



**THE HILLS**  
Sydney's Garden Shire

**THE HILLS SHIRE COUNCIL**  
3 Columbia Court, Norwest NSW 2153  
PO Box 7064, Norwest 2153  
ABN 25 034 494 656 | DX 9966 Norwest

11 February 2025

Independent Pricing and Regulatory Tribunal  
Via Email: [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

Our Ref: FP53

Dear Sir / Madam,

### **IPART'S CONTRIBUTIONS PLAN DISCUSSION PAPER & BENCHMARK COSTS**

Thank you for the opportunity to provide comments on IPART's *Review of our approach to assessing contributions plans Discussion Paper* and *draft Benchmark Costs for Local Infrastructure*.

At its Meeting on 11 February 2025, Council considered a report on the exhibited material and resolved to make a submission. Council's submission addressing each of IPART's questions for stakeholders and comments on the draft benchmarks is provided as Attachment 1. IPART's recommended changes to its review process and updated draft cost benchmarks are welcomed, and supported in principle, subject the comments attached.

A copy of the Council report and minute is provided as Attachment 2.

If you have any questions in relation to this matter please contact [REDACTED]

Yours faithfully,

[REDACTED]

Attachment 1: Council's response to IPART's Discussion Paper and Draft Benchmark Costs  
Attachment 2: Council report and minute (11 February 2025)

## Attachment 1 – Response To IPART’s Discussion Paper and Draft Benchmark Costs

A summary of Council’s key concerns as they relate to IPART’s review of contributions plans are provided below.

- **Review Timeframes:**

Council’s experience is that the IPART review and the Ministerial approval process takes too long. IPART’s timeframes, in addition to the time taken for Council to prepare, report and publicly exhibit a Plan, means that a simple review of a contributions plan can take 1-2 years. This is simply too long and limits the ability for a plan to respond quickly to changing economic circumstances.

- **IPART consultation process:**

IPART’s consultation process for its draft reports is an unnecessary duplication of process which significantly prolongs the review timeframe. Consultation should be limited to Council and relevant State Agencies, as already required under the Act and Regulations.

- **Changing assumptions during the lengthy review process:**

During the period of an IPART review process, it is difficult for Council to make changes to costs in the Plan without prolonging (or restarting) the assessment process. Councils should have the power to update plans expeditiously, to reflect actual costs of completed land acquisition and capital works, without undergoing a detailed IPART review.

- **Targeted reviews:**

Where a Plan has already been assessed by IPART and endorsed by the Minister, IPART’s reviews of subsequent amendments should focus only on the elements of the Plan which are being amended, rather than a holistic review of every element of a plan each time it is submitted for review.

- **Assessment criteria and inconsistency in application of the criteria:**

Inconsistency in the assessment process and the resulting recommendations complicates the assessment process and extends the assessment timeframe. IPART’s findings during subsequent assessment processes (where the same assessment criteria and terms of reference are applied) should not be subject to significant fluctuation as a result of the particular IPART personnel involved in the review, as has been the case in Council’s experience. The proposed changes to IPART’s review processes are positive. Council’s additional recommendations as detailed in Attachment 1, would further improve the efficiency and consistency of the review process.

- **Essential Works List and Nexus with State Government Release Areas and Precincts:**

The Essential Works List must be reviewed to ensure that new communities are able to be provided with the basic infrastructure and facilities that are necessary to support growth. Infrastructure schedules prepared for growth precincts, where the precinct planning is led by, or endorsed by the Department of Planning, Housing and Infrastructure, should supersede and override the Essential Works List.

- **Strategic Cost Assessments:**

There needs to be greater allowance for Councils to include conservative cost estimates and higher contingencies at the early life of a contributions plan as there is no capacity to retrospectively recoup revenue in the event that contributions rates levied were too low. Council’s experience is that cost estimate reductions imposed by IPART during reviews of Contributions Plans early in the development horizon have proven, in retrospect, to be erroneous. This means that Council, despite having originally included more realistic cost estimates in its draft Plans, has been forced to adopt plans that underestimate costs and has been unable to collect sufficient revenue. This is now resulting in inability for Council to fund the infrastructure identified (by Government) as necessary to support the growth. IPART and/or Government should assume the financial risk and liability associated with these actions, not Council and the community.

- **Treatment of Funding Gaps and NPV Model:**

Greater guidance is required on how councils are to address funding gaps. It is completely illogical that the Government's contributions system prevents councils from being able to collect sufficient revenue from development to deliver a work program, especially when there is clear nexus between the development generating the demand and the infrastructure being delivered. The NPV Model was intended to allow for plans to achieve a \$0 end of plan balance, in accordance with Department Practice Notes on this methodology. Numerous assessments of NPV Model Contributions Plans have been completed by IPART and allowed this to occur, by way of appropriate adjustment to the contribution rate for remaining development within a Precinct. IPART's most recent review of CP15 – Box Hill Precinct however has taken an entirely different position on the application of the NPV Model and treatment of funding gaps.

Council maintains that as a fundamental principal underpinning infrastructure planning, Contributions Plans should be able to ensure that the cost of providing new local infrastructure required to support development within a Precinct, should be recouped through contribution revenue collected from the development which creates the demand for that infrastructure. The alternatives to this represent a significant departure from the principles of nexus and apportionment.

Council's more detailed responses to IPART's questions as outlined in the Discussion Paper are provided in the following pages.

#### **1. What do you think could be improved about how IPART assesses contributions plans?**

- As part of a number of past IPART reviews including previous reviews of CP15, IPART has mandated the use of lower estimates to those requested by Council. This has resulted in significant issues as higher, and more accurate costs are only being included later in the life of a plan, at which point the extent of development remaining from which to fund the infrastructure has significantly decreased, as has been seen with CP15.

Furthermore, IPART often recommends much lower contingency rates than what is reasonably identified within Council's procured costings. This also results in a substantial underestimation of infrastructure costs. IPART's focus frequently seeks to reduce cost estimates in the Plan in order to place significant downward pressure on the contribution rate established. Council has repeatedly objected to this practice and sought for the inclusion of higher, more accurate costings however this has not been allowed. Should IPART recommend Council to engage a consultant for detailed costings, it should also accept the costing in full including contingency, not just the base cost prepared by the consultant, taken out of context when IPART applies its own (lower) contingency rates. There is now a body of evidence which demonstrates that Council's cost which were included in draft plans to submitted to IPART were more accurate than the lower costs imposed by IPART which have proven to be inaccurate.

