



21 February 2025

Mr Andrew Nicholls
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop SYDNEY NSW 1240

Attn: Bronwen Sandland

Dear Andrew

RE: Camden Council officer submission – Review of IPART’s approach to assessing contributions plans

Camden Council (Council) welcomes the opportunity to provide a submission on IPART’s review of its approach to assessing contributions plans.

Council supports the review by IPART of both the approach to assessing contributions plans and benchmark costs. The review is considered to contribute to a more effective and efficient assessment process as well as provide a necessary update to the existing benchmark costs.

Attached to this submission is Council’s comments to both the Discussion Paper and Draft Benchmarks Report. The attachment is structured in two sections with the first section being general comments to the Discussion Paper raised by Council and the second section in response to the list of issues for stakeholder comments.

Should you require further information regarding any of the matters raised, please contact [REDACTED]

Yours sincerely

[REDACTED]

[REDACTED]



ATTACHMENT A – Comments on the Discussion Paper

Glossary of terms

Camden Council (Council)
Consumer Price Index (CPI)
Contributions Plan (CP)
Department of Planning, Housing and Infrastructure (DPHI)
Essential Works List (EWL)
Independent Pricing and Regulatory Tribunal (IPART)
Indicative Layout Plan (ILP)
Land Value Index (LVI)
Net Developable Area (NDA)
Planning Proposal (PP)
Producer Price Index (PPI)
Quantity Surveyor (QS)
Urban Development Program (UDP)
Valuer General (VG)

Section 1: General comments in relation to key issues identified in the Discussion Paper following Council's review.

Section	Comment
2.4.1 Feedback on benchmark updates	Council considers a calculator on the IPART website as having some merit for the estimation of developer contributions, providing that it is clear that it is an estimation and that the actual amount to be levied will be in the DA consent.
2.4.8 Feedback on land acquisition costs	The cost of acquisition is an issue as the CP assumes the cost of englobed land which then becomes rezoned and serviced. This results in dramatic price increases which indexation always trails behind. Additionally, at the time the plan is most closely aligned with the market rate, the plan usually has collected little or no money to fund acquisition.
3.1 Our current assessment approach	<p><i>Commentary in relation to the EWL:</i> the EWL should include the construction of community facilities. If the EWL recognises community facilities are important enough to allow councils to collect for the land to build them on then it stands to reason that they are essential enough to include the cost to construct. Community centres are important in greenfield developments as an important community building facility, especially where the community is culturally diverse.</p> <p><i>Commentary in relation to reasonable cost:</i> For a cost to be reasonable it must include <u>all</u> reasonable costs, such as, remediation of contaminated land in areas where it is reasonable to assume, based on past land use, that contamination would exist. This either needs to be reflected in the value of the land or as a remediation cost to the works.</p> <p><i>Commentary in relation to supporting information:</i> This should include a desktop review of past land uses to determine the likelihood of contaminated</p>

	<p>soils being present.</p> <p><i>Commentary in relation to the use of Rawlinsons construction guide:</i> This document is updated annually based on data from the previous 12 months of activity. It would be more accurate to subscribe to a private construction cost escalation service, which is provided through a QS. This would make the assessment more accurate, due to a quarterly update, which could then potentially become the default indexing method for all CPs.</p>
3.2.3 Other issues or complexities	<p>Council requests clarification whether there is a list of other matters that IPART consider acceptable to receive from other councils. This would assist councils in preparing a better application for review, such as, whether there is an example where potential contamination of land might be assessed. If there is no list, would IPART consider providing examples of what they have received in the past?</p>
3.3 Refine our assessment approach	<p><i>Commentary in relation to focusing our assessments on matters a council can control and implement through its CP:</i> Council seeks clarification in relation to this point.</p>
3.4.1 Reasonable costs land acquisitions	<p>Council questions why underlying zoning influences contributions collections, but when land must be acquired (not dedicated) councils must negotiate at market rates. In areas of fragmented ownership acquisition is more frequent because of disjointed development that forces councils to acquire land to provide enabling infrastructure outside of a condition of consent, which puts the plan in the red. The special levy for Just Terms does not cover the difference in value between the CP, which is always behind because it is based on previous land sales, and the current market rate.</p> <p>This section suggests that the indexation method used is largely responsible for CPs under collecting for land. Council uses a customised LVI, indexed quarterly, and our land values are never the same as the market rate negotiated, or agreed to by the VG, because the base rate is based on historical land sales that at the start of the CP have not enjoyed the full escalation of costs associated with a new rezoning. Council has recently changed to a review every three years and so the first review should go some way to offsetting that design flaw, but Council will still always be playing catch up. IPART should consider a special levy for greenfield areas to acknowledge the spike in land value that, by its nature of construction, cannot currently be reflected in a CP at its inception.</p>
3.4.2 Population growth	<p>Council seeks clarification as to how the UDP forecasts population growth; whether it is an extrapolation of what has occurred from actual development or whether it is based on the DPHI forecast.</p>
3.4.3 Timing and delivery	<p>The 2019 Practice Note requires infrastructure to be delivered in line with demand, but if development is required for councils to collect contributions to fund acquisition and works, clarification and guidance is sought for how do councils undertake this early.</p> <p>The usual response is pooling and/or borrowings. However, pooling is a quick fix with limited effectiveness. For example, \$100 million has a limited effect on enabling infrastructure and borrowings cannot be secured using future developer contributions, therefore, putting other council services at risk.</p>
3.4.4 Other relevant	<p>Council seeks guidance on what is considered by IPART as 'other relevant</p>

