



5 August 2020

NSW Productivity Commission  
Via email: [ICReview@productivity.nsw.gov.au](mailto:ICReview@productivity.nsw.gov.au)

Dear NSW Productivity Commission,

**RE: Inner West Council submission to the Issues Paper: Infrastructure Contribution System in NSW**

Thank you for providing Council with the opportunity to discuss how infrastructure is funded in NSW. Councils' 3 main comments for the NSW infrastructure contributions system are outlined below:

1. That a 'one-size-fits-all' approach to infrastructure contributions is not appropriate for infill urban areas such as the Inner West local government area;
2. That local governments' autonomy on deciding how infrastructure funds are collected and spent should be retained; and
3. That a key aim of the review should be to outline how infrastructure funding can be increased for local councils to ensure local infrastructure is in-line with community expectations.

It is requested that the Minister's Terms of Reference be updated to take account of Council's comments. To aid the consideration of this request, please find the attachment to this letter that provides further detail on each Chapter and discussion questions posed by the Issues Paper. The Inner West Council would request an invitation to future stakeholder roundtables discussion to further refine the proposed reform options.

If you have any queries or would like further information, please feel free to contact [REDACTED]

Sincerely,

[REDACTED]

## Chapter 1 – Context & Principles of the Review

### 1. Understanding the economic context in good times, and in bad...

During the 2007/08 Global Financial Crisis (GFC), the infrastructure sector became uniquely disadvantaged. Many governments around the world sought to increase infrastructure spending as a tactic for economic stimulus. The impact of the GFC tightened lending markets and constricted governmental balance sheets making it more difficult to fund infrastructure projects. As seen during the GFC; and perhaps too, the recent bushfires crisis and the COVID-19 pandemic, economic downturns pose significant challenges for infrastructure planning. Their infrequent nature has meant that the full implications of economic downturns have never been fully assessed, particularly in relation to infrastructure provision.

A key opportunity of this review is to make recommendations about the appropriate fiscal policy framework during and after economic downturns. It is therefore recommended that the review be expanded to include consideration of:

- A review of post-GFC policy responses implemented by Federal and NSW State Government their impacts on local infrastructure provision (both directly and indirectly) under Part 7 of the Act, and whether those responses are still in operation currently; and
- Whether these policies increased the frequency of s7.4 Planning Agreements, Works-in-kind arrangements, and encouraged the uptake of bonus planning provision schemes in local environmental plans over the past decade.

It is Council's preference that a key aim of the future report should be to increase funding available to local governments, for infrastructure provision, and that the State government should seek to reduce administrative burdens to receive those funds.

### 2. Climate-Change Risks to Infrastructure Assets and Emergency Planning

The Productivity Commission and the Minister for Planning and Public Spaces have a duty of care to ensure this review adequately identifies all future challenges facing infrastructure planning in NSW. Climate-change adaption and mitigation policies as well as emergency planning should form part of the main focal points for the review. A literature review of climate change and disaster law should be examined, with recommendations made about how local governments can improve emergency planning by identifying access to critical infrastructure, access roads and gathering points. Likewise, those risk assessments of critical infrastructure should occur prior to and throughout an infrastructure assets lifespan so that climate-change risks can be appropriately mitigated, to expand the asset's lifecycle.

To this end, the four principles identified are not considered holistic enough to grapple with the issues of climate-change. Additional principles associated with *resilience, durability, intergenerational equity and safety* of infrastructure assets should be considered. Additionally, a "*needs-based*" principle should be included that recognises that public infrastructure funding provision and planning, should be guided by need, i.e. the redistribution or allocation of funding to areas with the greatest need.

### Chapter 1: Responses to the NSW Productivity Commission's Discussion Questions

Discussion Issues	Council Response
1.1 Is there a 'one size fits all' approach appropriate or do parts of the State require a bespoke solution?	Legislative reviews of development contributions over the past 2 decades have been focused on facilitating Greenfield development. A consideration of the unique challenges faced by infill, rural and regional areas have not had the same level of reform focus. There are unique challenges faced for infill precincts, particularly in metropolitan areas. Infill areas like the Inner West LGA are characterised by fragmented small lot ownership, ageing infrastructure networks, higher land values, high demolition and remediation costs, and transport networks that are already at or nearing capacity. As urban gentrification occurs, significant population densities and rapidly rising land values can inhibit land acquisitions and expansion projects. It is Councils' view that a 'one size fits all' approach to local infrastructure provision is not appropriate to support the unique needs of metropolitan areas.

Discussion Issues	Council Response
<p>1.2 What are the advantages and disadvantages of a site-specific calculation based on demand generated, compared with a broader average rate?</p>	<p>Although site – specific calculations can, at times be difficult to comprehend, they do permit an opportunity for fair and reasonable contributions to be determined towards infrastructure provision for population and employment growth. By their nature, broader, average rates tend to be conservative and will likely lead to short – changing the community of significant infrastructure funding. It is appreciated though, that the adoption of average rates requires a lot less background research.</p>
<p>1.3 Do other jurisdictions have a better approach to infrastructure funding we should explore?</p>	<p>The contents of the analysis of infrastructure contribution systems in other jurisdictions, included as Appendix D of the Commissioner’s Issue Paper, have been noted. However, from Inner West’s perspective, the Australian Capital Territories’ (ACT) betterment levy system - Lease Variation Charge (LVC) provides the simplest model that NSW should adapt to its circumstances.</p> <p>This significant public funding mechanism arose out of a deliberate decision by the ACT, since its inception, to capture increases in land value for the benefit of the community. This was facilitated by incorporating a leasehold land ownership system. The betterment levy provides a ‘world class’ model that NSW should consider adapting to its generally freehold land ownership system. This “value capture” principle has been successfully used in places like Japan to fund significant levels of public infrastructure.</p> <p><b>Further references:</b></p> <ol style="list-style-type: none"> <li>1. Sydney Morning Herald Article: NSW missing out on \$8billion a year from failure to tax land – rezoning, inquiry told by Michael Koziol. Dated 7 June 2020 - <a href="https://www.smh.com.au/national/nsw/nsw-missing-out-on-8-billion-a-year-from-failure-to-tax-land-rezoning-inquiry-told-20200527-p54wx1.html">https://www.smh.com.au/national/nsw/nsw-missing-out-on-8-billion-a-year-from-failure-to-tax-land-rezoning-inquiry-told-20200527-p54wx1.html</a></li> <li>2. Australian Capital Territory (ACT) Land Value Capture Valuation Guidelines: <a href="https://www.revenue.act.gov.au/lvc/lvc-valuation-guidelines">https://www.revenue.act.gov.au/lvc/lvc-valuation-guidelines</a></li> <li>3. ABC News: Curious Canberra – Can people own Land in the ACT? By Gordon Taylor. 4 July 2016 - <a href="https://www.abc.net.au/news/specials/curious-canberra/2016-07-04/can-people-own-land-in-the-act/7550166">https://www.abc.net.au/news/specials/curious-canberra/2016-07-04/can-people-own-land-in-the-act/7550166</a></li> <li>4. New Planner March 2017: “Transformation – The role of value capture to transform” by Professor Edward J Blakely. <a href="https://www.planning.org.au/documents/item/8238">https://www.planning.org.au/documents/item/8238</a></li> </ol>
<p>1.4 How can a reformed contributions system deliver on certainty for infrastructure contributions while providing flexibility to respond quickly to changing economic circumstances?</p>	<p>As outlined in the general discussion, contribution reforms have tended to be reactionary to the economic circumstances of the day. To improve confidence and transparency in the contributions system, the State Government should seek to outline a more robust infrastructure investment framework that outlines possible policy responses for both; during and after economic downturns, and conversely, during periods of short, medium, and long term economic upcycles as well. It may consider implementation matrixes about when some policy responses are appropriate and when others are not, threshold triggers, and review and monitoring responsibilities. To do this, the effectiveness of previous infrastructure delivery mechanisms, both pre and post-GFC, need to be examined and critiqued with regards to each mechanism under Part 7 of the <i>Environmental Planning and Assessment Act 1979</i>.</p>