There needs to be greater allowance for Councils to include conservative cost estimates early in the life of a contributions plan because Councils capacity to recoup costs, in the event that contributions rates are too low, is limited. It is appropriate for these costs to be further refined as part of future regular reviews, as intended. If the IPART assessment process was shorter and more efficient, then more regular reviews could be completed to ensure cost estimates remain accurate and updated over time.

- Most of Council's Plans utilise a Net Present Value (NPV) methodology, whereby contribution rate calculations are based on the formula that "Present Cost = Present Revenue", which is entirely consistent with the Department's 2019 Practice Note. This has been Council's consistent approach, to ensure that each contributions plan breaks even on its own, and the full cost of local infrastructure required to support development is borne by the development which creates the need for it. That is, the present value of income from all

'new' population in the precinct should equate to the present value of the cost in the plan, which have been previously accepted by IPART.

For example, CP15 has now been reviewed by IPART on 5 separate occasions over the past 10 years. Each time, the same methodology has been applied by Council, which we believe to be the most appropriate application of the NPV methodology as set out by IPART. IPART has also accepted this position in 4 previous review processes and assessed the plan as reasonable on this basis. However, as a result of IPART's recent review of CP15, IPART has formed an entirely different (contrary) view in regard to this matter and the apportionment of costs to remaining population in the NPV methodology, resulting in a significant end of plan deficit.

IPART appears to have now changed its approach to the Plan, likely due to the perceived magnitude of the contribution rate increase and a desire to send a particular signal to the market, or simply because of objection from landowners and developers. Even within its Finalisation report on CP15, one of the considerations of IPART is 'whether the amount of the funding gap apportioned to future development sent the appropriate price signals to developers regarding the costs of providing infrastructure'. This is completely unreasonable - the 'appropriate price signal' should be whatever contribution rate is required to fund the infrastructure that is required to service development.

Consequently, CP15 will not be able to breakeven and IPART has recommended that a gap of \$182m (June 2023) be funded from sources other than development levies collected from development within the Box Hill Precinct. This will result in the transfer of a significant cost burden to the broader rate base, that has no nexus to the infrastructure being delivered. It is inequitable to charge a broader rate base for essential local infrastructure that should have been delivered by developer contributions as part of the new release area.

It is considered that Council's NPV approach is the most consistent with the user pays principle in comparison to a situation where the general rate base outside of a development precinct subsidises local infrastructure costs. It is also consistent with the Department's Practice Notes in relation to the NPV methodology. Further commentary regarding IPART's solution to addressing a funding shortfall is detailed in the response to Question 5.

- Having regard to the above, the erroneous reduction of Council's costs estimates by IPART as part of early reviews of the Plan have significantly reduced the contribution rate that could be levied on development (already approved or completed) and as a result, reduced revenue early in the life of a plan. For example, under CP15, whilst the cost of individual items has varied, it is evident that if IPART had not removed costs from a plan historically in order to distort and reduce contributions rates, the current plan and contribution rates would be more fair, reasonable and accurate and importantly, the extent of the funding gap Council is now experiencing would be significantly less.

Table 1 outlines the fluctuation in the total cost of CP15 since its adoption, including identification of the reductions imposed by IPART which have now been proven to be inaccurate in retrospect and led to funding shortfalls.

It is also reiterated that a key issue is that the length of time taken for IPART to complete its assessments historically, meant that while land valuations were accurate at the time of submission, these were subsequently out-of-date (resulting in inadequate contribution rates being levied) by the time the IPART review was completed and revised plan adopted by Council.

IPART Review No.	Total Cost of CP15 Submitted to IPART	Total Cost of CP15 Endorsed by IPART	Change in the Total Cost of CP15 (Post IPART Review)	Reason for Increase in Plan Value	Reason for Recommended Cost Decrease by IPART
1	\$411,115,121 (22 Jul 2014)	\$362,824,092 (9 Dec 2014)	-\$48,291,029	N/A – First iteration of the Plan.	IPART required removal of costs for community facilities and reduction in cost estimates and contingency allowances for traffic and transport works in comparison to the cost estimates submitted by Council.
2	\$411,235,514 (24 Feb 2015)	\$304,019,450 (31 Mar 2016)	-\$107,216,064	Plan increase primarily due to updated land values, amended land acquisition extents and capital costs.	
3	\$532,341,359 (8 Aug 2017)	\$535,875,883 (9 Oct 2018)	+\$3,534,524	Primarily due to updated land values, which in some land use zones had escalated in excess of 200% since 2014. Some adjustments were also made to land acquisition extents and capital costs.	N/A – IPART generally accepted Council's cost estimates with the exception of some minor adjustments.
4	\$682,110,548 (25 Feb 2020)	\$664,210,715 (23 Oct 2020)	-\$17,899,833	Inclusion of some new capital items, reflect updated designs and cost estimates for some existing items in Plan and update land acquisition extents.	IPART required Council to reduce contingency allowances for some traffic items, reduce apportionment for some traffic items and reduce cost estimates for certain traffic items to rely on older superseded QS reports (that had lower estimates than the revised material submitted by Council).
5	\$1,006,560,706 (11 Apr 2023)	\$1,032,245,590 (12 Apr 2024)	+\$25,684,884	Updated land values to reflect market rates, amended land acquisition extents for works based on updated designs and inclusion of some new capital items.	IPART generally agreed with Council's cost estimates, however made other recommendations with respect to apportionment of costs.

**Table 1:** Changing in Value of CP15 following IPART Reviews

Despite this, Council has no ability to recoup lost revenue or contributions which could not be collected as a result of these actions and decisions of IPART and Government. IPART and/or Government should assume the financial risk and liability associated with these actions, not Council and the community.

**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?**

- The indexation of land costs using a bespoke Land Value Index (LVI) to ensure accurate and up-to-date values is supported. It is understood that Blacktown City Council has successfully adopted the LVI published by CoreLogic, which IPART has supported. IPART should include guidance on credible LVIs like CoreLogic and outline criteria for selecting or customising an LVI. This will ensure consistency and provide transparency and clarity for councils when managing land cost estimations.

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

- It is agreed, in principle, that consideration be given to the Department's Urban Development Program (UDP) with respect to growth forecasts. However, Council will likely have undertaken more detailed and accurate analysis as part of the preparation and review of a Plan, noting that the UDP data is high level in nature. Council's detailed analysis and projections should take precedence, if provided.

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

- It is agreed that for plans that have already been reviewed by IPART, assessments should focus primarily on elements within the Plan that are proposed to be changed, rather than a holistic review of each element within a Plan every time it is submitted. This will ensure consistency throughout the life of the Plan and far greater efficiency in assessment processes.

