



5 August 2020

Mr Peter Achterstraat AM
Commissioner for Productivity
Office of the Productivity Commissioner
ICReview@productivity.nsw.gov.au

SUBMISSION: REVIEW OF INFRASTRUCTURE CONTRIBUTIONS IN NEW SOUTH WALES

Dear Sir,

We refer to the Issues Paper regarding the above (The Review) and to Office of the Productivity Commissioner's (The Commissioner) invitation to lodge a submission regarding same.

Rawson Communities (Rawson) is the land development business of Rawson Group. The Group also includes Rawson Homes and Thrive Homes which makes the Group one of the largest residential homes builders in NSW with an integrated land development capability.

Rawson Communities believes that a review of the contributions system in New South Wales (NSW) is long needed and the Review presents an opportunity to ensure any future reform is equitable across the industry.

We have analysed the Review not in isolation but alongside the recent draft plans and policies released by the Department of Planning, Industry and Environment (The Department) as well as recent legislative changes. A list of these is provided at Appendix A.

We have addressed the questions raised by the Commissioner in Appendix B and provide the following supplementary considerations:

One Size Fits All

The business models that underpin the development industry and the delivery of housing in New South Wales are wide and varied but can be simplified into two categories; smaller developers who acquire often fragmented sites, develop immediately and complete within 2-3 years; and larger developers who acquire significant landholdings of scale, plan, negotiate contributions outcomes, develop over longer timeframes and complete in 5+ years.



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This diversity in the market must be encouraged and not stymied in the pursuit of simplicity in the contributions system. There is no one size fits all so the contributions system needs to provide a hybrid model with scope for all business models to ensure the housing market remains competitive and efficient.

The first category does not have the luxury of time to negotiate complex planning agreements and must rely on the contributions system providing for an equitable and fair apportionment of infrastructure costs. Rawson has had experience in both categories and whilst the benefit of planning agreements and the importance of their role is acknowledged they do not directly benefit Rawson in all instances.

It is vital that the Review seeks to establish a contributions system that achieves transparency and certainty over simplicity and balances these goals. There is no one size fits all and instead the system should be simplified by standardising contribution plan format, indexing, reporting and publication format as well as harnessing technology to provide calculators that reduce the administrative burden and increase transparency of the system.

Changing Legislative Landscape

Any changes to the framework in which the development industry operates has lasting and both short- and long-term impacts. Incremental and persistent change impacts both confidence in the system and certainty for the market. Certainty is of paramount importance for the development industry and Rawson as it underpins our land prices and our acquisition assumptions and commercial assessments.

We welcome the terms of reference to review the entire contributions system holistically and it is our expectation that the Review will be comprehensive, provide certainty, and result in a suite of permanent changes that eliminate the need for further change.

Local Contributions Capping

The capping of local contributions under the Local Infrastructure Growth Scheme (LIGS) supported development during and after the 2008-09 Global Financial Crisis. Land values since its introduction have grown to accommodate the capping as a reduced cost of development.

Removing the cap entirely will not reset landowners price expectations and without an alternate reduction in acquisition costs elsewhere is likely to result in a reduction of sites brought to the market. This will impact housing production, supply and affordability.

The staged reduction in the subsidy from 2018-2020 enabled a transition of the market with rising consumer property prices offsetting some of the additional contribution's costs. It is



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imperative that some form of capping is maintained to ensure that development remains commercially viable.

Special Infrastructure Contributions

The Department exhibited a Proposed Special Infrastructure Contribution for the North West Growth Area in 2018. The Proposal sought, among other things, to adjust the SIC levy from a per hectare to a per lot calculation.

This change will eliminate a key incentive to increase density and reduce pressure on further land releases. Further land releases, farther from existing infrastructure, will result in a greater infrastructure cost burden. The existing per lot calculation should be retained as it acknowledges that smaller lots accommodate smaller dwellings with less people and therefore a commensurate reduction in contributions is appropriate.

Further the current 50% SIC discount is appropriate as it apportions the cost of infrastructure between the developer and the end user (through the NSW Government). Given the scale of the regional infrastructure funded by SIC levies benefits are wider than the residents of new community it makes sense for the cost of this infrastructure to be shared between development and the State.