## Chapter 2 – Infrastructure Funding in New South Wales

Council welcomes the broad scope of the Issues Paper in inviting and exploring all possible funding mechanisms. The adequate provision of infrastructure underpins the amenity of our town centres and neighbourhoods, enables sustainable transport and access to jobs as well as supporting a socially inclusive state. Limiting funding tends to prioritise critical infrastructure - roads, water, electricity, telecommunications and sewerage, at the expense of non-critical infrastructure assets; such as the embellishment of open space, local recreational facilities, environmental works, community facilities, and walking and cycling infrastructure.

The public tends to hold local governments' accountable for non-critical infrastructure elements, as is identified by the Issues Paper's discussion on page 27. In order to improve the existing situation, a key outcome of the review should be to make recommendations that create a needs-based assessment framework for additional funding to local governments. Increased funding would enable better planning outcomes and faster delivery to occur. As such, Council fully supports the removal of enforced rate pegging, and supports the exploration of other additional funding sources. Local governments should retain autonomy for deciding how the additional funds are spent.

### *Another type of State Infrastructure Challenge – 'Passive Transport Networks in Urban Areas'*

Council would like to add *increased demand for passive transport networks in urban areas* to the list of examples listed under State Infrastructure challenges on page 23. Typically, passive transport networks such as walking and cycling are not counted as consistently or reliably as cars or rail; and so empirical data and historical trends on these modes of transport are not as readily available as other types of transportation. Overall, this means transport choices that have greater equity and better safety aren't receiving equal attention because of the structural approaches to council funding in NSW. This is especially significant in LGAs like the Inner West where a sizeable, young, progressive and well-paid constituency, living in high/medium density conditions, have high expectations from their council and public facilities, including streets.

It would therefore be useful if the increased demand for passive transport networks in higher density urban areas was identified by the Issues Paper as a challenge for the State Government. Coupled with details on changing demographic trends (such as people obtaining their licenses later in life), along with current information on environmental or economic preferences, that favour passive transport options, this would support the Greater Sydney Commission's (GSC) objectives for increased walkability/cycling. It would also encourage people out of their cars with a shift towards integrated solutions. Finally, it would also improve intergovernmental coordination regarding funding for better walking/cycling links to public transport/local facilities. The delivery of this important infrastructure has been hampered, in the past, by restrictive structural funding practices like contributions caps and rate pegging.

### *Chapter 2 Responses to the NSW Productivity Commission's Discussion Questions*

Discussion Issues	Council Response
<p>2.1 Are there any potential funding avenues that could be explored in addition to those in the current infrastructure funding mix?</p>	<p>Yes - information sources on other potential avenues are provided below. They could include user pays contributions; impact mitigation; value sharing/value capture and inclusionary requirements. But these must be considered in context with the existing financial impacts on housing and infrastructure provision of other existing significant tax influences – e.g. stamp duty and negative gearing etc. and whether an alternative broad – based land tax system represents a more efficient and sustainable approach to capturing value for the government.</p> <p>Opportunities for Private/ Public Partnerships and Public /Public Partnerships also need to be explored and fostered by the State and Local Governments.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• New Planner March 2017, "Value capture – Lifting the Shroud" by John Langley.</li> <li>• "Unlocking school facilities to achieve efficient provision of social infrastructure" by Camille Lattouf and Matt Kelly.</li> <li>• "Sydney's Bennelong Bridge – Pioneering 'value sharing' by Rick Graf.</li> <li>• "Value sharing for affordable housing" by Bill Randolph.</li> <li>• "Can social infrastructure be cash cows for Local Government?" by Yi Ho.</li> </ul>

Discussion Issues	Council Response
	<ul style="list-style-type: none"> <li>• “Fairness and efficiency in infrastructure funding: a more sustainable value capture model” by Adrian Dwyer.</li> <li>• “Development Contributions, Value Capture and Voluntary Planning Agreements” by Patrick Fensham. <a href="https://www.planning.org.au/documents/item/8238">https://www.planning.org.au/documents/item/8238</a></li> </ul> <p>Exploring and implementing other funding mechanisms, on their own, will not go far enough to improve the NSW infrastructure contribution system. A number of commentators have suggested that the whole approach to infrastructure delivery needs to be overhauled so that the first step is always identifying the infrastructure that is required, then determining how that burden is to be shared across governments and populations and then determining what funding mechanisms are appropriate for the identified infrastructure. This information would then be made available in contribution plans which document the required infrastructure; the agreed sharing arrangements; and the mechanisms to be employed to fund the infrastructure.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• New Planner March 2017: “A fairer way of delivering local infrastructure in the new Sydney” by Greg New; and</li> <li>• “Value Capture One piece of a very large puzzle” by Greg Dyer. <a href="https://www.planning.org.au/documents/item/8238">https://www.planning.org.au/documents/item/8238</a></li> </ul>
<p>2.2 How can the infrastructure contribution system better support improved integration of land use planning and infrastructure delivery?</p>	<p>The infrastructure contributions system could better support the improved integration of land use planning and infrastructure delivery by engaging in holistic infrastructure planning, funding and sequencing along the lines previously suggested by the Planning Institute of Australia (PIA) and others (refer to reference notes below). At a local level, Council staff are seeking to prepare Infrastructure spatial plans which show where public infrastructure is required to address population and employment growth and to also identify their potential funding sources (s.7.11; s.7.12; potentially planning agreements; etc.).</p> <p>In August 2019, PIA released key recommendations for Infrastructure Funding and Delivery in NSW. It would be desirable that the NSW Productivity Commission investigate and consider PIA’s suggestions on:</p> <ol style="list-style-type: none"> <li>a. <i>Holistic infrastructure planning, funding and sequencing</i> e.g. developing single comprehensive district or precinct infrastructure plans which fully ascertain what infrastructure is required to be provided; whose responsibility it is to provide the infrastructure; and by what means is the funding to occur.</li> <li>b. <i>Tackling the life cycle costs of infrastructure</i> e.g. “Contribution plans are generally limited to meeting the up-front capitals costs of infrastructure, but there should be funding and delivery plans that address the whole life cycle of the asset.”</li> <li>c. <i>Value Capture</i> e.g. “...the concept that some of the value that is created by planning and infrastructure decisions should be captured and reinvested in infrastructure to support growth [is reasonable]. Landowners who receive a windfall because of a planning decision should share that windfall with the community so that it can be reinvested in infrastructure projects.”</li> </ol> <p>Furthermore, the Inner West suggests that IPART examine the integration of local infrastructure contribution assessment into the planning proposal Local Environmental Plan (LEP) Gateway process as a feasible consideration for Brownfield areas. This could be quickly facilitated by the introduction of a new section 9.1 Ministerial Direction. The inclusion of a new s9.1 Ministerial Direction would place the consideration of local infrastructure plans at the beginning of the strategic planning proposal and should be triggered whenever the</p>