For example, CP15 has now been reviewed by IPART on 5 occasions, and it is only as part of the most recent review that the issue of apportionment and Council's modelling has arisen. IPART needs to apply its assessment process and criteria consistently and cannot simply recommend changes to critical elements a plan part of the way through the life of a precinct. This is only one example of the various new issues that have arisen as part of the recent review of CP15 which were deemed to be acceptable when contemplated as part of a previous review.

It is understood that based on a number of more recent plan reviews (for other councils) that IPART may now be undertaking more targeted reviews. If this is the case, this change is supported and should be standardised to improve efficiency.

- Council's experience is that IPART reviews and the Ministerial approval process takes too long. The length of time taken for IPART to review a plan often results in substantially more development being approved at existing (outdated) rates, with the new / required rates increasing exponentially resulting in a larger funding deficit for Council. IPART's timeframes, in addition to the time taken for Council to prepare, report and publicly exhibit a Plan, means that a simple review of a contributions plan can take 1-2 years. This is simply too long and limits the ability for a plan to respond quickly to changing economic circumstances. An example of the extensive time taken for IPART to complete their review of each iteration of CP15 is provided in Table 2 below.

IPART Review	Submission of CP15 to IPART	Completion of IPART review	Time taken to complete review
Review 1	22 July 2014	9 December 2014	5 months
Review 2	24 February 2015	31 March 2016	13 months
Review 3	8 August 2017	9 October 2018	14 months
Review 4	25 February 2020	23 October 2020	8 months
Review 5	11 April 2023	12 April 2024	12 months

**Table 2:** Time taken for IPART to complete their reviews of CP15

- During the IPART/Ministerial Review process, it has been difficult for Council to make changes to costs in the Plan without prolonging (or restarting) the assessment process. Given that the only changes which can be made to a plan following IPART's review are those endorsed by the Minister, there is little certainty that Council will be able to reflect increased and actual costs incurred unless specifically recommended by IPART and endorsed by the Minister.

This situation means that Council may be unable to reflect critical factors such as updated land acquisition rates/cost, updated actual costs incurred or more detailed cost estimates for capital works items for a number of years. This is particularly problematic with respect to escalating land values and capital costs in precincts where high numbers of development approvals are being issued.

Councils should have the authority to update plans to reflect actual costs without the detailed IPART review process, or at the very least, the IPART assessment be subject to less rigorous review and limited to considering the relevant changes, as detailed above.

**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'?**

- Given 'other relevant matters' may or may not be applicable to a particular plan and vary between plans, it is difficult to provide comment on the development of new guidance for councils. It is also unclear what standard guidance could be provided to councils. While the intent to establish new guidance is appreciated, it is considered that this may provide little benefit. Targeted engagement between Councils and IPART as part of the preparation and assessment of a plan would be the most effective approach addressing any 'other relevant matters'. However, any such guidance would only be beneficial if IPART is regularly reviewing, addressing and consolidating its assessment and decisions on 'other relevant matters'. It would also only be beneficial if there is a greater level of consistency from IPART in its assessment of Plans, unaffected by staff turnover over time.
- Greater guidance is required on how councils are to address funding gaps. It is completely illogical that the Government's contributions system prevents councils from being able to collect sufficient revenue from development to deliver a work program, especially when there is clear nexus between the development generating the demand and the infrastructure being delivered.

Clearly, changes to the framework are urgently required to address the ambiguity in the system. Requiring councils to knowingly adopt a Plan that result in a funding shortfall is not financially prudent or sustainable, and councils will not be able to deliver the planned infrastructure to service the essential needs of their community. Any recommendations from IPART to address a funding shortfall should have some level of certainty with respect to securing funding (such as grant funding), especially where IPART would have a role in the matter as part of a separate process, such as a Special Rate Variation.

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

- The Hills have pursued the IPART review process on numerous occasions and are generally familiar with IPART's assessment processes. However, addressing Council's key issues such as inefficiencies of assessment timeframes, accuracy of costs, and consistency of IPART's review processes and decisions, as detailed within this document will assist in streamlining the assessment of plans.

**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?**

- IPART's proposal to convene regular forums about CP assessment processes are supported. Regular engagement with stakeholders, would ensure that any new issues that may not be covered under existing and future guides, as well as recommended process improvement initiatives can be promptly addressed and implemented.
- While combined forums for councils and developers may have some benefit, separate forums would be more productive and yield effective and constructive feedback, as the focus and priorities of these groups would likely differ. In this regard, it is strongly recommended that the issues raised, and the outcomes of these separate forums are made publicly available to enable a shared understanding of each group's views.

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

- Early and regular consultation between councils and IPART are supported and should be maintained. Based on recent review of Council's plans, IPART have held meetings with Council to establish a greater understanding of new or proposed changes to an existing Plan and provide clarification on any matters to IPART. Early engagement would resolve issues upfront and increase efficiency of the review process. However, clarification is sought on how the proposed stakeholder workshops would differ from the current meetings that are already being held between Council and IPART.

**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?**

- As per the Discussion Paper, Council should be engaging with IPART during the plan preparation phase and engagement with key stakeholders (including Council and Government agencies) should be undertaken during the IPART assessment process. The purpose of exhibiting a draft report should be to seek feedback on draft IPART recommendations from key stakeholders and technical experts only, not the public community.
- IPART's existing consultation process for its draft reports is an unnecessary duplication of process. Contributions plans are subject to appropriate and legislated community consultation by councils, which needs to be completed before a plan is submitted to IPART for review. IPART has access to submissions received and Council's responses to the submissions. IPART's exhibition process is unlikely to yield any significant benefits beyond a council's own consultation and simply adds further unnecessary delays to IPART's assessment timeframe. IPART's draft report should simply be provided to councils and other relevant Government agencies with expert knowledge with reasonable time given for comments dependent on the scale of the review.
- The Discussion Paper indicates that final reports we will address concerns raised in all non-confidential submissions to the draft reports. If IPART is insistent on duplicating this process with the community, then IPART's Final Report must be transparent and outline and address



all issues raised in the submissions received, regardless of confidentiality. All submissions should be made publicly available, and confidentiality should be limited to personal details only. This will ensure that IPART, as an independent body, is held accountable for undertaking a fair, impartial and transparent review of submitted Plan, and provide confidence that any recommended changes to a draft Plan are not prejudiced to 'confidential' submissions.

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

- The Draft Greener Places Design Guide is broadly consistent with Council's open space provision benchmarks under State Government's endorsed Recreation Plan. The Discussion Paper acknowledges that the quantum of open space is typically determined through planning proposals and rezonings finalised prior to the submission of a draft Plan to IPART for review, and the amount of open space is already established.

