



6 February 2025

IPART
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
Sydney NSW 1240

Dear Ms Sandland

RE: IPART Review of approach to assessing contributions plans

Thank you for the opportunity to comment on IPART's process for reviewing contribution plans and infrastructure costing benchmarks. At present, the rate of population growth in the Sutherland Shire is relatively low – ([DPHI projections](#) estimate 0.4% per annum). However, it is noted that the impacts and population growth associated with the proposed State housing reforms are yet unknown. Council tracks and forecasts growth using development application and complying development dwelling approval, commencement and completion statistics. It is considered that the Urban Development Program requires local validation through alternative, locally responsive growth forecasting measures.

Sutherland Shire Council has two [development contribution plans](#) - a Section 7.11 Plan, which collects up to \$20,000 per new dwelling (residential flats) in growth centres/precincts, and a Section 7.12 Plan, which applies a 1% levy for development costing over \$200,000 (0.5% for development over \$100,000) in the remainder of the Shire. Contributions fund works as specified in the Works Schedules to the contribution plans. While the funds are partly applied to acquire land for open space purposes, much of the works seek to further embellish existing assets.

Council's plans have not been reviewed by IPART as they do not seek to exceed the contributions cap. It is possible that future plans will need to be reviewed by IPART.

Plans reviewed by IPART must demonstrate a direct nexus between where development is occurring and the need for additional community infrastructure. IPART approved plans seek funding above the contribution caps and are generally found in high growth areas – such as new release areas, or centres with significant growth.

The Sutherland Shire has 13 train stations and two nominated Strategic Centres (Sutherland and Miranda). Development is infill development - scattered across the area, including limited development in centres, and significant infill development in the lower density zones. The current planning provisions mean there is no area in the Sutherland Shire where there has been or is likely to be concentrated and significant population growth. As such, demand for new infrastructure is not concentrated. Hence Council's current plans are unlikely to demonstrate the required direct nexus criteria as justification of a higher contribution rate.

It is noted that the legislated caps have not been increased or indexed since they were introduced many years ago, yet costs and land prices continue to escalate.

Regardless, aligning infrastructure with population growth is an important aspect of planning for growth. The Sutherland Shire community expressly desires *An active community that enjoys safe, accessible and diverse open places and spaces* (Outcome 5 of the [Community Strategic Plan](#)). Sutherland Shire residents currently benefit from extensive open space infrastructure, with high levels of embellishment. Council's masterplans for open space seek to enhance open spaces and facilities to promote active and passive exercise, recreation and community wellbeing, and promote active transport through provision of cycleways and pedestrian networks and infrastructure. Residents have high expectations that this level of infrastructure will continue to be provided.

IPART Review of Contribution Plans

It is evident that the review of contribution plans can take years. A faster review of plans under assessment is required – perhaps a 6-month limit. As per the DA assessment process, this could include a “stop the clock” process for additional data expectations from councils. This would give councils earlier certainty regarding the likelihood of reviewed plans being endorsed. An automated baseline infrastructure needs and costing estimator could also assist.

Local Infrastructure: the Essential Works list

IPART reviewed plans are very restrictive. They limit funding to acquisition of land for open space and community facilities, and “base level embellishment” of only certain types of infrastructure, as specified in the “essential works list” ([DPHI Practice Note Local Infrastructure Contributions](#)). No funding for embellishment of community facilities is permitted. The “essential works list” does not allow for embellishment (construction) of any other facility or infrastructure improvements to meet the needs of a growing community, eg public domain improvements or expansive sporting facilities.

The focus on funding acquisition of further land assets in established areas is challenging. It is very expensive and not necessarily the best use of contribution funds. Council must be mindful of long term costs associated extensive land holdings/assets. Hence the current contribution plans focus on realising greater utility from existing assets. Council Masterplans for embellishment of existing assets seek higher levels of utility than permitted by IPART reviewed plans.

It is considered that the “essential works” list is too restrictive in an established community, where expectations of embellishment are higher. This restrictive approach to infrastructure provision has been raised at numerous consultations, with both DPHI and IPART representatives. It is imperative that this limitation on infrastructure provision be reconsidered – beyond the essential works list to include infrastructure typically found in the area and facilitate greater embellishment where acquisition is problematic.

Council cannot maintain the same level of infrastructure provision and utility that existing residents enjoy, due to the limitations of the “essential works list” and the prohibitive costs associated with land acquisition and embellishment. The shortfall is significant.

Open Space: Rates, Acquisition Costs, Indexing

Maintaining the current standard of open space provision is not possible as land acquisition costs continue to be a challenge for Council. The Draft Greener Places Design Guide does not provide standards for open space provision.

Council presently provides 115m² per person open space (see Council's [Open Space Strategy](#)). Regardless the generally accepted standard of open space provision is a minimum of 28.3m² per person.