Contributions Costs

The Review identifies that contributions account for 4% of development costs (refer to Table 3.1). This is not a true reflection of the contributions costs which are around five times this amount in Sydney Greenfield subdivisions. This analysis should be reviewed as it understates the significance that contributions costs have on the viability of development within the city.

The Way Forward

The Review canvasses additional issues to be discussed with stakeholders which are addressed below:

- Local Government Rate Pegging – our view is that this should be reviewed to enable rates to reflect infrastructure provision and maintenance particularly where infrastructure that is above the standard of the essential works list has been delivered.
- Rising Infrastructure Costs – we think that appropriate indexing of contributions (not CPI) can deal with this.
- Inconsistency in the application of special infrastructure contributions – our view is that these are appropriate in the Growth Areas however expanding them to infill areas is problematic.



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- 'Nexus' requirements in s7.11 contribution plans – we don't share the view that this complicates plans but that it provides certainty that infrastructure being funded actually relates to the development being levied.
- Lack of principles in s.7.4 Planning Agreements – we don't share the view that this undermines confidence in the planning system and we believe that the Draft planning agreements policy framework is appropriate.
- Lack of transparency and certainty – we agree that the system could be more certain and more transparent. An online calculator, registers and a contributions dashboard on the Planning Portal would be significant improvements.
- Misalignment between contributions payments and delivery – we support the use of debt to fund early delivery of infrastructure to facilitate development and unlock land.
- Operation of the essential works list – we support restricting all contributions to this list to ensure a consistent approach and to ensure infrastructure that has a wider public benefit is not funded solely by the development.

We would welcome the opportunity to discuss our concerns further with the Commissioner and would appreciate being kept informed of the status of the Review.

We request an invitation to the stakeholder roundtables proposed as part of the next phase of the Review as we believe that we can make a valuable contribution to this ongoing discussion.

Should you have any questions or require any further clarifications please do not hesitate to contact [REDACTED]

Yours sincerely
[REDACTED]
[REDACTED]



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APPENDIX A – List of Relevant Legislative Changes and Draft Plans & Policies

Recent Draft Plans & Policies

- Draft planning agreements policy framework
- Draft Special Infrastructure Contributions (SIC) Guidelines
- Criteria to request a higher s7.12 percentage
- Proposed amendments to the EP&A Regulation

Recent Legislative Changes

- Environmental Planning and Assessment (Special Infrastructure Contribution – Western Sydney Growth Areas) Direction 2020
- Environmental Planning and Assessment (Local Infrastructure Contributions) Amendment Direction 2020
- Environmental Planning and Assessment (Local Infrastructure Contributions – Pooling of Contributions) Direction 2020
- Environmental Planning and Assessment (Local Infrastructure Contributions – Information) Direction 2020
- Environmental Planning and Assessment (Local Infrastructure Contributions – Timing of Payments) Direction 2020
- Environmental Planning and Assessment (Special Infrastructure Contribution – Gosford City Centre) Amendment Determination 2020
- Environmental Planning and Assessment (Special Infrastructure Contribution – Western Sydney Growth Areas) Direction 2020



APPENDIX B – Response to Questions raised by the Review

Issues Paper Discussion Questions	Our Response
<p>1.1 Striking the right balance. There can be difficulty in reconciling the competing principles of efficiency, equity, certainty, and simplicity. Failure to strike the right balance can undermine confidence in the planning system.</p>	
<p>Is a 'one size fits all' approach appropriate or do parts of the State require a bespoke solution?</p>	<p>A standardised and less complex contributions system is more transparent, more cost effective, more efficient, and more equitable. There may be a genuine reason for differentiating metropolitan and regional areas however we are not supportive of further differentiation as it undermines the principles identified to achieve 'the right balance'. The existing differentiation between State and Local contributions is appropriate and the application of a consistent process across the whole State is more efficient than multiple approaches – individual contributions plans have the flexibility to be tailored to precinct-wide specific infrastructure requirements. There is no suitable one size fits all approach – the system must maintain a degree of flexibility that caters for small and large developers who are vital to a competitive and efficient development industry.</p>
<p>What are the advantages and disadvantages of a site-specific calculation based on demand generated, compared with a broader average rate?</p>	<p>Contributions plans already have a capacity to levy precincts disproportionately (stormwater drainage catchments are an example). Differentiation based on population demand resultant from development is already built into the system. However, averaging means acquisition costs are more readily calculated. A standardised dollar figure makes development easier however this approach could be less transparent. We would need to understand where the contributions are being used to appropriately inform the community and our future purchasers.</p>