However, a performance-based approach in determining the provision of open space is not considered ideal, particularly when considered at the early life of the plan. This approach would limit the opportunity for Council to reasonably identify and acquire the extent of land required to facilitate anticipated improvements to recreation outcomes in the medium to long term. This is critical and necessary, given the limited availability of land and the significant increase in acquisition costs in both in-fill and greenfield areas as the precincts develop.

Therefore, IPART's approach to assessing nexus for open space under a strictly performance-based approach as they relate to embellishment and scope of a facility is not supported.

- More broadly, Council has a number of contributions plans that service release areas where the precinct planning was undertaken and implemented by the Department of Planning, Housing and Infrastructure. In these cases, the State Government essentially provides Council with a list of local infrastructure to be provided, as an outcome of the Department's Precinct Planning process. The land for these outcomes is generally already zoned by Government at the time the Council is preparing or adopting the contributions plan. The contributions plan then seeks to deliver this infrastructure list.

It is completely unreasonable in such circumstances for IPART's assessment to then recommend that Council delete infrastructure items from a plan on the basis of lack of nexus, as this directly contradicts and prevents the achievement of the planning, development and infrastructure outcomes established through the extensive and in-depth Precinct Planning Process completed by the Department. This places Council in the unreasonable position of needing to justify outcomes already established by the State Government, in order to progress through a State Government-imposed review process, or being unable to implement the planning outcomes expected by the Department (and the community).

- Having regard to the above, the provision of the new and augmented infrastructure identified as necessary through this process needs to take precedence over the Essential Works List. If an infrastructure item is identified as being necessary to support rezoning, and it needs to be provided by Council, the principle of nexus/user-pays should dictate that it be funded through a local Contributions Plan. The arbitrary exclusion of necessary infrastructure in an effort to reduce contribution rates is poor planning and leads to inadequate levels of service for the community. Infrastructure provision and funding should be considered and resolved as part of the holistic planning process for an area, not in the isolated assessment of a Contributions Plan. If the inclusion of funding for all necessary infrastructure in a Contributions Plan results in contribution rate that impacts on development feasibility, this may be an indication that the rezoning of the land may not be capable of being feasibly serviced and rezoning may not be in the public interest. Alternatively, the accurate contribution rates should be known upfront prior to rezoning of the precinct, such that the

market can respond accordingly in determining the market value of land for development sites.

- Whilst it is acknowledged the Minister's Terms of Reference prohibit IPART from including capital costs for community facilities on the Essential Works List, the Terms of Reference also state that "*The objective is to ensure that new development pays the capital costs of efficiently designed local infrastructure needed to service the new population*". It would therefore appear that the Terms of Reference are at odds with the overall objectives of the reforms, as well as with the findings of the Productivity Commission and views and experiences of Councils.
- Currently, the list includes the cost of acquiring land for libraries and community centres, however does not allow Council to collect contributions towards the capital cost of constructing the facility. This means that in the absence of a Council opting to fund this infrastructure through other sources of public funds (which is fundamentally contrary to the user-pays and nexus principles which underpin the contributions planning framework), significant areas of new residential development will be delivered without any adequate community facility infrastructure. This is not a reasonable planning outcome and the impact of including funding for community facilities on contribution rates should be further considered. If contribution rates which reflect the true cost of providing the necessary infrastructure prove cost-prohibitive to development, it may be reasonable for Government to re-evaluate the appropriateness of rezoning an area, as opposed to rezoning land without adequate infrastructure provision (or to the detriment/expense of the existing community within an LGA). Alternatively, the accurate contribution rates should be known upfront prior to rezoning of the precinct, such that the market can respond accordingly in determining the market value of land for development sites.

It is noted that the 'Essential Works List' seeks to limit infrastructure to base level provision and place downward pressure on contribution rates and development costs, however the restrictive nature of the list should not be at the expense of providing adequate infrastructure outcomes that are required to support development. It would not be beyond IPART's role in this process to comment on this matter, irrespective of the specific terms of reference.

**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?**

- The following amendments are recommended to Appendix A of the draft Benchmark Costs:
  - Item ST-1.01 should read "Combined detention basin and raingarden facility".
  - Items ST-1.04, ST-1.05, ST-1.06 and ST-1.07 can be omitted and lumped as item ST-1.03 "Bioretention System".
- Appendix C should include an additional ST item for Stormwater Filtration Devices e.g. proprietary devices such as *Stormfilter*, *SPELfilter*, *JellyFish* etc.

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

- The costs for service relocation can vary widely and are at the discretion of the relevant authority. The revised process indicates a high end 'site constraint' allowance of up to 40% of project costs for infill areas and 15% of project costs for greenfield areas, which is inclusive of constraints other than service relocation.

Based on Council's experience these allowances are considered to significantly underestimate the costs typically associated with service relocation. A review of QS

estimates prepared for traffic upgrades within The Hills suggests that service relocation costs for infrastructure in highly constrained areas can range between:

- 35% to 46% in greenfield areas
- 35% to 50% in infill areas

Service relocation costs are a significant risk factor, with numerous projects requiring variations to account for unforeseen service relocation requirements as projects progress and utility agencies are engaged. Council would be happy to provide further evidence to IPART demonstrating service relocation costs and issues experienced as part of specific projects if this would assist.

Having regard to the above, it is critical that the draft benchmark allowances for constraint factors be increased to at least 50%. A sufficient allowance is critical in the early stages of a contributions plan where costs are typically based on strategic estimates and not informed by detailed designs or specific costs from utility agencies.

Reasonable allowances for service relocation are particularly important given that contingencies are also capped under the draft benchmarks. The identified contingencies would be insufficient to cover unforeseen service adjustment costs as well as other unknown factors, particularly for more complex projects.

A comparison between the draft Benchmarks and tendered costs for two infill projects are provided in the following table:

	<b>Draft benchmark total cost</b>	<b>Actual cost</b>	<b>Difference between draft benchmark and total actual cost</b>	<b>Equivalent 'site constraint allowance' under draft benchmark</b>
<b>Hezlett Road upgrade:</b> upgrade of sub-arterial road including signalisation	\$16,185,855	\$18,694,853	\$2,508,998 (15%)	\$5,940,000 (63%)
<b>Withers/Barry/Hezlett Road Intersection upgrade:</b> upgrade of collector and sub-arterial roads and signalisation	\$7,614,596	\$10,760,699	\$3,146,103 (30%)	\$2,356,000 (60%)

**Table 3:** Comparison between draft benchmark costs and example tendered costs

It is strongly recommended that the costs for service utility relocation be listed as a separate line item given the significant costs associated with this activity in roadwork projects, rather than amalgamated with productivity constraints. There are also productive impacts that indirectly arise from service relocation given service utility providers carry out work independently from the head contractor. Inclusion of a separate line item would enable Council to more closely examine this aspect of roadwork construction by isolating these costs from other site constraint costs.

