



Council Ref: *Planning and Place Division, SC4115*

9 December 2021

Review of the essential works list, nexus, efficient design and benchmark costs for local infrastructure
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop SYDNEY NSW 1240

Dear Ms Carmel Donnelly,

Submission on review of essential works list, nexus, efficient design and benchmark costs for local infrastructure

Woollahra Council welcomes the opportunity to comment on the draft report 'Review of essential works list, nexus, efficient design and benchmark costs for local infrastructure'. Please note that due to the 4 December 2021 local government elections this submission has been prepared by Council staff and has not been endorsed by elected Councillors.

We understand that the draft report was prepared in response to the NSW Government's request for IPART to provide advice on the infrastructure contributions reforms in relation to:

- The use of an Essential Works List (EWL) that would apply to all section 7.11 plans, and the approach councils should use to identify an efficient means of providing infrastructure; and
- Standardised benchmark costs for local infrastructure that councils may use to prepare local contributions plans that reflect efficient costs of delivery.

Council staff are concerned that the use of a standardised EWL and benchmark costs do not provide sufficient scope to address local context. For example, local infrastructure needs and delivery costs are different across LGAs such as between greenfield and infill areas. Without sufficient flexibility to address the local context and need, the reforms will not deliver improved outcomes for local governments or the communities they serve.

In particular, we are concerned that the proposed EWL will not allow councils to build community facilities or recreation facilities. On page 125 of the draft report it states that community facilities could instead be funded via the following mechanisms:

- Rates, while taking advantage of adjusted rate pegs or special levies;
- Voluntary agreements with developers; or
- NSW Government grants.

We acknowledge that this was included in the terms of reference because the NSW Productivity Commissioner considers community facilities to be 'general costs', generated by population growth.

However, it is the redevelopment of sites that directly facilitates the growth of the residential population, that will then use these facilities. The intensification of residential land uses increases demand for community facilities, such as multipurpose facilities, recreation facilities, civic centres or libraries, as much as it would for open space or transport facilities. Accordingly, community facilities and recreation facilities (e.g. boat ramps, tennis courts) should be funded through the same mechanism as other local infrastructure. We also support the inclusion of climate change mitigation and adaptation works, and land and strata space for community facilities in the proposed EWL.

Council staff do not support rates being identified as a suitable mechanism to fund essential infrastructure. This would unjustly require ratepayers to absorb the financial burden of demand generated by new development. Additionally, high quality infrastructure increases demand for new housing and makes an area more desirable for its liveability. Ultimately, this will boost returns for developers. This is noted on page 36 of the draft report, which confirms that contributions paid by developers directly improve the feasibility of current and future projects in the area.

Additionally, voluntary planning agreements should only operate where there is a nexus between the development and the requirements of the agreement. The suggestion that this method could be used to fund community facilities is contradictory. Raising revenue through local infrastructure contributions would provide far greater certainty, and avoid councils and developers devoting excessive time and resources to negotiating monetary contributions or works in kind on a site-by-site basis.

Furthermore, a reliance on grants would significantly reduce the autonomy of councils in forward planning and making local infrastructure decisions to strategically delivering local infrastructure. Grants do not provide councils with a sufficient ability to plan and deliver infrastructure, particularly as this type of funding is not guaranteed.

While section 7.11 contributions are not widely used in the Woollahra LGA, the changes have the capacity to affect facilities in eastern Sydney that are experiencing increased demand generated by development.

Communities across Sydney are concerned that development is putting pressure on local areas with ageing infrastructure, and there is a growing distrust in the planning system. The proposed EWL and funding mechanisms for community facilities do not provide communities with transparency or certainty about how local amenity and infrastructure will be maintained and enhanced.

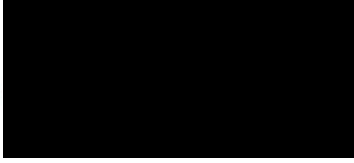
It is strongly recommended that a state policy for standardised benchmark costs ensures that councils can use local pricing for project calculations (a site-specific costing approach) where necessary. This is important in eastern Sydney, where market conditions can result in labour and material costs being higher than in other areas. Allowing for more specific costing methods will ensure there is an appropriate level of flexibility where benchmark costs do not accurately reflect the local economic context.

Thank you for the opportunity to comment on the draft report. We welcome the renewed focus on improving the NSW contributions system and look forward to collaborating with IPART in relation to this important area of reform.

If you require any further information, please contact Lyle Tamlyn: Strategic Planner on



Yours sincerely,



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