Discussion Issues	Council Response
	<p>proposed growth exceeds the development thresholds envisioned by the applicable s7.11/s7.12 Plan.</p> <p>Another frequent criticism of the local infrastructure contribution framework is that comprehensive reviews infrequently occur, and contribution plans are often out of date with the infrastructure needs they are meant to be addressing. This was a previous common criticism of Local Environmental Plans (LEPs); however, the Department introduced new provisions in the <i>Environmental Planning and Assessment Act 1979</i> (NSW), in March 2018, that mandated the regular review of LEPs on a 5 yearly basis (see section 3.21), which complemented strategic planning reforms and attained greater oversight by the Greater Sydney Commission (GSC) for the Sydney Metropolitan area. It is suggested that IPART investigate the potential for local infrastructure contribution plans to have similar statutory provisions to LEPs given the shared growth nexus, i.e. 5 yearly review periods, thresholds for amendments to be triggered; for example, by the release of a new district strategic plan. This is to ensure local infrastructure planning remains aligned with the growth envisioned by the strategic plans and LEPs. The need to review local infrastructure contribution plans, or the provision of State Infrastructure, would only need to occur if stated growth thresholds were breached.</p> <p><b>References:</b></p> <ul style="list-style-type: none"> <li>• Planning Institute of Australia Policy - Infrastructure Funding and Delivery (NSW) – August 2019. <a href="https://www.planning.org.au/policy/infrastructure-funding-and-delivery-nsw">https://www.planning.org.au/policy/infrastructure-funding-and-delivery-nsw</a></li> </ul>

### Chapter 3 – Infrastructure Contributions Mechanisms & Issues

Councils' primary commentary to Chapter 3 is in relation to ensuring flexibility in the s7.4 planning agreements mechanism. Council greatly values s7.4 planning agreements for their inherent flexibility as it provides an ability to respond to changing circumstances in between the preparation of contribution plans. As previously discussed in the response to Issue 1.1, infill areas have unique challenges that impact metropolitan councils' ability to deliver infrastructure. In reality, planning agreements are the main mechanism by which Council is able to deliver affordable housing dedications (see Issue 3.10), embellishments of open space, construction of new community facilities and new cultural facilities. Council shares the concerns that it's flexibility can make it open to abuse, however, this can be mitigated through other means.

For example, to improve fairness and confidence across the Inner West LGA, Council has implemented its Voluntary Planning Agreements (VPA) Policy 2020 that stipulates how public benefit is considered, assessed and obtained. The clear terms of the planning agreement policy have been received well by the private sector with most offers associated with rezonings and major development applications adhering to this stated intent. Council considers its VPA Policy as best practice and is attached for the NSW Productivity Commissions' further review as an example of how local councils can reduce risks without compromising flexibility.

#### Chapter 3 Responses to the NSW Productivity Commission's Discussion Questions

Discussion Issues	Council Response
<p><b>Issue 3.1 Principles of Planning Agreements and Non-binding</b></p> <ol style="list-style-type: none"> <li>1. What is the role of planning agreements? Do they add value, or do they undermine confidence in the planning systems?</li> <li>2. Is 'value capture' an appropriate use of planning agreements?</li> <li>3. Should planning agreements require a nexus with the development, as for other types of contributions?</li> <li>4. Should State planning agreements be subject to guidelines for their use.</li> </ol>	<ol style="list-style-type: none"> <li>1. The role of planning agreements is to allow for flexibility to enable the delivery of public benefit outcomes whilst facilitating the redevelopment of land. The planning agreements system, in the way that it is managed by the Inner West, adds considerable value and effectiveness to the sustainable provision of new or improved public infrastructure in our local area. Councils' VPA Policy clearly outlined that the Inner West is using 'value capture' to describe the mechanism by which the value of the public benefit provided under a Planning Agreement should be arrived at, being half the increased value of the land. This is clearly articulated to the community and developers and adds confidence to the process overall.</li> <li>2. Council considers value capture as the most critical mechanism of planning agreements. Removing this mechanism would disintegrate Council's negotiation powers and reduce our flexibility to deliver local infrastructure. Council strives to obtain an equal and fair provision of public benefits via Planning Agreements. It is stated in the Inner West VPA Policy that Council expects to obtain a 50% share of the value uplift to be captured for public benefits. A 50% profit to both the developer and the community is applied equally and fairly across the LGA.  That does not mean that the purpose of the Planning Agreement is value capture. It just means that the Inner West is using a fair, transparent, objective and consistent mechanism to calculate the value of the public benefit to be delivered under a Planning Agreement. Using a valuation mechanism like this is far better in terms of fairness and probity than relying on individual negotiations unsupported by any established methodology.  <i>Residual Land Value</i> or other forms of value capture measures have been successfully and appropriately used by Council and developers as tools (in conjunction with appropriate infrastructure needs research) to determine a fair and reasonable agreement. These agreements have provided for the satisfactory mitigation of the impacts and the provision of public services and amenities generated by the developments that have been party to the agreements. Council would be strongly opposed to the removal of value capture from the planning agreement framework.</li> <li>3. Council believes that nexus should be established but not too onerous. The Departments' recent Draft Planning Agreement</li> </ol>