- The draft Benchmark Costs account for potential contamination. The Hills typically experiences high levels of contaminated waste on development sites given many of them have historic incidents of orphan waste dumping. However, it is difficult to ascertain whether contamination is apparent when determining initial estimates, as it is unlikely that we will have geotechnical results or even a desktop study at the early stage. The inclusion of site contamination would be useful when reviewing costs of existing items within a plan.

- The following amendments are recommended to Appendix A of the draft Benchmark Costs:
  - Item OSE-1.06 should be increased by \$50,000
  - Item OSE-1.21 should be increased to \$4,720 per fitting
  - Item OSE-1.26 should be increased to \$300/m<sup>2</sup>

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

- Subject to the above comments and recommendations, the adoption of the draft benchmarks is supported in-principle. IPART's Local Infrastructure Benchmark Costs (April 2014) recommends that 'Councils use the benchmark costs as a guide in developing cost estimates for the purposes of levying infrastructure contributions. The onus is on Councils to justify any deviation from the benchmark costs'. However, IPART's recommendations as part of a number of recent reviews of Council's plans have actually disputed Council's decision to use IPART's own benchmark costs, instead requiring Councils to fund and prepare more detailed cost estimates from Quantity Surveys or comparable actual costs simply to pass through the IPART review process.

If IPART is to prepare and public benchmark rates, Councils should be able to establish strategic cost estimates which utilise IPART's published benchmark rates, without being questioned by IPART or deterred from actually using these rates. It is not reasonable for IPART to expect Councils to have detailed cost estimates for all items within new contribution plans, hence the very reason why IPART would establish benchmark costs.

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

- Yes. Subject to Council's comments and recommendations, the draft updated cost benchmarks will better align estimated costs with actual costs and ensure that the contributions collected at the earlier stages of the plan will be sufficient to fund the delivery of infrastructure.

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

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

- The use of aggregate benchmarks to assess reasonable costs in a CP are supported if this approach would fast-track the assessment process. However, if the aggregate benchmarks are set too low such they result in unrealistically low cost estimates, then this would not be of benefit. It is noted that the aggregate cost in Table 4.7 and 4.8 excludes factors such as council on-costs and contingency. These exclusions make direct comparisons challenging, as Council's calculated rates include these components to account for the uncertainties and administrative expenses involved in delivering infrastructure.
- Further guidance should be provided to assist in determining whether the 'upper' or 'lower' band of an aggregate cost should be used. This should be informed by investigating outlier plans in Tables 4.1 and 4.2, and whether they should be adjusted or excluded from the calculation. Council would welcome further discussion and consultation on any aggregate benchmarks proposed moving forward.

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

The following recommendations would improve the applicability and usability of aggregate benchmarks:

#### Incorporate On-Costs and Contingency

- Update benchmarks to include council on-costs and contingency and provide guidance on reconciling aggregate benchmarks with council-calculated rates.

#### Regular Adjustments

- Establish mechanisms for regular updates to ensure that benchmarks keep pace with market conditions, particularly for volatile inputs such as construction costs.

#### Update data used to calculate aggregate benchmark

- It is recommended that costs from 2018 and 2019 be excluded from the data used to calculate the draft indicative aggregate benchmarks. These earlier CP plans were submitted before the significant impacts of COVID-19, which caused notable increases in construction costs. Including pre-COVID data in the dataset skews the benchmarks downward, failing to reflect the current market conditions accurately.
- The costs within the most recent iteration of any plan would more accurately reflect the true cost. As such, the calculation of an aggregate cost should exclude all superseded plans from this calculation, such as CP15 (2018 and 2020).
- Clarification is sought on the definition of Net Developable Area used in Section 4.2 of the Discussion Paper, and whether this excludes areas that are in the fringes of the 1%AEP flood extents but are still developable.
- The calculation of aggregate costs based on \$/area (as per Figure 4.1) should ensure that cost of works, specifically stormwater works, accurately reflects the applicable land and level of service, noting that drainage costs differ between sub-precincts under CP15, which distinguish between catchments and residential and non-residential land. In this regard, aggregate costs based on Net Developable Area should distinguish between development types and land use for greater accuracy.
- A similar exercise should be undertaken on the \$/person, for all infrastructure categories.
- The aggregate cost based on \$/person for Open Space Embellishment in Table 11 of the draft Benchmark Costs is listed higher than Stormwater for the Lower end but less for the Upper end. Clarification is sought on how the ranges for both categories have been calculated to support the draft aggregates.

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

- Yes, Council is happy to provide any information, where possible, to assist IPART in establishing the most reasonable aggregate benchmarks.

## ORDINARY MEETING OF COUNCIL

11 FEBRUARY 2025

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**ITEM 2**                      **IPART DISCUSSION PAPER AND DRAFT LOCAL INFRASTRUCTURE BENCHMARK COSTS (FP53)**
**THEME:**                      **SHAPING GROWTH****MEETING DATE:**        11 February 2025**COUNCIL MEETING****GROUP:**                    **SHIRE STRATEGY****AUTHOR:**                    **RESPONSIBLE OFFICER:** 

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**PURPOSE**

This report recommends that Council make a submission on IPART's review of our approach to assessing contributions plans Discussion Paper and draft Benchmark Costs for Local Infrastructure. Council officers have prepared a draft submission in response to the documentation currently on public exhibition, which is provided as Attachment 1 for consideration and endorsement.

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**RECOMMENDATION**

Council make a submission on IPART's review of our approach to assessing contributions plans Discussion Paper and draft Benchmark Costs for Local Infrastructure, in accordance with the draft submission provided in Attachment 1.

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**IMPACTS****Financial**

IPART's process of reviewing local contributions plans and infrastructure benchmark costs have a direct impact on Council's ability to levy accurate contributions from development in a timely manner. The points raised in the attached submission seek to highlight issues previously experienced with IPART's review process, in particular the length of time for each review and IPART's practice of requiring unreasonably low cost estimates and contingencies which results in a significant under collection of contributions over the life of a contributions plan.

**Strategic Plan - Hills Future**

Faster and more accurate IPART review processes will assist with the timely delivery of local infrastructure for the community and will ensure that new neighbourhoods are provided with adequate infrastructure to improve amenity and achieve better outcomes.