<p>matters</p>	<p>matters’.</p> <p>Examples include:</p> <p>a) In greenfield areas, whether the scope and subsequent collection acknowledge that new roads are going to be subject to an inordinate amount of construction traffic, especially when fill is required, which dramatically effects the life span of the road surface. Council’s specification requires designs to allow for additional truck movements in the design, but when we cannot collect for this, it comes out of general fund and it should be a development cost.</p> <p>b) Whether the guidance and/or criterion to determine an ‘other relevant matter’ would be relevant for the justification for the adjustment factors in the costing.</p> <p>These issues are just two examples where council seeks clarification on this matter. More examples can be provided should IPART require them.</p>
<p>3.5.4 Stakeholder forums</p>	<p>Council recommends that DPHI should also be included in all council forums to be available to respond to areas they assess, for example, recoupment.</p>
<p>3.6.1 Quantity of open space</p>	<p>Council agrees that the current metric sometimes results in low value open space being included as a ‘tick a box exercise’. The <i>draft Greener Places Design Guide</i> outlines that demand needs to be met through understanding capacity whilst including some vague performance measures. The answer to this issue is not simple and it would seem in the Discussion Paper that each council is to craft a justification as to why their CP includes a specific open space network.</p> <p>Council seeks IPART’s opinion in relation to private open spaces required under a planning instrument within a high density area, in particular, whether private open space on the podium roof would be taken into consideration as contributing to the open space network.</p>
<p>4.2 Aggregate benchmarks</p>	<p>Aggregate benchmarks are considered a good idea but taking them from the rates in the CP (assume indexed) would not account for funding gaps realised during the tender process.</p>

Section 2: Council’s response to the 18 questions raised in the Discussion Paper.

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

Council’s recent experience is that the process and ability to interact with IPART prior to and during the assessment process is greatly improved. Council’s experience is that proactive communication from IPART prior to and during the assessment process, including facilitating meetings where clarification was required, contributed to faster assessment times. Council supports IPART adopting this practice of proactive communication.

Additionally, one of the greatest improvements would be in how a reasonable cost is calculated so that general fund, and therefore existing residents, are not footing the bill for cost over runs or out of scope items that can be reasonably anticipated.

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?

Council supports the use of a suitable LVI. Council already relies on a bespoke LVI, indexed quarterly.

However, at the time a CP is being prepared, the base cost for land is based on historical sales prior to rezoning which is always below the current market price. Guidance on how councils could reduce this gap is requested. Council recommends introducing a special levy that acknowledges how land values increase at rezoning which would reduce the shortfall until the next plan review. If enabling infrastructure is to be delivered early, the land cost needs to reflect the initial increase in value.

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

When a contributions plan is prepared, it is usually based on the population forecast under the ILP or PP since that is how the infrastructure requirements are determined. At the initial assessment of a CP, Council is of the opinion that this base population should be considered as part of IPART's assessment.

As raised above in Section 1, it is not clear how the UPD forecasts population growth. If the UDP forecast is to be used for a 3- or 5-year review of an existing plan, Council would need to know how those forecasts are populated before giving a definitive response to this question.

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

As discussed above, the Practice Note requires infrastructure to be delivered in line with demand, but if development is required for councils to collect contributions to fund acquisition and works, clarification and guidance is sought for how councils can undertake this early.

Council is of the opinion that the only reasonable timeframe that can be provided is 'as neighbouring development proceeds', or something to that nature. If delivery is earlier than that then Council will have a maintenance burden with no surrounding rate base to fund it.

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'?

Both the Discussion Paper and the 2019 Practice Note lack clarification as to the criteria to determine whether an issue for council is, or at least can be, considered an 'other relevant matter'. Council requests that examples be provided of where IPART or an applicant has identified 'other relevant matters' to provide context whether it would be useful.

Examples of 'other relevant matters' that Council seeks guidance on can be seen in the comments in Section 1 above.

