



Our reference: InfoStore
Contact: Claudia Amendolia
Telephone: [REDACTED]

18 February 2025

Ms Bronwen Sandland
Principal Policy Officer
Independent Pricing and Regulatory Tribunal

Sent by email: ipart@ipart.nsw.gov.au

Cc: bronwen.sandland@ipart.nsw.gov.au

Dear Bronwen,

Officer Submission on IPARTs Discussion paper: Review of IPARTs approach to assessing Contribution plans.

Thank you for the opportunity to provide feedback on IPART's Discussion paper: Review of IPARTs approach to assessing Contribution plans and the draft benchmarks report.

Council officers have prepared an officer submission, which is attached for your consideration. Please note that this is an officer submission and has not been endorsed by Council.

Council made a submission on the IPARTS 2021 Review of the essential works list, nexus and efficient infrastructure design and Review of benchmark costs for local infrastructure which was endorsed at Councils Ordinary Meeting of 22 February 2022 and provided to IPART on 2 March 2022. As the 2022 submission dealt with similar matters, which are considered relevant, a copy of the submission can be found at attachment 2 of this letter and officers request this submission is considered further.

With regard to the current review, officers do not object with the overarching principles of the recommendations presented in the draft report, these being to provide greater clarity and transparency and attempting to reduce the timeframes of the assessment approach.

Council officers support the idea of streamlining the assessment process through stakeholder engagement, benchmarking and comparative

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assessments, although there needs to be assurances that IPART will assess each contribution plan on its individual merits.

Officers have provided detailed feedback on key matters identified within the discussion paper and draft benchmarks report in attachment 1 of this letter.

Council officer would welcome the opportunity to discuss the attached submission with IPART.

If you have any questions about this matter, please contact Claudia Amendolia, Planner – Contributions on [REDACTED]

Yours sincerely

[REDACTED]

Christine Gough
City Planning Manager

Attach.

1. *Penrith City Council Officer submission on IPARTs Discussion paper: Review of IPARTs approach to assessing Contribution plans.*
2. *Penrith Council 2022 submission to IPART on Review of the essential works list, nexus and efficient infrastructure design and Review of benchmark costs for local infrastructure*

Attachment 1: Feedback on IPART Discussion paper

Matter	Officer Feedback
<p>What do you think could be improved about how IPART assesses contributions plans?</p>	<ul style="list-style-type: none"> • Recommend early consultation with Council during the preparation phase of a contributions plan to clarify IPART's review process, expectations and timeframes. • Officers found that regular meetings with IPART throughout the assessment time was beneficial, allowing IPART to raise questions or comments immediately as opposed to waiting to the release of a draft report or formatting a Request for Information (RFI). • Issue a single RFI after reviewing all documents. Multiple RFIs were issued to the Council before the draft report, which could have been consolidated to save time and resources. • Officers would support any further detailed information that could assist in understanding IPARTs approach to assessment, and key principles including nexus and apportionment beyond the practice note and the fact sheets. Worked examples from previous assessments would be useful.
<p>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?</p>	<ul style="list-style-type: none"> • A bespoke Land Value Index as referenced in the discussion paper can mitigate financial risks associated with land acquisition in specific growth precincts. However, IPART must consider that this approach is costly and may not be suitable, affordable, or available for all Councils for each contributions plan and that a range of indexation approaches should remain available. Officers would welcome further review by IPART on different land values indexes and their appropriateness for contributions plans. • It is noted that early acquisition of land for public infrastructure, would keep the costs of a contributions plan lower over time, however access to suitable funding is generally not available to Council to be able to purchase this land upfront. The scale of land acquisition under many plans, particularly greenfield sites, would be likely be prohibitive for Council to seek a loan.