**LINK TO HILLS SHIRE PLAN****Strategy:**

8.1 Provide new and refurbished infrastructure in a timely manner that meets the needs of our growing Shire.

**Outcomes:**

8 Infrastructure meets the needs of our growing Shire.

**LEGISLATIVE CONTEXT**

The legislative framework for developing Council's contributions plans is established within Part 7, Division 7.1. of the Environmental Planning and Assessment Act 1979 (EP&A Act) (Clauses 7.18 to 7.19). Under Clause 7.11 of the Act Council may impose a condition of consent for certain development that will require the provision of, or increase the demand for, local public infrastructure, in accordance with a contributions plan.

In accordance with Clause 216 of the Environmental Planning and Assessment Regulation 2021 (Regulation), Council is required to regularly review a contributions plan under the provisions stipulated within Clause 215 of the Regulation.

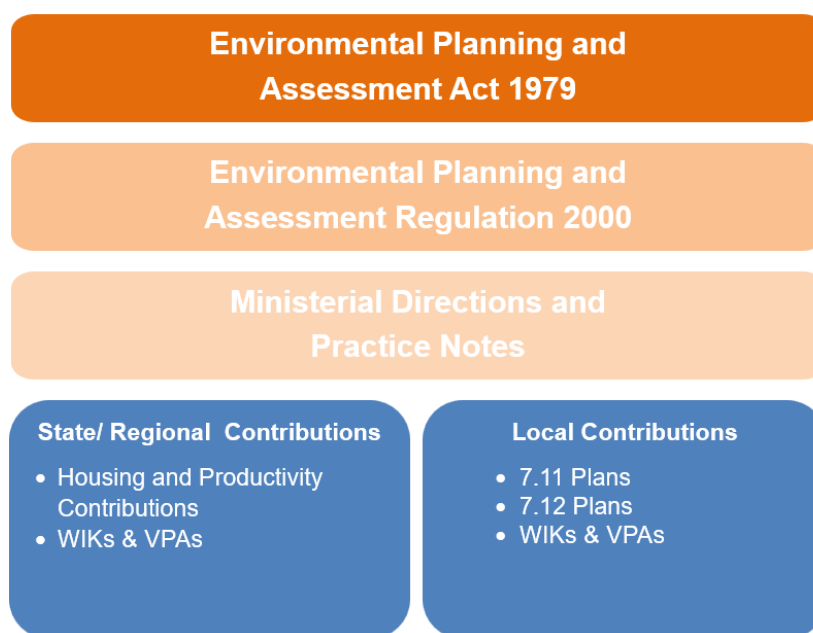
Under the legislation, draft contribution plans must be publicly exhibited for comment, and subject to meeting criteria, Council must seek endorsement to submit the draft Plan (incorporating post-exhibition amendments) to IPART for review and assessment against the Section 7.17 Ministerial Direction Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012.

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**BACKGROUND****a) Section 7.11 Contributions Framework**

The development contributions system is a critical piece of the NSW planning framework. As new development (housing and employment) occurs this growth must be supported by new and upgraded roads, drainage systems, recreational facilities (such as playing fields and local parks) and community facilities. The contributions system establishes how new development, which generates the demand for new and upgraded facilities, will be levied for a proportionate cost of providing such infrastructure (often referred to as 'user-pays').

In NSW contributions are regulated through applicable legislation and guidelines including the EP&A Act, Regulation, Ministerial Directions / Practice Notes, as well as State and local contributions policies.



**Figure 1**  
NSW Contributions Framework

Section 7.11 plans identify and cost all the works/facilities and land acquisitions necessary to support new development within an area. They are typically applied to release areas, station precincts and high growth areas.

A Section 7.11 levy is based on the type of development being delivered (e.g. per dwelling or per m<sup>2</sup> of retail / commercial floor space). The requirement to pay a contribution is imposed as a condition of development consent or a complying development certificate (CDC).

A critical requirement of the EP&A Act is that the Section 7.11 contribution needs to be reasonable. Key principles underlying reasonableness are:

- 'Nexus': relationship between the expected types of development in the area and the demonstrated need for additional public facilities created by those developments; and
- 'Apportionment': ensures that new development only pays for the proportion of the demand that it generates.

Section 7.11 plans are required to be updated regularly to ensure that underlying assumptions are accurate. Section 7.11 plans often fund infrastructure for developments over 20+ year development horizon, meaning that forecasting costs can be complex and difficult to forecast. While contingency factors aim to alleviate the margin of error, regular reviews are essential to reflect the most up-to-date costs and assumptions.

The developer contributions framework, system and government policy has represented significant risk for Council and the community. The system is prone to a range of variations that can result in insufficient funds to provide the identified essential infrastructure that new communities need.

#### **b) IPART's Role in Assessing Contributions Plans**

Contributions plans set the contribution a council can levy on developers to fund the necessary land and works required by development. When Council prepares a draft contributions plan it must be placed on public exhibition. Following the exhibition period Council considers a report on any submissions received and decides whether to forward the draft Plan (including any post-exhibition amendments) to the IPART review.



Currently, a council cannot levy contributions above a threshold of \$30,000 per lot or dwelling in identified greenfield areas (such as Box Hill, Gables and North Kellyville) and \$20,000 per dwelling in other areas, unless IPART has reviewed the contributions plan.

IPART assesses plans having regard to the State Government's Essential Works List (EWL) and principles of nexus, apportionment and reasonableness of costs. As part of its review process, IPART typically undertakes further consultation with respect to their assessment findings and draft recommendations before finalising their assessment. Following the completion of its review IPART issues a Final Recommendations Report to the Minister for Planning and Public Spaces. The Minister then considers the Final Recommendations Report and advises Council of what amendments need to be made to the draft Plan prior to adoption.

IPART's role in the process is intended to help ensure reasonable costs of infrastructure works and contribution rates. However, it has been Council's experience that the IPART review process can significantly prolong the review process which results in Council being forced to levy development based on outdated and insufficient contribution rates.

As part of its previous reviews IPART has frequently raised concern with the use of strategic cost estimates and has recommended that Council utilise lower costings in order to reduce contribution rates. This practice results in a significant under collection of contributions as contribution rates that are too low. As development occurs Council is unable to recoup missed income from future development, which ultimately results in a funding shortfall. Council has repeatedly objected to this practice and sought for the inclusion of higher, more accurate costings however this has not been allowed.

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## **OVERVIEW OF EXHIBITION**

IPART is exhibiting a Discussion Paper regarding its approach to assessing Section 7.11 contributions plans. Additionally, draft amendments to IPART's Local Infrastructure Benchmark Costs (April 2014) are also on public exhibition. The review seeks to improve IPART's processes for assessing contributions plans and to update benchmark costs for local infrastructure to ensure that estimated costs are accurate. It is intended that the changes will enhance efficiency and effectiveness in IPART's assessments, ensuring that the delivery of infrastructure aligns with the needs of NSW's growing population.