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



Council seeks guidance on the evidence required to include contamination in either a land or works cost.

Furthermore, at the latest contributions planning forum (November 2024), it was confirmed that DPHI assess recoupment claims in a plan review. Council seeks clarification as to what is not IPART's responsibility as part of the assessment of CPs.

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 regular forums and that they should be separate.

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

Council supports this.

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?

Council supports this.

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

Council supports this in principle. However, it is assumed, based on the information in the Discussion Paper, that there would be a requirement for each council to provide justification for the proposed open space network which would be subjective. Further guidance is requested.

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 raises concerns that the list of local infrastructure benchmarks only allows for utility impact in infill areas, but this is something that Council experiences too.

Council would also seek confirmation whether an engineer has been engaged to review the scope that Genus has costed and provided advice that the scope is fit for purpose.

Council supports the frequency of reviews suggested in the Genus report and the ongoing collection of actual data from councils. Data that can be relied on is considered the best approach to creating a fair and transparent system for the assessment of reasonable costs.

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

Council, whilst within a mostly 'greenfield' context, requires certain upgrades to existing infrastructure to support new development. However, based on the draft individual benchmark rates, this would require the application of the 'brownfield' rate. For example, several existing major roads (sub-arterial and collector) within Council's LGA requires significant upgrades.

For sub-arterial roads within Council's LGA, these roads will be tagged as brownfield sites with the prescribed benchmark cost for 'upgrade to sub-arterial' road (FY 25/26: \$2,820/m) as the applicable

rate. This cost of upgrade to sub-arterial road covers widening of the road adjacent to traffic by only one lane. However, Council needs to replace the existing pavement with a new pavement (to meet expected design life) as well as adding another lane. Even the proposed rate for greenfield site (i.e. \$7,210/m) is considered insufficient as the quoted width of road reserve is less than what is required. Semi-arterial roads like Ingleburn Road, Byron Road are 29.1m wide whereas Rickard Road is 37.6 m wide. The specified width of new semi-arterial road in the proposal is only 23.4m wide.

Similarly, the scope of works under 'upgrade to collector road' includes only one additional lane. However, Council needs to reconstruct the whole width of the road. Even the specified rate for greenfield site is considered insufficient. The road reserve is specified to only be 20m wide, whereas Council's town centre roads/collector roads are 25m wide. In addition, town centre roads are planned to have pedestrian priority over vehicles which requires unique public domain design which is not included in the proposed rate.

Furthermore, in relation to roads as an example, the items not covered as part of the benchmark costings includes land acquisition costs and the urban design element associated with the roadworks.

The prescribed benchmark base unit rates are significantly lower than what will normally be expected for these roads. In this regard, Council has significant concerns that the estimated base unit rates will be greatly inadequate to deliver the level of infrastructure required to support growth within the LGA. Given some of Council's infrastructure requirements differs from the 'standard' level of infrastructure referred to under the draft benchmark rates, Council recommends that the rates be uniquely prepared for Council's 'non-standard' infrastructure items (such as the road examples discussed above) by an appropriately qualified QS, as recommended in section 5.2.12 of the Genus report.

Accordingly, Council's general comment is that the quoted amounts in the draft benchmark rates is considered insufficient to deliver the level of infrastructure required to service the type of growth unique to Council's LGA.

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

Council is generally in support of adopting the updated draft benchmarks for individual local infrastructure items. However, consideration must be given to the context to which local councils operate in. As outlined in the response to the question above (q.12), Council's base requirements for some infrastructure delivery is greater than the scope outlined in the Genus report and should be considered 'non-standard' infrastructure.

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

Council has each CP costed individually by an independent QS to provide confidence that the base cost is as close to real-world costing as possible. The IPART benchmark costs would be helpful in cross-checking against not only the CP but values in planning agreements too.

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

If the values for the aggregation will come directly from the base cost in the CP works schedule, then any shortfalls in the base value due to escalation, which usually outstrips indexation, will be calculated into the aggregated amount.



Council seeks clarification as to whether the unit costs would change significantly if it is anticipated that the proposed adjustment factors were able to be used in the aggregated examples.

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

Refer to Council's response to q.15 and comments under Section 1.

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

The adopted methodology uses a 'top-down' approach based on a greenfield development scenario only to develop a range costs per square metre of NDA. Council supports this in principle as it was developed using costs itemised in works schedules of CPs reviewed by IPART and is acknowledged that it may not reflect the total infrastructure costs for the development. Where costs vary from the aggregate ranges, Council supports the line-by-line assessment of costs as it would consider the local context to which the reviewed CP is being assessed against and adds flexibility to the assessment process.

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

Council supports this and would be willing to assist with the provision of information to hand.