Discussion Issues	Council Response
	<p>Guideline stated that <i>planning agreements should provide for public benefits that are not wholly unrelated to development</i> – is considered very reasonable and is supported. The Inner West Council is currently working toward the concept of preparing a detailed “Infrastructure Schedule” that sits outside the scope of the s7.11 &amp; s7.12 Plans that will ideally identify works that are able to be delivered by other mechanisms, such as Planning Agreements.</p> <p>This approach retains flexibility as it is not made mandatory by any statutory mechanism and acknowledges that not all local infrastructure needs can, or should be, delivered via s7.11/s7.12 Plans. It is based on the premise that the identification of such items would be welcomed in a strategic planning context. However, the main mechanism to deliver or incentivise such items is through value capture in Planning Agreements.</p> <p>4. Yes, State Planning Agreements Guidelines would seem a fair imposition. Council has had difficulties in the past with coordinating multiple state government agencies objectives and information sharing initiatives. Any future guidelines should aim to improve intergovernmental coordination and information sharing to facilitate infrastructure delivery.</p>
<p><b>Issue 3.2 Transparency and accountability for Planning Agreements are low</b></p> <p>1. What could be done to improve the transparency and accountability of planning agreements, without placing an undue burden on councils or the State?</p> <p>2. Should councils and State government be required to maintain online planning agreement registers in a centralized system? What barriers might there be to this?</p>	<p>1. Council clearly articulates its expectations within its planning agreements policy to improve transparency, accountability and confidence in the overall process. Councils' can improve accountability by ensuring probity so that the delivery of planning agreements is separate from its decisions on planning proposals and development applications, which are administered by other departments of Council. Increasing regulatory oversight for planning agreements may have some value, such as the DPIE offering a compliant/investigation service. However, care must be taken not to reduce the autonomy of local councils over their ability to collect and spend planning agreements funds. Any regulatory imposition should not impose overly cumbersome administrative processes.</p> <p>2. Yes, Council supports the digitalisation of Planning Agreements. This point is already satisfactorily addressed by DPIE in their recent short-term reform package proposals, which included proposed changes to the Regulations. These reforms were fully supported by Council staff, who acknowledge the strategic and financial planning benefits of the planned revised reporting approach.</p>
<p><b>Issue 3.3 Planning Agreements are resource intensive</b></p> <ul style="list-style-type: none"> <li>Should the practice note make clear when planning agreements are (and are not) an appropriate mechanism?</li> </ul>	<p>Council does not support the notion that there should be thresholds for the applicability of planning agreements. Reducing flexibility is contrary to the fundamental planning premise of planning agreements - which they are to provide for flexibility and innovative solutions. The intent of this issue is best addressed by applying the DPIE's planned acceptability test on a case-by-case basis. The draft practice note introduces the concept of an 'acceptability test' for Planning Agreements as follows:</p> <p><b>2.5 Acceptability test</b> - <i>Planning agreements should be assessed against the test below which is a generally applicable test for determining the acceptability of a planning agreement. The acceptability test requires that planning agreements:</i></p> <ul style="list-style-type: none"> <li><i>Are directed towards legitimate planning purposes, that can be identified in the statutory planning controls and other</i></li> </ul>

Discussion Issues	Council Response
	<p><i>adopted planning strategies and policies applying to development.</i></p> <ul style="list-style-type: none"> <li>• <i>Provide for the delivery of infrastructure or public benefits not wholly unrelated to the development.</i></li> <li>• <i>Produce outcomes that meet the general values and expectations of the public and protect the overall public interest.</i></li> <li>• <i>Provide for a reasonable means of achieving the desired outcomes and securing the benefits.</i></li> <li>• <i>Protect the community against adverse planning decisions.</i></li> </ul> <p>The elements of the proposed acceptability test are broad and appropriate. The Inner West is confident that its previous and pending Planning Agreements would pass this test. Additionally, the inclusion of the value capture recommendation above would create a precedence whereby 50% of the uplift value is expected for public benefits across the State. If included, this would negate the need for thresholds to be stated.</p>
<p><b>Issue 3.4 Contributions plans are complex and costly to administer</b></p> <ol style="list-style-type: none"> <li>1. How could the complexity of s7.11 contributions planning be reduced?</li> <li>2. What are the trade-offs for, and potentially consequences of, reducing complexity?</li> <li>3. How can certainty be increased for the development industry and for the community?</li> </ol>	<ol style="list-style-type: none"> <li>1. Satisfying the nexus requirement is the key reason that s.7.11 contributions plans are such complex and costly undertakings. As a potential optional alternative, the State Government could potentially undertake generic nexus studies for key infrastructure within the State such as roads, active transport networks; recreation and open space, which could alleviate some resource poor local government areas from having to prepare detailed nexus focussed, research studies on these infrastructure items. For additional infrastructure items, the onus would be on local government to establish the nexus through additional research studies.</li> <li>2. The potential consequences of reducing complexity is that by utilising averaged rates of contribution for a State-wide established nexus we may not be collecting the full amounts which we should be collecting to deliver the necessary infrastructure.</li> <li>3. Any reforms should help to establish confidence in the contributions system by monitoring the performance of all local councils. The additional reporting requirements sought by the DPIE should facilitate this.</li> </ol>
<p><b>Issue 3.5 Timing of payment of contributions and delivery of infrastructure does not align</b></p> <ol style="list-style-type: none"> <li>1. What are the risks or benefits of deferring payment of contributions until prior to the issuing of the OC compared with the CC? Are there options for deferring payment for subdivision?</li> <li>2. Would alternatives to financial securities, such as recording the contributions requirement on property title, make deferred payment more viable?</li> <li>3. Would support to access borrowing assist councils with delivering infrastructure? What could be done to facilitate this? Are there barriers to council accessing the Low-Cost Loans Initiative?</li> </ol>	<ol style="list-style-type: none"> <li>1. Page 35 of the Issues Paper already outlines Councils' primary fiscal concern regarding deferments of infrastructure costs - that it delays the provision of infrastructure and recoupment of costs. A significant issue that is not highlighted, are the resources required to ensure contributions are paid when due. This can be quite an onerous task for local governments and is complicated by ongoing planning reform agendas, as well as complicated legal dispute resolution pathways, if non-payments occur. This is reflective of the complex nature of the existing contributions system. A simpler and less resource intensive contributions system is therefore preferred.</li> <li>2. Council will consider any financial securities alternatives put forward by the State. Council's major concern with any such proposals is that it increases the potential for disputes to arise. Therefore, it is Council's request that the review further investigate dispute resolution pathways for disputes that arise under Part 7 of the Act, such as who pays if Occupational Certificates are issued without payment of contributions, or when infrastructure works are not completed or delivered and it does not meet expectations. A suggested pathway could mirror the new class of rezoning appeals in the Land and Environment Court, except it would be tailored for contribution matters, as was introduced by the NSW Government's new <i>Planning Reform Action Plan</i> announced on 15 July 2020.</li> </ol>