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<p>Do other jurisdictions have a better approach to infrastructure funding we should explore?</p>	<p>We note that other jurisdictions are significantly cheaper than NSW and the question as to why this is appropriate should be answered in the Review.</p>
<p>How can a reformed contributions system deliver on certainty for infrastructure contributions while providing flexibility to respond quickly to changing economic circumstances?</p>	<p>The contributions system must be transparent, legible, and subject to known and predictable future changes at the time of site acquisition. The impact of broader economic changes and the associated commercial assessment and risk analysis is a matter that generally rests with the developer. In extenuating circumstances such as the COVID-19 crisis it is appropriate (and necessary) for the Government to intervene in the market with deferred payment obligations and subsidies that rightly fall outside the contributions system.</p>
<p>2.1 Enable a broader revenue source for the funding of infrastructure.</p>	
<p>Are there any potential funding avenues that could be explored in addition to those in the current infrastructure funding mix?</p>	<p>Infrastructure that supports a combination of new and existing community members should be proportionately funded from sources external to the contributions system: revenue, grants, rates & charges. Rates & charges are particularly appropriate as they are depoliticised. There is potential for the funding of infrastructure using low cost debt that is paid off by the end user over time. In the case of community, drainage, utility and transport infrastructure this may include user charges. It may be appropriate to undertake an audit of existing infrastructure to identify capacity and redundancy in the delivery system – either as part of the Review or as an outcome of the Review.</p>
<p>2.2 Integrating land use and infrastructure planning. The Greater Sydney Region Plan provides the overarching vision and infrastructure needs, which is translated into separate District Plans and Local Strategic Planning Statements. These are used by councils for land use and infrastructure planning.</p>	
<p>How can the infrastructure contributions system better support improved integration of land use planning and infrastructure delivery?</p>	<p>Contributions plans should be created when land is zoned and reviewed at regular intervals as a component of the strategic planning (Region Plan,</p>



	<p>District Plans, Housing Strategy, LSPS, LEP) to ensure that they are aligned. At the State level it is too early to assess the benefits of the more recent alignment of the Transport, Planning and Infrastructure Strategies. The alignment of infrastructure to growth currently occurs in the initial rezoning of the Growth Areas although even these precincts would benefit from a review timeline. Proponent-led rezoning's are already required to match infrastructure investment to demand. Additionally, the allocation of non-contributions funding for infrastructure by the State should be population based to ensure equity across the State. The rezoning of land needs to be aligned to contribution plan adoption so that there is certainty in valuing land at acquisitions to provide more confidence in the system.</p>
<p>3.1 Principles for planning agreements are non-binding. The Planning Agreements Practice Note is currently non-binding on councils, although the Ministerial Direction exhibited by the Department aims to change this. There are no equivalent guidelines for use when negotiating planning agreements with the State. Additionally, there is little agreement between stakeholders on what the principles should be for either local or State planning agreements and there is no consensus on the appropriateness of value capture through planning agreements.</p>	
<p>What is the role of planning agreements? Do they add value, or do they undermine confidence in the planning system?</p>	<p>Planning agreements are appropriate particularly when works-in-kind are proposed to bring forward delivery of infrastructure to unlock the development of land. They are effective in delivering infrastructure efficiently and cost effectively and enable a lead-developer to catalyse development. The existing process of exhibiting a planning agreement as closely as possible with a planning proposal or development application provides transparency to the community. The proposed changes requiring Councils to maintain registers will bolster this transparency. In the specific circumstances of Rawson they are a</p>