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	<ul style="list-style-type: none"> • Council had a positive experience in IPART's assessment of land values for the draft Orchard Hills North and Glenmore Park Stage 3 contributions plans, where IPART relied upon the land valuation reports provided by Council to support the values in the plans.
<p>Do you support IPART using Urban Development Program growth forecasts as the agreed measure for population forecasts when assessing contribution plans?</p>	<ul style="list-style-type: none"> • IPART should prioritise population and development forecast methods employed in the preparation of the Contributions Plan over any alternative methodologies. These forecasts form the basis for supporting studies, infrastructure planning and delivery timelines and are site specific. Utilising different methods could introduce risks for Councils, where the forecasts don't align with the planning that underpins the growth projections, necessitating revisions to studies and infrastructure plans.
<p>Do you have any feedback on our proposal to provide guidance to councils on our assessment of reasonable timeframes in CPs?</p>	<ul style="list-style-type: none"> • Providing further guidance on IPART's criteria for assessing reasonable timeframes would be advantageous. This would ensure that Councils can prepare contributions plans accordingly, potentially reducing IPART's assessment duration. • Market conditions should be considered in respect to the reasonableness of timing. • While early-stage infrastructure development is beneficial and ideal, achieving this without adequate cash flow is challenging.
<p>Do you have any feedback on our proposal to develop guidance on how we identify and assess the Practice Note criterion 'other relevant matters'?</p>	<ul style="list-style-type: none"> • IPART should offer comprehensive information and guidance to ensure that Councils submit the correct information when presenting a contributions plan for assessment. • Detailed guidance on the specific criteria IPART uses to determine compliance with the practice note would be beneficial. This would aid Councils in providing the necessary information, thereby shortening assessment timeframes and expediting the review process.

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Matter	Officer Feedback
<p>Are there any other areas of IPART's assessment of contributions plans that you would like guidance on?</p>	<ul style="list-style-type: none"> • The studies and standards IPART relies on when assessing infrastructure items. • IPART's interpretation of nexus, apportionment, and the essential works list. • Any key considerations and principals IPART take into count when assessing infrastructure items for reasonableness. • The level of information IPART expects when assessing a plan.
<p>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?</p>	<ul style="list-style-type: none"> • Officers support the idea to convene regular forums. It is beneficial to consider specific forums for stakeholder groups, to be able to tailor content. • This would also enable Council's to provide feedback to IPART on a more regular basis.
<p>Would you support IPART holding a stakeholder workshop on the contributions plan when we receive the council's plan for assessment?</p>	<ul style="list-style-type: none"> • Support for this would be dependent on the purpose of the workshop. The purpose of stakeholder workshops is unclear, especially noting that stakeholders have the ability to provide feedback to Council when the plan is exhibited and again when IPART releases the draft report. • IPARTs assessment of the CP should be an independent process and there is concern that introducing stakeholder workshops may add time to IPARTs assessment process and not achieve any clear benefit.

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Matter	Officer Feedback
<p>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?</p>	<ul style="list-style-type: none"> • Officers consider this proposal to be a replication of Councils current processes as required under the Environmental Planning and Assessment Act, being a 28-day exhibition period. It is not clear how inviting submissions as soon as the plan is received by IPART would benefit the assessment process. This may further complicated and slow the process. • As indicated above, Council is required to exhibit the plan prior to submitting it to IPART and consider any submissions which are provided. Council provides a summary of submission as part of the plan package lodged with IPART.
<p>Do you support a performance-based approach to assess nexus for open space, consistent with the Draft Greener Places Design Guide?</p>	<ul style="list-style-type: none"> • Council officers seek to ensure that Councils adopted strategies take precedence for determining and assessing nexus for open space items. • Council's endorsed Sport and Recreation Strategy includes open space provision rates, to assist in determining the quantum of open space required in a precinct. The Strategy was developed with consideration to the draft Greener Spaces Guidelines. It balances quantity provision metrics, open space performance and qualitative outcomes, spatial planning frameworks and distribution to provide direction by: <ul style="list-style-type: none"> • Creating equitable access • Supporting an increasing diversity of activity • Integrating the network • Connecting open space • Establishing multi-functional open space • Encouraging participation

Attachment 1: Feedback on IPART Discussion paper

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<p>Infrastructure Benchmarks</p>	<ul style="list-style-type: none"> • Council officers are broadly supportive of the notion of benchmarks as a starting point for costing infrastructure, on the provision that they represent the true costs to Council and respond to market conditions and unique circumstances. Where the benchmarks do not fit the specific circumstances, which is likely as they appear to cover a very specific set of circumstances, Council will choose to use alternative approaches. • Any Council prepared costing should take precedence when assessing a contribution plan. • There should be detailed descriptions of each infrastructure item e.g. what is in the amenities building you are costing? What does basic landscaping include? Size of shade sails? What playground equipment is being costed? There should be clarification on the recommended form of indexation of each item as there are various types of indices IPART proposes. Please refer to attachment 2, being Councils submission on IPART's 2021 benchmark review for further comments to be taken into consideration.
<p>Would our updated individual infrastructure benchmarks be useful to you in preparing your contributions plan, particularly at an early stage?</p>	<ul style="list-style-type: none"> • Officers consider this may be helpful, however, there is still a need to get cost estimates prepared for infrastructure items which is what will be relied upon for the preparation of the plan. Cost estimates prepared for the purpose of informing rates within a plan should take precedent over benchmark rates when assessing infrastructure costs.