Discussion Issues	Council Response
<p>4. What else could be done to ensure infrastructure is delivered in a timely manner and contributions balances are spent?</p>	<p>3. Whilst not specifically referencing the Low-Cost Loan Initiative, Council was able to access a similar loan scheme for the redevelopment of the Ashfield Aquatic Centre. A lesson learned from this process is one of equity. Financial assets are subject to rigorous assessment and more affluent councils are likely going to be able access loan scheme initiatives more readily than less financially viable councils. This may result in accessibility inequalities that should be addressed as part of this review.</p> <p>4. Council supports the intent to improve infrastructure delivery and the timely construction of works. The proposed digitalisation of mechanisms under Part 7 also offers new information technology solutions the State could implement for local councils.</p>
<p><b>Issue 3.6 Infrastructure Costs and Contributions Rates are Rising</b></p> <p>1. Currently, IPART review plans based on 'reasonable costs', while some assert the review should be based on 'efficient costs'. What are the risks and benefits of reframing the review in this way?</p> <p>2. Should the essential works list be maintained? If it were to be expanded in include more items, what might be done to ensure that infrastructure contributions do not increase unreasonably?</p> <p>3. What role is there for an independent review of infrastructure plans at an earlier point in the process to consider options for infrastructure design and selection?</p>	<p>1. No objections are raised, in principle, to reviewing plans based on "efficient costs", provided the quality of the services to be achieved/delivered, are maintained at a "reasonable" standard.</p> <p>2. Inner West in its recent submission to DPIE on its proposed short-term reforms mentioned the following about the essential works list: <i>"IPART should undertake a review of essential works list. It is a common discussion point amongst contributions planning professionals, that approaching IPART to exceed the threshold for necessary local development contributions, is more trouble than what it is worth. It is acknowledged by all, that the IPART submission process is a lengthy procedure. The submitting council, typically, receives a reduced percentage of what they require. Additionally, the essential works list is too restrictive. As a result, even if a local government authority is successful in getting most of what they require from the process, monetarily, they will inevitably be left with a funding shortfall anyway. Whilst the suggested reforms will undoubtedly streamline the IPART assessment process, if implemented, they will not have addressed one of the major considerations in whether or not to make an IPART submission for a development contributions plan – the limitations of the essential works list."</i></p> <p>The essential works list should also be expanded to include environmental works, climate mitigation and adaptation strategies, when a <i>local infrastructure emergency plan</i> identifies that such works minimise the risk to human health and reduce potential harm to the local community and the environment. Furthermore, generally speaking, adding green infrastructure to the essential works list, such as water sensitive urban design features; biodiversity conservation and management; and urban tree canopy will contribute substantially to the health and well-being of the population of our towns and cities. These forms of public infrastructure will also provide essential ecosystem services such as filtering pollutants from the air and water.</p> <p>3. Mandated affordability checks could ensure that IPART approved contribution plans do not contain unreasonable" contribution rates. Concern is raised that an independent review could further "blow out" the time that a local council would spend seeking IPART approval for its contribution plan.</p>
<p><b>Issue 3.7 The maximum s7.12 rate is low but balanced with a low need for nexus</b></p> <p>1. What issues might arise if the maximum percentages were to be increased?</p>	<p>1. The usefulness of increasing contribution levy rates in certain areas has already been demonstrated by DPIE in certain areas. In this regard, the increased levy percentages recently suggested by DPIE in high growth infill areas, appear reasonable. The Inner West's recent response to the DPIE discussion paper on increased s.7.12 levies noted the following: <i>"The discussion paper</i></p>

Discussion Issues	Council Response
<p>2. What would be a reasonable rate for s7.12 development consent levies?</p>	<p><i>has clearly been developed on DPIE's experience in successfully permitting the use of higher levy percentages, in high employment growth areas [strategic centres]. Accordingly, the provision of criteria "to provide certainty, transparency and consistency in the Department's decision – made in response to submissions seeking to increase the maximum percentage s7.12 levy in specific areas", in principle, is fully supported.</i></p> <p>2. Implementing merit criteria to increase s7.12 levies above 1% is a reasonable approach, however, this should not be too rigorous or inflexible. The DPIE's recent s7.12 discussion paper included the proviso that only 'strategic centres' be considered for levy increases. However, Council would argue that this should be expanded to include any proposed health or innovation precinct.</p> <p>The Greater Sydney Commission (GSC) does not currently recognise any strategic centres within the Inner West LGA. However, the Parramatta Road Corridor Urban Transformation Strategy does identify the action for the GSC to include the Camperdown Precinct as a future specialised biotechnology and health strategic centre. Similarly, the Draft Inner West Employment and Retail Lands Strategy provides some justification for the endorsement of the Ashfield Town Centre as another strategic centre. The Camperdown Precinct is currently being reviewed by SGS Economics that could offer some insights into whether this may be a pathway Inner West Council wishes to utilise, in the future.</p> <p>If future merit considerations are too prescriptive or inflexible, Council would be unable to pursue increased s7.12 levies in areas that have strategic merit to do so. District strategic plans are reviewed infrequently on a 5-yearly basis and may omit the consideration of this pathway to rapidly evolving areas. To promote flexibility, it is suggested that the pathway for increased s.7.12 levies be made available to areas that meet certain criteria (resembling that of a strategic centre such as specialised centres for health and education) – rather than use the strict <i>strategic centre</i> definition controlled by the GSC, to avoid stifling the infrastructural growth of an area.</p>
<p><b>Issue 3.8 Limited Effectiveness of Special Infrastructure Contributions</b></p> <ol style="list-style-type: none"> <li>1. Is it appropriate that special infrastructure contributions are used to permit out-of-sequence rezoning?</li> <li>2. Should special infrastructure contributions be applied more broadly to fund infrastructure?</li> <li>3. Should they be aligned to District Plans or other land use planning strategies?</li> <li>4. Should the administration of special infrastructure contributions be coordinated by a central Government agency? I.e. NSW Treasury</li> </ol>	<ol style="list-style-type: none"> <li>1. Councils' experience with out-of-sequence rezoning pathways is specific to the Parramatta Road Urban Renewal Corridor where the Government has flagged the introduction of a Special Infrastructure Contributions (SIC) Levy but it has not yet been actioned. It is Councils' view that such pathways erode the strategic planning intent stipulated under Part 3 of the Act and are overly costly to comprehensively administer for both the developer and planning authorities. The majority of planning proposals that have been submitted along the Parramatta Road Corridor have been in out-of-sequence areas, therefore it may be that the mere availability of such pathways may actually be encouraging and incentivising planning proposals in these areas.</li> </ol> <p>As mentioned previously in our response to Issue 1.1, urban infill areas are typified by existing infrastructure networks that are already at, nearing, or over capacity. Introducing out-of-sequence planning approval pathways discourages the orderly development of land without proper comprehensive infrastructure needs analysis. It also risks stifling development in these areas and not achieving future growth targets. Allowing development in these areas to proceed can also result in costly retrofitting costs to be imposed on local councils, as not all needs are known at the time of construction. There is some merit in allowing such pathways in</p>