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	particularly effective tool for delivering works in kind.
Is 'value capture' an appropriate use of planning agreements?	The notion of value capture relates to the rezoning of land. Proponent-led planning proposals are at no cost to government and therefore additionally taxing the work carried out by private interests is inappropriate. Notwithstanding, the Government captures value as company tax from development companies, rates from new lots, stamp duty and land tax. If this is a proposition the government wishes to pursue then there is a need to seriously consider capturing value from the vendor in a fair and equitable contributions system. See also 4.1.
Should planning agreements require a nexus with the development, as for other types of contributions?	Planning agreements currently provide for better outcomes than anticipated by contributions plans as a result of negotiation between the public and private sector. It is appropriate that planning agreements be negotiated without the constraints of nexus or the essential works list to ensure that the best outcome is achieved for the community.
Should State planning agreement be subject to guidelines for their use?	The recent Draft Practice Note is appropriate for State and local planning agreements.
3.2 Transparency and accountability for planning agreements are low. Reporting and accounting requirements for planning agreements are low, although proposed changes to the Regulation may improve this. Differing practices between councils and the State in maintaining separate planning agreement registers and public notice systems is confusing and reduces transparency and accountability.	
What could be done to improve the transparency and accountability of planning agreements, without placing an undue burden on councils or the State?	The Environmental Planning and Assessment (Local Infrastructure Contributions – Information) Direction 2020 requires a register be maintained and this is an appropriate process. They're already exhibited so we respectfully disagree that transparency is low. Many include provisions for regular reporting which hold the parties to account.
Should councils and State government be required to maintain online planning agreement	The State already maintains a website with planning agreements and some Councils include



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registers in a centralised system? What barriers might there be to this?	this information on their websites. It is appropriate that planning agreements be linked to a physical site (in the same way flood affectation is) and using this information they could be searched using the Planning Portal and listed on a Planning Certificate.
3.3 Planning agreements are resource intensive. Planning agreements are a resource intensive mechanism but have potential to deliver unique and innovative outcomes.	
Should the practice note make clear when planning agreements are (and are not) an appropriate mechanism?	The Draft planning agreements policy framework practice note provides an appropriate level of guidance to ensure probity and robust decision making and negotiation.
3.4 Contributions plans are complex and costly to administer. Contributions plans can be opaque, making it hard for developers to calculate a potential contribution liability and the community to know what infrastructure it can expect and when. Many plans are not updated in a timely manner, leading to issues with cost escalation, outdated assumptions, and difficulty meeting community infrastructure needs. Some councils have significant contributions balances, indicating there may be barriers to timely expenditure.	
How could the complexity of s7.11 contributions planning be reduced?	The Essential Works List should be broadened to all local contributions plans. A standardised template contributions plan should be developed. Indexation measures should be consistent across the State.
What are the trade-offs for, and potential consequences of, reducing complexity?	Basic infrastructure would be provided by development and anything further would need to be subject to a planning agreement or alternate funding source. This would increase community participation and buy-in as anything other than the basics would require negotiation with the community who will ultimately pay for it (via a special rates levy, usage fees, or the like).
How can certainty be increased for the development industry and for the community?	Contributions plans should include a timeline and program for expenditure to ensure accountability.
3.5 Timing of payment of contributions and delivery of infrastructure does not align. Developers want to delay the payment of contributions to the occupation certificate stage to support project	