Attachment 1: Feedback on IPART Discussion paper

Matter	Officer Feedback
Contingency	<ul style="list-style-type: none"> Further information and examples should be provided to show how the contingencies and allowances are applied. The examples in section 5.2.10 allude to the multiple phases being combined to arrive at the proposed contingency, although that is not made expressly clear in section 5.2.9.
Aggregate benchmarks	<ul style="list-style-type: none"> Council officers understand that preparing aggregate benchmarks for infrastructure will assist in streamlining the process of assessing a plan, although it is important to note that no area or CP is the same, requiring various levels of servicing and there a multitude of factors which may impact varying costs of infrastructure items.
Would you be willing to provide work schedules or other relevant information to us to support the development of our aggregate benchmarks?	<ul style="list-style-type: none"> Council officers would be happy to provide work schedules from assessed plans, although, it could be a better approach to consider final costings from infrastructure that has been delivered.



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2 March 2022

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Review of the essential works list, nexus and efficient infrastructure design and Review of benchmark costs for local infrastructure

Council considered a report at its ordinary meeting on 22 February 2022 in relation to IPART's review of the essential works list, nexus and efficient infrastructure design and a Review of benchmark costs for local infrastructure.

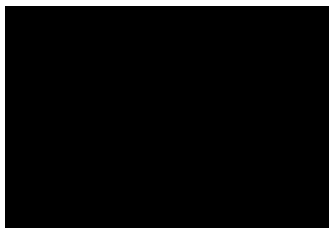
This letter provides Councils endorsed feedback on the matter and supersedes our previous staff technical submission that was made in good faith.

We appreciate the opportunity to provide feedback on this review.

If you have any questions about this matter, please contact me via

[REDACTED]

Yours sincerely



Natasha Borgia
City Planning Manager

Attach. Penrith city council submission IPART essential works, nexus, and benchmarks review

Essential Works List Review

- Support the minor amendments to the essential works list (EWL). The addition of strata space for community facilities is warranted, as is the addition of borrowing costs.
- It is understood that the terms of reference for the review specifically excluded the consideration of community and cultural facilities as an essential works list, notwithstanding, we wish to have noted our objection to its exclusion from consideration. This is based on the following:
 - Community and Cultural Facilities meet the nexus principles provided in the IPART report. The need for new facilities is based on new development creating a demonstrable increase in the demand for community facilities.
 - That there is no logical differentiation between providing land for a facility, but not the construction of the facility as is the case under the current EWL.
 - For many large release areas, including the equivalent of new cities (such as the Aerotropolis within Penrith and Liverpool Local Government Areas) the population growth is such that 100% nexus can be established for such facilities.
 - IPART's final report on *Review of the Rate Peg to include Population Growth Report* specifically indicates that the increase to the rate peg is not going to be enough to cover capital works, and suggest council seeks special variation to provide facilities. It would not be considered acceptable to the broader community to pay for facilities when the need is generated by new development.
 - This outcome may generate community concern that growth does not deliver the communities expectation of suitable infrastructure needed for communities.
 - The *Draft Urban Design Guide* exhibited as part of the Design and Place SEPP provides some discussion on the provision of high-quality public facilities and open space. IPART should ensure that the EWL recognises all infrastructure identified in the Design and Place SEPP and guides that set a standard for good design outcomes.

Recommendation: Support minor amendments, oppose the exclusion of community and cultural facility works from the EWL.