IPART is seeking stakeholder feedback on what it could do to improve its assessment experience and process, as well as seeking input on its updated benchmark costs and the concept of aggregate benchmarks. The exhibited material is available for review and comment until 7 February 2025, however, IPART has granted an extension to provide comments following Council's consideration on the matter.

### **a) Discussion Paper - Review of our approach to assessing contributions plans**

In preparing the Discussion Paper, IPART has reviewed its internal processes and guidance, and held informal discussions with selected stakeholders, with the aim of improving its operation and providing better outcomes. IPART has acknowledged that delays in its assessment of contributions plans can have a financial impact on councils and developers. IPART is seeking feedback on proposed improvements to support more timely and effective reviews including:

- updating existing guidance, developing new guidance and tools, and reviewing the information on its website to support councils' preparation of contributions plans for IPART review;
- providing more opportunities to engage with stakeholders and additional options to make submissions to IPART; and

- tailoring its assessment of contributions plans to focus on the key matters for each plan.

## b) Draft Benchmarks Report

IPART has commissioned Genus Advisory to provide advice on updating the local infrastructure benchmarks for individual infrastructure items. Updated benchmarks aim to help councils prepare cost estimates for infrastructure items and inform IPART's assessment of reasonable costs. IPART has also sought advice on developing benchmark cost ranges for stormwater, transport and open space embellishment. IPART is considering whether these aggregate benchmark cost ranges could be used to assess reasonable costs of infrastructure categories rather than assessing the costs of each individual infrastructure item.

### KEY MATTERS FOR CONSIDERATION

The proposed initiatives and improvements to IPART's assessment process are welcomed and supported in-principle. Additionally, the draft cost benchmarks and introduction of aggregate benchmarks are supported, subject to refinement and clarification on certain matters.

A summary of the key points raised in the submission are provided below. These matters, along with other technical matters are addressed in detail within the draft submission provided as Attachment 1.

#### Timeframe for reviews

Council's experience is that the IPART review and the Ministerial approval process takes too long. IPART's timeframes, in addition to the time taken for Council to prepare, report and publicly exhibit a Plan, means that a simple review of a contributions plan can take 1-2 years. This limits the ability for a plan to respond quickly to changing economic circumstances.

The length of time taken for IPART to review a plan often results in substantially more development being approved at existing (outdated) rates, with the new / required rates increasing exponentially in response to decreases in the remaining development at a point in time, resulting in a larger funding deficit for Council. IPART's timeframes, in addition to the time taken for Council to prepare, report and publicly exhibit a Plan, means that a simple review of a contributions plan can take 1-2 years. An example of the extensive time taken for IPART to complete their review of each iteration of CP15 is provided in Table 1 below.

IPART Review	Submission of CP15 to IPART	Completion of IPART review	Time taken to complete review
Review 1	22 July 2014	9 December 2014	5 months
Review 2	24 February 2015	31 March 2016	13 months
Review 3	8 August 2017	9 October 2018	14 months
Review 4	25 February 2020	23 October 2020	8 months
Review 5	11 April 2023	12 April 2024	12 months

Table 1: Time taken for IPART to complete their reviews of CP15

**IPART consultation process**

IPART's consultation process for its draft reports is an unnecessary duplication of process which significantly prolongs the review timeframe. Contributions plans are subject to appropriate and legislated community consultation by councils, which needs to be completed before a plan is submitted to IPART for review. IPART has access to submissions received and Council's responses to the submissions. IPART's exhibition process is unlikely to yield any significant benefits beyond a council's own consultation and simply adds further unnecessary delays to IPART's assessment timeframe.

**Changing assumptions during the review process**

During the period of an IPART review process, it is difficult for Council to make changes to costs in the Plan without prolonging (or restarting) the assessment process. Councils should have the power to update plans expediently, to reflect actual costs of completed land acquisition and capital works, without undergoing a detailed IPART review.

**Targeted reviews**

Where a Plan has already been assessed by IPART and endorsed by the Minister, IPART should focus only on the elements of the Plan which are being amended, rather than a holistic review of every element of a plan each time it is submitted for review, to ensure consistency throughout the life of the Plan and efficiency.

**Assessment Criteria and Inconsistency**

Inconsistency in the assessment process and the resulting recommendations complicates the assessment process and extends the assessment timeframe. IPART's findings during subsequent assessment processes (where the same assessment criteria and terms of reference are applied) should not be subject to significant fluctuation as a result of the particular IPART personnel involved in the review, as has been the case in Council's experience.

For example, CP15 has now been reviewed by IPART on 5 occasions, and it is only as part of the most recent (5<sup>th</sup>) review that IPART has adopted an entirely different stance with respect to the NPV Methodology and apportionment of costs in Council's financial modelling to ensure a \$0 end of plan balance. IPART needs to apply its assessment process and criteria consistently and cannot simply recommend changes to critical elements a plan part of the way through the life of a precinct. This is only one example of the various new issues that have arisen as part of the recent review of CP15 which were deemed to be acceptable when contemplated as part of a previous review.

**Essential Works List and Nexus within State Government Release Areas and Precincts**

The Essential Works List must be reviewed to ensure that new communities are able to be provided with the basic infrastructure and facilities that are necessary to support growth. Infrastructure schedules prepared for growth precincts where the precinct planning is led by the Department of Planning, Housing and Infrastructure, should supersede the Essential Works List, as established by Government.

The List includes the cost of acquiring land for libraries and community centres, however, does not allow Council to collect contributions towards the capital cost of constructing the facility. This means that in the absence of a Council opting to fund this infrastructure through other sources of public funds (which is fundamentally contrary to the user-pays and nexus principles which

underpin the contributions planning framework), significant areas of new residential development will be delivered without any adequate community facility infrastructure.

Whilst it is acknowledged the Minister's Terms of Reference prohibit IPART from including capital costs for community facilities on the Essential Works List, the Terms of Reference also state that *"The objective is to ensure that new development pays the capital costs of efficiently designed local infrastructure needed to service the new population"*. It would therefore appear that the Terms of Reference are at odds with the overall objectives of the reforms, as well as with the findings of the Productivity Commission and views and experiences of Councils.

The 'Essential Works List' seeks to limit infrastructure to base level provision and place downward pressure on contribution rates and development costs, however the restrictive nature of the list should not be at the expense of providing adequate infrastructure outcomes that are required to support development.