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<p>financing arrangements. This would delay receipt of funds to councils and, in the absence of borrowing funds, may delay infrastructure delivery.</p>	
<p>What are the risks or benefits of deferring payment of infrastructure contributions until prior to the issuing of the occupation certificate, compared the issuing of a construction certificate? Are there options for deferring payment for subdivision?</p>	<p>There are minimal risks in deferring payments currently given record low interest rates and the State’s exceptional credit rating which makes debt cheap. The State and Councils should forward fund infrastructure using debt to unlock land to meet Sydney’s housing supply. Local contributions for subdivision in the Growth Areas are routinely already deferred to Subdivision Certificate stage.</p>
<p>Would alternatives to financial securities, such as recording the contributions requirement on property title, make deferred payment more viable?</p>	<p>The option of a caveat on title in lieu of providing financial security would present a significant improvement for cash flow and development costs that would outweigh the financial and administrative costs. This also provides greater transparency for those dealing in the land.</p>
<p>Would support to access borrowing assist councils with delivering infrastructure? What could be done to facilitate this? Are there barriers to councils to accessing the Low Cost Loans Initiative?</p>	<p>We believe that infrastructure should be funded by debt particularly in the current financial climate to enable infrastructure to facilitate development.</p>
<p>What else could be done to ensure infrastructure is delivered in a timely manner and contributions balances are spent?</p>	<p>The inclusion of anticipated delivery programs and reporting on the status of these programs. It is too early to see if the specific Councils identified for additional reporting under the Environmental Planning and Assessment (Local Infrastructure Contributions – Information) Direction 2020 will have any effect on reducing contributions balances however this is welcomed. Annually reporting that is publicly accessible is vital for LC and SIC.</p>
<p>3.6 Infrastructure costs and contributions rates are rising. Infrastructure costs are rising - particularly for land acquisition - as are contribution rates. Caps and thresholds introduced to encourage sector activity have, however undermined important market signals for development efficiency and are now likely to be reflected in higher land values. The application of the essential works list can put council’s finances under pressure given their current inability to expand their rate base in line with population growth.</p>	



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Currently IPART reviews contributions plans based on 'reasonable costs', while some assert the review should be based on 'efficient costs'. What are the risks or benefits of reframing the review in this way?	Reasonable costs are appropriate for a basic level of infrastructure.
Should the essential works list be maintained? If it were to be expanded to include more items, what might be done to ensure that infrastructure contributions do not increase unreasonably?	The essential works list provides for a basic level of infrastructure that is appropriately funded by the developer. Additional infrastructure is more appropriately funded by the end user. In this circumstance the decision to deliver additional infrastructure is made accountable to the community that must pay for it.
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?	All contributions plans should be subject to the essential works list and be subject to IPART review. The current system provides an appropriate check and balance and the recent Discussion Paper - Improving the review of local infrastructure contributions plans – seeks to reduce the time taken to review plans.
3.7 The maximum s7.12 rate is low but balanced with low need for nexus. Section 7.12 local infrastructure levies are low and do not reflect the cost of infrastructure.	
Given that the rationale for these low rates reflects the lower nexus to infrastructure requirements, what issues might arise if the maximum percentages were to be increased?	Rawson have concerns that the use of this funding is not transparent.
What would be a reasonable rate for s7.12 development consent levies?	See above.
3.8 Limited effectiveness of special infrastructure contributions. Special infrastructure contributions were introduced to strengthen delivery of state infrastructure. They can be an efficient and equitable mechanism for modest infrastructure cost recovery, while helping to ensure that development is serviced in a timely way. Over time, incremental changes and <i>ad hoc</i> decisions have, however, led to inconsistencies in their application, which may have limited their effectiveness.	
Is it appropriate that special infrastructure contributions are used to permit out-of-sequence rezoning?	Special infrastructure contributions apply to the Growth Areas which have been rezoned. Out of sequence rezoning in the Growth Areas is subject to the Precinct Acceleration Protocol and outside