Discussion Issues	Council Response
	<p>greenfield or rural contexts, however it is Councils' firm view that out-of-sequence pathways are not appropriate in urban infill areas such as the Inner West LGA.</p> <p>2. Any broad implementation of special infrastructure contributions should not lessen the amount of contributions able to be collected by local governments under s7.11 or s.7.12 mechanisms, (see also Councils' response to Issue 4.2.) If such a scheme were imposed, it would be appropriate for the State Government to ensure SIC levies recouped from an area resulted in improved infrastructure provision within that same area. Improved levels of transparency, accountability and intergovernmental coordination with local governments should also be imposed on the State Government, if pursued.</p> <p>It is Council's experience that Department of Planning, Industry and Environment's Regional Planning Team has shown a willingness to apply special infrastructure contribution Local Environmental Plan clauses to urban infill areas where 'out-of-sequence' pathways are not specifically defined. This is discussed in the point below as it relates to improving the integration with land use planning.</p> <p>3. Yes, any infrastructure contribution obtained under Part 7 of the Act should be aligned with strategic plans created under Part 3 of the Act. As flagged above, the DPIE rezoned Victoria Road Precinct in Marrickville without local infrastructure needs being adequately assessed in the Gateway Process. To address this, the DPIE Regional Team imposed two new clauses 6.17 &amp; 6.18 of the Marrickville LEP 2011 that required these infrastructural considerations be addressed simultaneously with a development application. This resulted in infrastructure assessment occurring simultaneously with the development assessment process. It is Councils' view that these Marrickville LEP 2011 clauses (6.17 and 6.18) exemplify an adhoc approach to infrastructure planning that encourages a consideration of infrastructure planning as an after-the-fact consequence. This circumvents the strategic intent and purpose of s7.11 &amp; s7.12 of the EP&amp;A Act, and is an inappropriate mechanism to impose on urban infill areas.</p> <p>4. Council acknowledges that there may be some merits in coordinating contributions via a central agency such as NSW Treasury. Previous experiences of the Inner West Council and former Leichhardt Municipal Council along the Greenway Corridor have highlighted that the preparation of business cases for NSW Treasury's review can be an onerous and costly task for local governments to undertake. If such pathways are pursued it is requested that consideration be given to ensuring that there is a simplified process for obtaining funds from the central authority, and that information-sharing between public agencies is improved.</p>

Discussion Issues	Council Response
<p><b>Issue 3.9 Difficulty Funding Biodiversity through Special Infrastructure Contributions</b></p> <ol style="list-style-type: none"> <li>Should implementation of contributions for biodiversity offsets be subject to a higher level of independent oversight?</li> <li>Are special infrastructure contributions the appropriate mechanisms to collect funds for biodiversity offsetting, or should they be managed under a different framework?</li> </ol>	<p>Biodiversity offsetting is the last option. Biodiversity resources should be protected and impacts to biodiversity should be avoided. The two discussion questions posed in relation to offsetting are important to ask. Enshrined within the Biodiversity Conservation Act 2016 is the need to avoid, mitigate and lastly offset biodiversity impacts, so it is a disappointing that the Issues Paper identifies that Biodiversity Offsetting is a key part of the plan for developing Greater Sydney. Protecting biodiversity should be a part of the plan, not destroying it in one place to protect it in another place.</p>
<p><b>Issue 3.10 Affordable Housing</b></p> <ol style="list-style-type: none"> <li>Is provision of affordable housing through the contributions system an effective part of the solution for the housing affordability issue? Is the recommended target of 5-10% of new residential floorspace appropriate?</li> <li>Do affordable housing contributions impact the ability of the planning system to increase housing supply in general?</li> </ol>	<ol style="list-style-type: none"> <li>In terms of addressing the gap between affordable housing need and supply, affordable housing generated through the existing contributions system is only part of the solution to the housing affordability issue. There is significant potential to expand the use of planning mechanisms for affordable housing inclusion in new and renewing communities within NSW through mandatory and voluntary measures. In addition to expanding the use of planning mechanisms for affordable housing, the State government needs to commit to long term, capital investment in a substantial scale social and affordable housing construction program in order for the gap between affordable housing need and supply to be effectively addressed over time. The recommended target of between 5-10% of new residential floorspace is supported, subject to ensuring viability.</li> <li>Affordable housing contributions generated by developments occurring on land that is rezoned or as a result of density bonuses do not necessarily adversely impact on the ability of the planning system to increase housing supply in general. Noting that even inclusionary or mandatory affordable housing requirements must be applied in conjunction with government subsidy or support if affordable outcomes are to be delivered at a scale similar to that achieved internationally and commensurate with local housing need, particularly in higher value housing markets.</li> </ol> <p>The relevant State environmental planning policy for the purpose of identifying an area as having a 'need' for affordable housing is <i>State Environmental Planning Policy No. 70 – Affordable Housing (Revised Schemes) (SEPP 70)</i>, which was amended on 20 April 2018 to include the Inner West Council area. Council is currently preparing an Affordable Housing Contribution Scheme (AHCS) which, if approved by the Minister/DPIE, will provide for mandatory affordable housing contributions in specific precincts within the local government area.</p> <p>Anecdotal evidence from investigations using the DPIE's feasibility tool under SEPP 70 is demonstrating that because of the unique challenges facing urban infill areas (particularly high land values and small and fragmented lot ownership patterns), that achieving viability target of 5% in urban infill areas would require significant uplift in planning controls. Existing infrastructure constraints and other planning restrictions prohibit such uplifts from being achieved. The administrative burdens of pursuing affordable housing schemes under SEPP 70, in the Inner West's context, are representing a poor cost to outcome ratio. This further supports Councils' request that a tailor-made approach to urban infill areas is considered as part of this review into Part 7 of the Act, and likewise to the request to retain flexibility in the s7.4</p>

Discussion Issues	Council Response
	<p>planning agreement context as it is the main mechanism by which Council is able to obtain affordable housing dedications and funds.</p> <p><b>Further References:</b></p> <ul style="list-style-type: none"> <li>• Peter Phibbs and Lisa Anne King, <i>Potential affordable dwelling yields from a NSW Inclusionary Zoning Scheme</i>, Shelter NSW Brief No 62, Nov 2018.</li> <li>• Gurrán, N., Gilbert, C., Gibb, K., van den Nouwelant, R., James, A. and Phibbs, P. (2018) <i>Supporting affordable housing supply: inclusionary planning in new and renewing communities</i>, AHURI Final Report No. 297, Australian Housing and Urban Research Institute Limited, Melbourne.</li> </ul>