Maintaining the current level of open space, or even the industry standard is impossible. Based on recent sale data, acquisition land costs (residential R2 zone) are in excess of \$1,900 per m². Hence acquisition of the minimum level of 28.3m² open space costs in excess of \$53,770 per person. Acquisition in higher density growth areas costs more. Council receives approximately \$10,000 per person in development contributions (\$20,000/dwg cap). Therefore, there is a shortfall of over \$43,000 per person. Acquisition of minimum open space would require a contribution in excess of \$100,000 per dwelling. This shortfall does not include costs for embellishment of that open space.

Council's current policy does not allow for compulsory acquisition and as such makes it impossible to determine when works listed in contributions plan works schedules will be completed.

At a minimum, indexing of contributions in line with current land acquisition costs is essential to enable acquisition of land at the required rate of provision. The current Council plans do not allow for indexing based on land value, however a central database of land value indexing would assist.

Remediation costs of potentially contaminated land (where no prior field testing has been carried out) can significantly add to the overall cost of infrastructure delivery. Provision should be made for funding these associated costs.

Accordingly, Council will not be able to maintain the current level of infrastructure provision and there will continue to be a shortfall in funding of all types of infrastructure, and in particular open space.

Benchmarked Costs

The IPART limitations on embellishment and benchmarked costs are unrealistic when applied in established areas. All expenditure of development contributions on projects is now reported in Council's [Annual Report](#) (as per the Environment Planning and Assessment Regulation 2021 clause 218A requirements).

As an example of open space embellishment/ construction works, attached is status update (at July 2024) on Cooper St Reserve Upgrade, which included significant embellishment at a cost of close to \$6million, partly funded by development contributions. The park has been upgraded to a regional park standard of embellishment, which will increase the utility of the park and enable more residents to enjoy and recreate in the space. This is the standard expected by residents of Sutherland Shire and the best use of this land.

It is considered that benchmarked costs in existing urban areas, particularly where no acquisition of open space is proposed and hence greater embellishment is required, should be reviewed to consider the higher costs associated with greater embellishment. Council's contribution works schedules may assist.

Timing of Infrastructure Delivery

Council endeavours to align infrastructure delivery with growth, however the delivery of infrastructure is complex. Reasonable timeframes will be affected by weather, the availability of resources and expertise. This can be further complicated by timing of contribution payments.

Ensuring that all contributions are paid requires significant resources by Council, particularly ensuring that complying development contributions are actually paid.

IPART Guidance and Communication

It would be beneficial to have further guidance on the types of plans already reviewed (e.g. greenfield, established areas) and the outcomes of those reviews. This information may assist councils in determining whether to pursue an IPART plan review and help prepare for that review.

Regular forums about the contribution plan assessment process with councils would be beneficial. Attendance at council forums and ROC (Regional Organisation of Councils - planners meeting) could assist in better understanding of IPART criteria, and may result in better quality contribution plans and ultimately infrastructure delivery. More collaborative workshops with councils considering submitting a contribution plan to IPART will benefit all parties. IPART should work with councils in established areas to better understand the limitations to funding infrastructure in these areas.

It is noted that the purpose of an IPART review is not to achieve community feedback, but to assess the CP against specific criteria outlined in the Practice Note, in accordance with the Minister's Direction. Hence it is not clear how engagement with the community will assist.

Thank you for providing an opportunity to make a submission on this issue. Should you require further information, please contact myself on [REDACTED]

Yours sincerely,

[REDACTED]

Beth Morris
Acting Manager Strategic Planning

Infrastructure & Operations – Featured Projects

PROJECTS RECENTLY COMPLETED



Cooper Street Reserve Upgrade

Project Schedule

Project Start: August 2023

Project Completion: 25 June 2024

Project Status

All Abilities Playground area has been fully completed, and Engadine Active Sports Youth Precinct facilities are now open to the public, with only a few light poles remaining to be installed. The site was officially inaugurated on 25 June by the Mayor, the Minister for Sport, and the Member for Heathcote.

Project Scope

- Active Sports Youth Precinct includes:
 - New skate park including plaza style street skating
 - Pump track, Half basketball court, Outdoor exercise equipment, Parkour elements
 - Bike maintenance and repair station
 - Shaded rest and social areas.
- All-Abilities Playground includes
 - Purpose-built playground w/ ramps to the highest platform, spiral climbing nets, long slides & lots of swings
 - Trampolines and carousel, Nature play
 - Water sensory play replicating an old style back yard with water misting from a Hills hoist
 - Varied softfall surfacing, Picnic settings and seating throughout
- Enhance parking area along northern boundary in Cooper Street & future plans to upgrade the amenities block.

Status and Expenditures figures are as of 01 July 2024



Budget	Actuals	Committed
\$5,821,363	\$5,320,355	\$230,051