	<p>the Growth Areas is subject to a planning agreement usually by way of a satisfactory arrangements clause in the planning instrument. More recently special infrastructure contributions have been proposed in infill areas adjacent to transport and as this is transit oriented development consistent with established government policy to increase density it wouldn't usually be considered as out of sequence.</p>
<p>Should special infrastructure contributions be applied more broadly to fund infrastructure?</p>	<p>Special infrastructure contributions are appropriate in the Growth Areas where significant new regional infrastructure is required that is beyond the scale that a single Council could readily deliver. The capacity to pay calculation is appropriate as it recognises that housing supply must occur in greenfield areas as well as infill sites and reflects the commercial viability of development.</p>
<p>Should they be aligned to District Plans or other land use planning strategies?</p>	<p>Our understanding is that they are aligned with the planning instruments at the time of rezoning.</p>
<p>Should the administration of special infrastructure contributions be coordinated by a central Government agency i.e. NSW Treasury?</p>	<p>Our experience is that they are already coordinated by the Department and this approach is appropriate.</p>
<p>3.9 Difficulty funding biodiversity through special infrastructure contributions. Biodiversity offsetting is a key part of the plan for developing Greater Sydney and requires a secure source of funding. The application of special infrastructure contributions to support this has been inconsistent.</p>	
<p>Should implementation of special infrastructure contributions for biodiversity offsets be subject to a higher level of independent oversight?</p>	<p>The offsets for development are established under the Biodiversity Conservation Act so are already subject to additional oversight.</p>
<p>Are special infrastructure contributions the appropriate mechanism to collect funds for biodiversity offsetting, or should biodiversity offsets be managed under a separate framework?</p>	<p>The bio-certification of the Growth Areas has been effective in facilitating development and providing certainty of ecological constraint. The special infrastructure contributions have been effective at managing the offsets required.</p>



<p>3.10 Affordable housing. Affordable housing contributions are made on top of other infrastructure contributions. The percentages are determined individually, and each scheme must demonstrate the rate does not impact development viability.</p>	
<p>Is provision of affordable housing through the contributions system an effective part of the solution to the housing affordability issue? Is the recommended target of 5-10 per cent of new residential floorspace appropriate?</p>	<p>Most Councils are yet to establish an Affordable Housing Scheme which would enable this contribution to be levied. Notwithstanding this it has traditionally been the role of the State (not Councils) to provide subsidised housing – and more recently community housing providers. The District Plans identify a target 5-10% affordable housing range. It is not appropriate for the development industry to fund social initiatives that are not directly resultant from the demand generated by development. If a developer provides affordable or public housing, then this should be incentivised outside the contributions system.</p>
<p>Do affordable housing contributions impact the ability of the planning system to increase housing supply in general?</p>	<p>All cost impositions have an impact on the commercial viability of development.</p>
<p>4.1 Sharing land value uplift. If investment in public infrastructure increases land values, then the benefits are largely captured by private property owners. ‘Value capture’ mechanisms can return a share of the value created by public investment to the taxpayer. There are several ways a ‘value capture’ mechanism could be applied, including land tax, council rates, betterment levy, or an infrastructure contribution.</p>	
<p>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?</p>	<p>The premise of value capture is that land values are lifted because of public investment – this is not the case with the proponent-led planning proposal nor precinct acceleration protocol pathways where rezoning occurs at no cost to government.</p>
<p>4.2 Land values that consider a future infrastructure charge. When land is rezoned, there is often an increase in land values as a result of the change in development potential.</p>	



Should an “infrastructure development charge” be attached to the land title?	Land acquisition should be initiated at the time of rezoning using low cost debt facilities to reduce the impact of escalation. Alternately the just terms land acquisition process could be reformed to establish a valuation based on the time of reservation rather than acquisition.
4.3 Land acquisition for public infrastructure purposes. Requiring the direct dedication of the land that is needed for infrastructure purposes is an option that aims to address the problem of rapidly increasing land values.	
If supported, how could direct dedication be implemented? How could this be done for development areas with fragmented land ownership?	This is standard practice for development that is subject to a planning agreement. See also 4.2. This does not work for smaller development sites where the reservation may be the whole lot.
Could earlier land acquisition be funded by pooling of contributions, or borrowings?	The pooling of funds for land acquisition is supported. See also 4.2.
Are there other options that would address this challenge such as higher indexation of the land component?	See 4.2.
4.4 Keeping up with property escalation. Land values (particularly within the Sydney metropolitan area) can increase rapidly and often increase on early signs of land being considered for future development; well ahead of the rezoning process.	
What approaches would most effectively account for property acquisition costs?	See 4.2 & 4.5.
4.5 Corridor protection. Early identification of corridors has the potential to result in better land use and investment decisions. Without funds available to facilitate their early acquisition, it is likely that being ‘identified’ would encourage speculation and drive up land values, making the corridor more expensive to provide later.	
What options would assist to strike a balance in strategic corridor planning and infrastructure delivery?	Corridor identification provides certainty however it needs to be accompanied by a mechanism for acquisition other than the existing hardship provisions which can rarely apply to companies. Early delivery provides cost savings from building redundant infrastructure and minimises costs from escalation in land values.