If the inclusion of funding for all necessary infrastructure in a Contributions Plan results in contribution rate that impacts on development feasibility, this may be an indication that the rezoning of the land may not be capable of being feasibly serviced and rezoning may not be in the public interest. Alternatively, the accurate contribution rates should be known upfront prior to rezoning of the precinct, such that the market can respond accordingly in determining the market value of land for development sites.

It would not be beyond IPART's role in this process to comment on this matter generally, irrespective of the specific terms of reference.

### **Strategic Cost Assessments**

There needs to be greater allowance for Councils to include conservative cost estimates and higher contingencies at the early life of a contributions plan as there is no capacity to retrospectively recoup revenue in the event that contributions rates levied were too low.

Council's experience is that cost estimate reductions imposed by IPART during reviews of Contributions Plans early in the development horizon have proven, in retrospect, to be erroneous. This means that Council, despite having originally included more realistic cost estimates in its draft Plans, has been forced to adopt plans that underestimate costs and has been unable to collect sufficient revenue. This has led to a significant funding deficit in the Plan and is now resulting in inability for Council to fund the infrastructure identified (by Government) as necessary to support the growth. IPART and/or Government should assume the financial risk and liability associated with these actions, not Council and the community.

For example, under CP15, whilst the cost of individual items has varied, it is evident that if IPART had not removed costs from a plan historically in order to distort and reduce contributions rates, the current plan and contribution rates would be more fair, reasonable and accurate and importantly, the extent of the funding gap Council is now experiencing would be significantly less. Table 2 outlines the fluctuation in the total cost of CP15 since its adoption, including identification of the reductions imposed by IPART which have now been proven to be inaccurate in retrospect and led to funding shortfalls.

It is also reiterated that a key issue is that the length of time taken for IPART to complete its assessments historically, meant that while land valuations were accurate at the time of submission, these were subsequently out-of-date (resulting in inadequate contribution rates being levied) by the time the IPART review was completed and revised plan adopted by Council.

IPART Review No.	Total Cost of CP15 Submitted to IPART	Total Cost of CP15 Endorsed by IPART	Change in the Total Cost of CP15 (Post IPART Review)	Reason for Increase in Plan Value	Reason for Recommended Cost Decrease by IPART
1	\$411,115,121 (22 Jul 2014)	\$362,824,092 (9 Dec 2014)	<b>-\$48,291,029</b>	N/A – First iteration of the Plan.	IPART required removal of costs for community facilities and reduction in cost estimates and contingency allowances for traffic and transport works in comparison to the cost estimates submitted by Council.
2	\$411,235,514 (24 Feb 2015)	\$304,019,450 (31 Mar 2016)	<b>-\$107,216,064</b>	Plan increase primarily due to updated land values, amended land acquisition extents and capital costs.	
3	\$532,341,359 (8 Aug 2017)	\$535,875,883 (9 Oct 2018)	<b>+\$3,534,524</b>	Primarily due to updated land values, which in some land use zones had escalated in excess of 200% since 2014. Some adjustments were also made to land acquisition extents and capital costs.	N/A – IPART generally accepted Council's cost estimates with the exception of some minor adjustments.
4	\$682,110,548 (25 Feb 2020)	\$664,210,715 (23 Oct 2020)	<b>-\$17,899,833</b>	Inclusion of some new capital items, reflect updated designs and cost estimates for some existing items in Plan and update land acquisition extents.	IPART required Council to reduce contingency allowances for some traffic items, reduce apportionment for some traffic items and reduce cost estimates for certain traffic items to rely on older superseded QS reports (that had lower estimates than the revised material submitted by Council).
5	\$1,006,560,706 (11 Apr 2023)	\$1,032,245,590 (12 Apr 2024)	<b>+\$25,684,884</b>	Updated land values to reflect market rates, amended land acquisition extents for works based on updated designs and inclusion of some new capital items.	IPART generally agreed with Council's cost estimates, however made other recommendations with respect to apportionment of costs.

### **Treatment of Funding Gaps**

Greater guidance is required on how councils are to address funding gaps. It is completely illogical that the Government's contributions system prevents councils from being able to collect sufficient revenue from development to deliver a work program, especially when there is clear nexus between the development generating the demand and the infrastructure being delivered. Clearly, changes to the framework are urgently required to address the ambiguity in the system. Requiring councils to knowingly adopt a Plan that result in a funding shortfall is not financially prudent or sustainable, and councils will not be able to deliver the planned infrastructure to service the essential needs of their community.

Most of Council's Plans utilise a Net Present Value (NPV) methodology whereby contribution rate calculations are based on the formula that "Present Cost = Present Revenue", which is entirely consistent with the Department's 2019 Practice Note and is intended to allow for plans to achieve a \$0 end of plan balance. That is, the present value of income from all 'new' population in the precinct should equate to the present value of the costs in the plan. Numerous assessments of NPV Model Contributions Plans have been completed by IPART and have allowed this to occur, by way of appropriate adjustment to the contribution rate for remaining development within a Precinct. However, as part of the recent review of CP15, IPART appears to have now changed its approach to the Plan due to the perceived magnitude of the contribution rate increase and a desire to send a particular signal to the market, or simply because of objection from landowners and developers. This has resulted in a \$182m funding shortfall (June 2023) under CP15. IPART now recommends that Council obtain funding from sources other than levies collected from development within the Box Hill Precinct, resulting in a significant transfer of cost burden to the broader rate base, that has no nexus to the infrastructure being delivered.

The draft submission reiterates that this is a substantial departure from the established principles of nexus and apportionment that underpin contributions planning and maintains that as a fundamental principal underpinning infrastructure planning, Contributions Plans should be able to ensure that the cost of providing new local infrastructure required to support development within a Precinct, should be recouped through contribution revenue collected from the development which creates the demand for that infrastructure.

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### **NEXT STEPS**

Following the consultation period, IPART will consider stakeholder feedback with a view to releasing its Final Report by March 2025.

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### **CONCLUSION**

The exhibited Discussion Paper and draft benchmarks are a positive step to ensuring the assessment process undertaken by IPART is more efficient and consistent, subject to the recommendations and commentary detailed in Council's submission (Attachment 1).

The draft benchmark costs which have been subject to review are considered to generally reflect the current value of construction and design of local infrastructure. The use of the revised benchmarks, particularly at the early stages of a contributions plan, should reasonably reflect the actual cost of delivery and in turn, ensure that the contribution rates are reasonable and accurate.

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**ATTACHMENTS**

1. Draft Submission to IPART (13 pages)
2. IPART's Review of our approach to assessing contributions plans Discussion Paper (36 pages)
3. IPART's draft Benchmark Costs for Local Infrastructure (100 pages)