

Executive Director  
Planning Policy  
Department of Planning, Industry and Environment  
Locked Bag 5022  
PARRAMATTA NSW 2124

Dear Sir/Madam,

**Re: Submission on Improving the review of local infrastructure contributions plans Discussion Paper**

Port Stephens Council supports the NSW Government reforms to improve the infrastructure contributions system to provide more certainty and transparency in the planning, collection and accounting of infrastructure contributions.

Council generally supports the intent of the improvements listed in the Discussion Paper. Local infrastructure contributions enable essential infrastructure to be delivered through a user pays system and the real costs of infrastructure should be reflected in contributions rates. There are also opportunities for the State to better align the contributions framework with State planning policies and strategies, in particular strategies that require local councils to facilitate infill development that can leverage existing infrastructure (for example the Greater Newcastle Metropolitan Plan).

**1. Update the thresholds that trigger the IPART review process**

Reviews of local infrastructure contribution plans by the Independent Pricing and Regulatory Tribunal (IPART) are triggered where plans propose rates above certain thresholds. As outlined in the Discussion Paper, infrastructure costs (both capital and land costs) is outpacing the static review thresholds in the relevant Ministerial Direction.

The costs, timing and uncertainty associated with an IPART review can be a significant deterrent for councils seeking to exceed the thresholds in order to cover infrastructure costs.

Given the cost of providing infrastructure has increased above the review thresholds originally adopted in 2012, Council supports an increase to the review thresholds to reflect the reasonable costs of infrastructure provision without the need for lengthy and costly IPART reviews.

With respect to the various options put forward in the Discussion Paper, it is noted that infrastructure costs are increasing faster than inflation using the Consumer Price Index (CPI). It is likely that indexing the threshold amounts using CPI may not be sufficient to meet infrastructure costs.

A common threshold of \$45,000 per lot/dwelling as proposed in the Discussion Paper may also be insufficient to adequately reflect the variations in infrastructure costs between infill and greenfield development.

Adopting different thresholds for infill development and new urban release areas could better align the State contributions framework with actions in relevant State regional plans and policies to facilitate infill development that leverages existing infrastructure.

## **2. How should the thresholds be indexed?**

As local infrastructure provision has increased beyond the thresholds prescribed in 2012, the introduction of an annual adjustment to the thresholds is strongly supported.

As outlined above, CPI may not be the most appropriate index. To more accurately reflect rising infrastructure costs, price indexes relevant to infrastructure could be used, such as the road and bridge construction index.

It may also be appropriate to consider an index formula that incorporates land value given infrastructure costs include land costs.

If an index is applied to the thresholds, a calculator or other tool could be referred to in the Ministerial Direction and made available on the NSW Planning Portal so that relevant thresholds can be determined by councils quickly and easily.

Council looks forward to providing further comments on the reforms and participating during implementation. Should you have any questions relating to this submission, please contact [REDACTED] – Growth & Infrastructure on [REDACTED] or [REDACTED]

Yours sincerely,

[REDACTED]  
**Strategy and Environment Section Manager**

12 June 2020