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4.6 Open space. While the seven-acre open space standard is not based on evidence, it nevertheless continues to be relied upon. Open space provision is moving towards a performance-based approach.	
How can performance criteria assist to contain the costs of open space?	The standard provides certainty although it is recognised that there is significant debate around the quality of open space versus quantity. The standard provides an appropriate benchmark from which negotiations can occur as part of a planning agreement.
Should the government mandate open space requirements, or should councils be allowed to decide how much open space will be included, based on demand?	A city-wide standard is appropriate although there should be an opportunity to reduce the requirements where it can be demonstrated that open space requirements are already met in the locality or larger lots reduce demand on public recreational facilities.
Are infrastructure contributions an appropriate way to fund open public space?	Yes.
4.7 Metropolitan water charges. Currently, costs of new and upgraded connections for Sydney Water and Hunter Water are borne by the broader customer base rather than new development.	
How important is it to examine this approach?	It is not appropriate for corporatised public entities to be funded through the contributions system.
What is the best way to provide for the funding of potable and recycled water provision?	The existing approach works and is balanced by the ability of the private sector to deliver these utilities through the Water Industry Competition provisions.
4.8 Improving transparency and accountability. There are limited infrastructure contributions reporting requirements.	



What would an improved reporting framework look like? Should each council report to a central electronic repository?	The Environmental Planning and Assessment (Local Infrastructure Contributions – Information) Direction 2020 has made appropriate changes. The inclusion of this information on the Planning Portal along with the contributions plans, rates, indexing, program, etc would be beneficial. A contributions calculator would provide significant benefit and transparency for special and local infrastructure contributions.
What elements should be included? How much has been collected by contributions plan and other mechanisms? How much council has spent, and on what infrastructure items?	
Should an improved reporting framework consider the scale of infrastructure contributions collected?	
4.9 Shortage of expertise and insufficient scale. The ability of the local government sector 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?	It is not our understanding that this is an issue with many Councils engaging the private consultancy sector to prepare contributions plans. A standard template would reduce resourcing requirements.
Should the contributions system be simplified to reduce the resourcing requirement? If so, how would that system be designed?	Standardising indexation and automating the calculation could reduce the resourcing requirements of managing day-to-day requests for information from the public freeing up resources to prepare the plans.
4.10 Current issues with exemptions. Exemptions from contributions are complex as they are set out across a range of planning documents and are inconsistent across contribution mechanisms.	
Given that all developments require infrastructure, should there be any exemptions to infrastructure contributions?	Exemptions introduce inequity into the contributions system.
Is it reasonable to share the cost of 'exemptions' across all of the new development rather than requiring a taxpayer subsidy?	If a type of development is worthy of subsidy (eg. social housing) then it is appropriate that this subsidy occurs independent of any contributions liability so that the funding program and source is clearly identifiable rather than being levied on the property industry.



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Are there any comparative neutrality issues in the providing exemptions for one type of development, or owner type, over another?	An equitable system is required.
4.11 Works-in-kind agreements and special infrastructure contributions. Works-in-kind agreements can realise savings and efficiencies, but they can result in infrastructure being provided out of the planned sequence and prioritise delivery of some infrastructure (such as roads) at the expense of other infrastructure (such as open space and biodiversity offsetting).	
Should developers be able to provide works-in-kind, or land, in lieu of infrastructure contributions?	This is essential in providing a flexible contributions system that enables zoned land that is otherwise restricted by service provision to be unlocked.
Developers may accrue works-in-kind credits that exceed their monetary contribution. Should works-in-kind credits be tradeable? What would be pros and cons of credits trading scheme?	With respect to State contributions this is appropriate. With respect to local contributions this is appropriate within the same LGA. The potential for a trading scheme across Councils should be examined.
What are implications of credits being traded to, and from, other contributions areas?	There are few impacts aside from the administrative burden given contributions can already be pooled across plans.