## Chapter 4 – Further Issues in Infrastructure Contributions

### Specific Responses to the NSW Productivity Commission's Discussion Questions

Discussion Issues	Council Response
<p><b>Issue 4.1 Sharing land value uplift</b></p> <ul style="list-style-type: none"> <li>Where land values are lifted as a result of public investment, should taxpayers share in the benefits by broadening value capture mechanisms? What would be the best way to do this?</li> </ul>	<p>Most definitely, the community (including taxpayers), should share in the benefits of land value uplift by broadening value capture mechanisms, particularly via an infrastructure contribution.</p> <p>Note by way of example, the Inner West's Affordable Housing Policy uses the mechanism of value capture, resulting from major re-zonings and changes to planning controls, to achieve affordable housing for the benefit of the community. This is based upon sharing 50% of the value uplift.</p> <p>Council's Affordable Housing Policy states:</p> <p><i>In the NSW planning context, Taylor (2016) notes that,</i></p> <p><i>In the broadest terms, value capture in relation to urban land development involves a planning authority, such as local council in NSW, capturing for the community benefit some of the land value increase accruing to a parcel of land from planning activities of the authority which increase the development potential of the land and hence its value.</i></p> <p>He notes that value capture contributions need are typically used to fund public infrastructure and other community benefits, but need to be 'distinguished conceptually' from other the more traditional forms of developer contributions under s94 and s94A (fixed development consent levies) under the Environmental Planning and Assessment Act 1979 (NSW).</p> <p>The following is also noted:</p> <p><i>Taylor goes on to distinguish land value capture in the following way:</i></p> <p><i>(T)he fundamental purpose of value capture is not internalisation or taxation but rather 'clawback', that is, to capture increased land value for the community on the basis of a legitimate claim by the planning authority to share what is commonly referred to as 'unearned increment' of land value uplift).</i></p> <p>Note also that the recent practice in Melbourne suggests that in some circumstances 80-100% of the uplift can be captured for public benefits. In the ACT, 75% of land value uplift is effectively captured via the Territory's Lease Variation Charge.</p> <p><b>References</b></p> <ul style="list-style-type: none"> <li>Taylor, L. 2016. 'Value Capture through Voluntary Planning Agreements Part 1, in <i>In Focus</i>, Lindsay Taylor Lawyers.</li> </ul>
<p><b>Issue. 4.2 Land values that consider a future infrastructure charge</b></p> <ul style="list-style-type: none"> <li>When land is rezoned should an infrastructure development charge be attached to the land title?</li> </ul>	<p>Yes, supported in principle, but consideration needs to be given to how this charge relates to the other potential infrastructure charges applying to the land. The infrastructure charge should be collected and spent by the relevant local government, not collected by the State as a broad SIC levy imposition.</p>
<p><b>Issue 4.3 Land acquisition for public infrastructure purposes</b></p> <ol style="list-style-type: none"> <li>Requiring the direct dedication of land needed for infrastructure</li> </ol>	<ol style="list-style-type: none"> <li>At present, Planning Agreements appear to be the most practical means of achieving the direct dedication of land on large single owned development sites. It is agreed that the direct dedication of</li> </ol>

<p>purposes could address rising land values, if supported, how could direct dedication be implemented? How could this be done for development areas with fragmented land ownership?</p> <ol style="list-style-type: none"> <li>2. Could earlier land acquisition be funded by pooling contributions, or borrowings?</li> <li>3. Are there other options that would address this challenge such a higher indexation of the land component?</li> </ol>	<p>land where land ownership is fragmented would be very difficult to achieve.</p> <ol style="list-style-type: none"> <li>2. The pooling of contributions would assist but as mentioned elsewhere, it is very difficult to achieve contribution rates which will facilitate the purchase of large sites for public infrastructure, on affordability grounds, in areas with high land values, such as the Inner West.</li> <li>3. Yes, as mentioned elsewhere, a suite of infrastructure contribution mechanisms are required to be implemented to fund infrastructure in most areas – but particularly so in areas with high land values, such as the Inner West.</li> </ol>
<p><b>Issue 4.4 Keeping up with price escalation in Sydney</b></p> <ul style="list-style-type: none"> <li>• Land value increases often occur well ahead of the rezoning process, what approaches would most effectively account for property acquisition costs?</li> </ul>	<p>It is essential that any reforms to the State’s infrastructure contribution system recognise that high land values in certain areas, such as the Inner West, must be accommodated in the setting of any standardised limits on contribution amounts within the State.</p> <p>Contribution plans must be prepared well ahead of rezoning approvals to allow the opportunity for potential land for open space and cultural and community facilities to be acquired. Given the high cost of land in places such as the Inner West a full range of funding options must be made available to local councils with these high land values to achieve a reasonable delivery of these public facilities, in redevelopment areas. Standard s.7.11 contribution charges alone, will not be able to achieve this goal, on affordability grounds.</p>
<p><b>Issue 4.5 Corridor Protection</b></p> <ul style="list-style-type: none"> <li>• What options would assist to strike a balance in strategic corridor planning and infrastructure delivery?</li> </ul>	<p>It is appreciated that effective corridor protection is very difficult to achieve given the opportunity for changes to key infrastructure priorities, to occur, with each change of government. For example, the change of government in New South Wales, some years ago, resulted in a significant change of direction in the delivery of motorways. The previous Labor long-term transport masterplan recommended that no new motorways be provided whilst the subsequent Liberal party transport masterplan recommended a significant increase in investment, in motorways, including WestConnex, NorthConnex and the F6 extension.</p> <p>Accordingly, all corridor protection planning should aim to achieve flexibility in infrastructure delivery, given the likely need to accommodate changing priorities.</p>
<p><b>Issue 4.6 Open Space</b></p> <ol style="list-style-type: none"> <li>1. Open space is moving towards a performance-based approach, how can performance criteria assist to contain costs of open space?</li> <li>2. Should the Government mandate open space requirements, or should councils be allowed to decide how much open space will be included, based on demand?</li> <li>3. Are infrastructure contributions an appropriate way to fund open public space?</li> </ol>	<p>The Inner West would be supportive of local government being able to decide, independently, how much open space they should be provide in their area, based on performance criteria and outcomes, rather than this provision being mandated. The Inner West is in a good position to do this with the work that has already been completed through it’s <i>‘Recreation Needs Study – A Healthier Inner West’</i> and planned accompanying <i>Recreation Needs Strategy</i>.</p> <p>Given the high cost of land in the Inner West, coupled with the critical shortage of playing fields, infrastructure contributions alone, will never be able to address this existing and future infrastructure need. Apart from exploring potential shared open space and recreation initiatives with NSW Education; and private public partnerships; substantial innovative support from the NSW and Federal Governments will be required to satisfactorily address this important infrastructure requirement in the Inner West. Council is open to further discussions with IPART, the NSW Productivity Commissions and DPIE regarding open space funding within the Inner West LGA. It is noted too that the discussion of open space requirements must also consider the need for biodiverse natural places and the mental health and ecosystem</p>