Determining Nexus	<ul style="list-style-type: none"> - There is support that the determination of nexus should be based on technical studies and Council's policies, strategies, and standards. The technical studies should be supported and approved by Council. - The <i>Draft Urban Design Guide</i> exhibited as part of the Design and Place SEPP provides draft standards for the delivery of public open space, street tree canopy targets. IPART should ensure that all are considered as forming nexus to development. - We seek IPART to also consider Councils technical studies and policy into Urban Heat matters to be a suitable technical study that would provide nexus for related infrastructure.
Efficient Design and Delivery	<ul style="list-style-type: none"> - Support the need to ensure that efficient design and delivery is established and demonstrated in a contributions plan, and the overarching principles as set out in the draft report are generally considered suitable. - However, concern is raised that the process to establish efficient design and delivery in line with the report appears to be a lengthy and arduous process. To assist Councils to undertake this process, it is recommended that IPART consider developing a process map or guideline for this process. - The Department of Planning, Industry & Environment (DPIE) Infrastructure Contributions reforms seek for Councils to prepare development contributions plans early in the process and exhibit concurrently post gateway. It is important for Council, developers and the community that the process of establishing efficient design and delivery can be completed in a streamlined manner, and that the expectations of the needs and requirements of the process are clearly established. - In a situation where Contributions Plans will be reviewed by exception by IPART as proposed by DPIE in the proposed reforms, the process on establishing efficient design and delivery should be clear and precise, in order to limit review requests. - IPART should provide further scope in response to reconciling base level embellishment and community expectations. Councils are best placed to understand the base level embellishment needed to meet community needs, however this may not align with developer expectations or the draft benchmarks. - Additionally, IPART should provide more guidance through this process of reconciling lower ongoing maintenance costs, and developers seeking low upfront cost. This is a potential point of conflict that IPART could set a clear process of review. <p><i>Recommendation: Support in principle, process and assessment assistance requested from IPART</i></p>

Benchmarks	<ul style="list-style-type: none"> - Support the notion of benchmarks as a starting point for costing infrastructure, on the provision that they represent the true costs to Council and respond to market conditions and unique circumstances. Where the benchmarks do not fit the specific circumstances, which is likely as they appear to cover a very specific set of circumstances, Council will choose to use alternative approaches. - Councils adopted specifications should take precedence. - Council has recently undertaken infrastructure contributions planning work within the Mamre Road (greenfield industrial) and Aerotropolis (new city) to establish benchmark costs for inclusion in the draft contributions plans. We would be pleased to share our experiences of this process with IPART. - The benchmarks do not address industrial collector roads, in fact the benchmarks don't appear to address industrial roads sufficiently. IPART should provide an indication of whether the benchmarks are applicable to industrial development. - Council supports the preparation of an infrastructure worksheet that assists in the standardisation and streamlining of costing preparation. - The benchmarks for roads don't appear to consider or respond to the uniform engineering guidelines undertaken by Western City Deal Councils. The benchmarks should not limit Councils and developers from seeking to innovate. - The benchmarks should reflect outcomes consistent with the <i>draft Design and Place SEPP</i>. - The plan administration benchmark cost must consider the additional requirements for reporting that have come into force by DPIE. IPART should provide a clear methodology as to why 1.5% is still a suitable administration cost. - Generally, the benchmark costs appear low and may not meet community expectations, such as the playground costing. Currently Council is finalising the costings for an update open space and recreation contributions plan and would be happy to provide IPART the costings from this work. <p>Recommendation: <i>Defer for further review</i></p>
Plan Updates	<ul style="list-style-type: none"> - Contributions plans require regular review to ensure they are delivering the right infrastructure for the community at the correct cost. With the current shortage of qualified infrastructure contributions professionals, the review of plans every four years will be challenging to achieve.

	<i>Recommendation: Support</i>
Transitional arrangements and other	<ul style="list-style-type: none">- If IPART are to be removed from reviewing plans, and only by exception, IPART should provide guidance as to how will this work in practice, what methodology will IPART use to review plans by exception?- It is unclear how the recently announced delay to the application of the EWL to all contributions plans will impact this review or existing plans. IPART should be clear in its final report as to the impacts of introducing changes to the EWL, other principles and benchmarking individually or in a holistic manner.- Penrith City Council has several contributions plans under preparation for locations transitioning from metropolitan rural area to greenfield release areas. Discussions have been underway with DPIE for some time to ensure these plans can be considered under Schedule 2 of the Ministers Direction <i>Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012</i> for a higher cap rate. Council seeks certainty that this can occur under the announced delay to the EWL.