposed exclusion of community facilities buildings.

The principle to continually exclude the funding and provision of community facilities buildings from an efficient funding mechanism, such as regional and local contributions schemes, is contrary to NSW Government Architect and Minister for Planning and Public Spaces public commitments create and support vibrant places. The result is either a shift of the financial burden onto future residents (who can least afford it) or not be provided at all, which will be detrimental to the community.

This is inconsistent with the intent of the recently announced Ministers Planning Principles:

- *Principle 2. Delivering well-designed places that enhance quality of life, the environment and the economy*
- *Planning Principle 5 - Providing well-designed and located transport and infrastructure integrated with land use:*

5.2 Development should be timed to align with infrastructure delivery. This requires the NSW Government, councils and infrastructure providers to work together to sequence infrastructure funding and delivery to enable the best use of existing infrastructure and enable new development at the right time.

5.5 Those undertaking development should contribute to funding infrastructure proportionate to the demand created by the new and growing communities they are building.

While there is discussion to decouple the 'rate peg to reflect population growth', the fact is the promise of increased rates has been used to help justify a planned decrease in development contributions. The Office of Local Government have now released their detail, and early indication for our Council suggests this offers little in of what was promised and will certainly not go anywhere near funding the capital cost of infrastructure removed from plans.

A review of contributions plans, including Wollondilly's demonstrates that the capital cost of community facilities is insignificant when compared to economic infrastructure in a plan. Any review of the contributions funding system is incomplete if it does not support the cost of providing community facilities buildings in Contributions Plans.

We strongly call upon the Minister and IPART to include Community Facilities buildings in the Essential Works List (EWL) as a sign of the Government's commitment to supporting places and communities.

Base Level Embellishment

We are concerned that benchmark rates coupled with 'base level embellishment' may unintentionally create a ceiling on local public amenities and service. Wollondilly in particular is an area on the urban fringe with Rural and Greenfield settings and requires much larger pieces of Infrastructure to be delivered for the community.

The Government commitment housing diversity requires a change any from base level embellishment. When Council prepared its Local Strategic Planning Statement (LSPS) - through the 'Place Score' consultation process - the community consistently told us that they want and expect fewer but better public places and spaces. The public voice is supported by the NSW Government Architect's Greener Places and DPIE's Design and Place SEPP framework. Council made submissions to these State policy documents and supported this well founded approach.

Benchmark Costs

While we do not disagree with the general cost rates proposed in the Cardno Report, we strongly disagree with the benchmark cost of Plan Administration being restricted to 1.5% of total value of Works. We contend that administrating Land in a contribution plan does come at a cost, and coupled with DPIE reforms, are placing additional administrative burdens of Council's to administer their contributions plans. We have undertaken an exercise to determine our plan administration costs (before the release of the contributions reform package) and found our efficient cost to draft and manage the contributions plan is 1.5% of the Plan. Council requests IPART amend this benchmark to be at least 1.5% of total value of the Contributions Plan. Otherwise, our Council will be much worse off under the new reforms.

Works Schedule Cost Method


The application of benchmarking may create inconsistency between 'top down' and 'bottom up' costing of works schedules. Benchmarking coupled with proposed land use planning reforms (to require 'dual use' of land (and co-location of facilities) does have potential to create an efficient costing scenario based on a project delivery approach rather than a list of separate contributions categories (as is currently the case). Council calls on IPART to provide some clarity and consistency in method before any further changes are made to the system.

Implementation

We are incredibly concerned that the Government has announced that it will not take up IPART's final recommendation for 3-years. This, in Council's view is unnecessary, will create uncertainty in the market place and is a good example of inefficient use of public resources and developer funds. This is also inconsistent in that further pressure is being placed unnecessarily on Local Government with proper consideration being given to timing implementation.

We respectfully call on the Minister and IPART to provide certainty that the proposed reforms will provide infrastructure to support communities and commitment that no Council will be worse off. If you have any questions regarding these matters please contact Ron Dowd, Developer Contributions Planning Coordinator, by phone on [REDACTED] [REDACTED] [REDACTED] or email [REDACTED].

Yours faithfully



Stephen Gardiner
Manager Sustainable Growth