	service benefits these passive recreation/ natural spaces bring to communities.
<p><b>Issue 4.7 Metropolitan water charges</b></p> <ol style="list-style-type: none"> <li>1. Currently, costs of new and upgraded connections for Sydney are borne by the broader customer base rather than new development, how important is it to examine this approach?</li> <li>2. What is the best way to provide for the funding of potable and recycled water provision?</li> </ol>	<ol style="list-style-type: none"> <li>1. Environmental works are an important form of public infrastructure because of their benefits and contributions to the liveability of an area, and because as climate change impacts are felt around the world there will be greater need for funding and investment in measures to adapt to climate change and sequester carbon. One of the biggest risks associated with climate change in the Inner West is urban heat. As noted above, green infrastructure such as WSUD, biodiversity conservation and urban tree canopy should be considered a significant form of public infrastructure, contributing to the liveability of an area and filtering pollutants, mitigating against urban heat etc.</li> <li>2. Good to see this question raises the need to consider and incentivise the take-up of recycled water. Maybe the questions should also ask - what is the best way to ensure recycled water, stormwater harvesting and fit for purpose water becomes widely available? Water needs to be considered in the context of climate change and new research about the long history of drought in Australia, with water scarcity problems are a certainty in our future. Stormwater management as an essential works should be expanded to include a water sensitive city approach. New development which will benefit from this approach should pay for its share and its upgraded water connections in conjunction with the broader customer base pay for some of its share as well.</li> </ol> <p><b>Further Reference:</b></p> <ul style="list-style-type: none"> <li>• Making Sydney Brilliant – A Manifesto for Sydney at 8 Million People prepared by AECOM:  <a href="https://www.aecom.com/content/wp-content/uploads/2018/06/Sydney-Manifesto_WEB.pdf">https://www.aecom.com/content/wp-content/uploads/2018/06/Sydney-Manifesto_WEB.pdf</a></li> </ul>
<p><b>Issue 4.8 Improving transparency and accountability – there are limited contributions reporting requirements:</b></p> <ul style="list-style-type: none"> <li>• What would an improved reporting framework look like? Should each council report to a central electronic repository?</li> <li>• What elements should be included? How much has been collected by contributions plans and other mechanisms? How much has council spent, and on what infrastructure items?</li> <li>• Should an improved reporting framework consider the scale of infrastructure contributions collected?</li> </ul>	<p>This issue has already been satisfactorily addressed by DPIE in their recent short-term reform package proposals, which includes proposed changes to the Regulations. These reforms were fully supported by Council staff in their recent response to the proposed DPIE reforms, who acknowledged the strategic and financial planning benefits of the planned revised reporting approach.</p> <p>No objections in principle to reporting to a centralised electronic repository provided Inner West and other local councils retain autonomy of the spending of the infrastructure contributions.</p>
<p><b>Issue 4.9 Shortage of expertise and insufficient scale</b></p> <ol style="list-style-type: none"> <li>1. The ability of local governments to efficiently deliver contributions plans are impaired by shortages of skilled professionals and lack of scale for smaller councils. What can be done to address this issue? Pooling/sharing of staff fostered by State Government.</li> </ol>	<ol style="list-style-type: none"> <li>1. Any shortage of expertise could potentially be addressed by the sharing of infrastructure planning related staff either between councils or between DPIE and local government, as required, and as supported by the NSW Government. Examples of where such sharing/pooling of staff expertise has successfully occurred, in the experience of the Inner West includes: <ol style="list-style-type: none"> <li>a) Infrastructure planning staff within the Southern Sydney Regional Organisation of Councils (SSROC), on occasion, share information and expertise on key contribution issues</li> </ol> </li> </ol>

<p>2. Should the contributions system be simplified to reduce the resourcing requirement? If so, how would that system be designed?</p>	<p>e.g. discussions occurred recently on the latest DPIE short term infrastructure contributions reforms.</p> <p>b) In response to the recent Bushfire Crisis in NSW, Inner West loaned staff with a wide range of skills (e.g. development assessment officers; arborists; and sediment control staff) to Bega Valley Shire; Eurobodalla Shire; and Central Coast Council that were heavily impacted by the crisis, to support their recovery.</p> <p>c) Inner West is a co-signatory of a shared internal ombudsman service. The Internal Council Ombudsman is a shared service between Inner West, Cumberland, and City of Parramatta Councils, conducting independent investigations and reviews into administrative processes and services provided by member Councils. The service is underpinned by the principles of fairness, accountability, and transparency.</p> <p>2. Yes, the contributions system should be simplified to reduce the resourcing requirements however this should not be at the expense of thorough infrastructure needs-based assessments. Council is happy to consider all options proposed by the State Government and will provide further comment once options are identified.</p>
<p><b>Issue 4.10 Current Issues with Exemptions</b></p> <p>1. Given that all developments require infrastructure, should there be any exemptions to infrastructure contributions?</p> <p>2. Is it reasonable to share the cost of 'exemptions' across all of the new development rather than requiring a taxpayer subsidy?</p> <p>3. Are there any comparative neutrality issues in the providing of exemptions for one type of development, or owner type over another?</p>	<p>1. Inner West does not generally support a high level of exemptions to the payment of infrastructure contributions, as it can undermine the delivery of the necessary public infrastructure, in a timely manner.</p> <p>2. Exemptions increase complexity; there are inherent risks of improper use – who makes the exemption decision? The need for transparency and accountability regarding such decisions are critical. Any sharing of the cost of the exemptions should be made across all the new development. On equity grounds the burden should not be borne by taxpayers.</p> <p>3. If exemptions are sought, it is suggested that the State Government implement a similar path to that of <i>Site Compatibility Certificates</i>, e.g. The DPIE could be given the responsibility for determining exemptions and issue a letter for the relevant local council on the merits of the exemption that has been applied for and council will follow the Department's advice. This system would reduce risks; administrative burdens; and inherently is a simple process which increases transparency and accountability.</p>
<p><b>Issue 4.11 Works-in-kind agreements and special infrastructure contributions</b></p> <p>1. Should developers be able to provide works-in-kind, or land, <i>in lieu</i> of infrastructure contributions?</p> <p>2. Developers may accrue works-in-kind credits that exceed their monetary contribution. Should works-in-kind credits be tradeable? What would be the pros and cons of credits trading scheme?</p> <p>3. What are the implications of credit being traded to, and from, other contribution areas?</p>	<p>1. The direct provision of <i>land</i> or <i>works – in - kind</i> by developers, is not objected to, in principle.</p> <p>2. Inner West does not support the potential implementation of <i>works-in-kind credits</i> as it will very likely make the infrastructure contributions system, overly complex. These types of agreements are essentially provided for by the s.7.4 Planning Agreement process, anyway. Furthermore, if adopted, all parts of such a system should be transparent and open to public comment.</p> <p>3. In principle, Inner West does not support the trading of infrastructure contributions, as it would likely undermine the fair distribution of infrastructure contributions, across a local area, because, local government would lose control on the equitable distribution of the collected contributions.</p>