

Our Reference: TRIM No. [REDACTED]

NSW Productivity Commissioner
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5 August 2020

**SUBMISSION TO 'NSW PRODUCTIVITY COMMISSIONER'S 'INFRASTRUCTURE
CONTRIBUTIONS REVIEW' ISSUES PAPER**

Wollondilly Shire Council staff welcome the opportunity to respond to the NSW Productivity Commissioner's '*Infrastructure Contributions Review*' Issues Paper. Wollondilly Shire is a well-established urban fringe local government area largely characterised by its rural lands and smaller scale low density development in its historic towns and villages. The state initiated, targeted urban growth that is planned for Wilton New Town will significantly increase housing as well as the demand for urban infrastructure in a setting where little currently exists.

In my Council's submission to DPIE's '*Improving the infrastructure contributions system*' earlier this year, it was noted that The NSW Productivity Commissioner (within NSW Treasury) will conduct a holistic review of infrastructure funding in NSW to determine whether it meets the objectives of certainty and efficiency, while delivering public infrastructure to support development.

Council expects that the review will recommend options for reform that are aimed at delivering a robust and transparent principles based system to deliver the infrastructure needed to match growth. This could include proposed changes to the *Environmental Planning and Assessment Act, 1979* and to other legislation that impacts infrastructure funding. This, together with the necessary early provision of critical infrastructure and services that will support future diverse communities. This is key, and something our Council continues to advocate very strongly for.

This submission notes that a number of the proposed changes are welcome, and long overdue, and will provide more robust transparency for both local and State level contributions schemes. It is noted that none of the changes are in conflict with Council's recently adopted Wollondilly Local Contributions Plan. This submission seeks to provide commentary on the key themes outlined in the Issues Paper as it relates to Wollondilly Shire.

Planning Agreements

Where caps or thresholds restrict the funding of infrastructure that has been identified by needs assessments at the Precinct Planning stage of a Growth Area, a Planning Agreement remains a valid and an appropriate means to plug this gap created by Government policy. Similarly 'value capture' and contributions towards maintenance of stormwater facilities or to address the impacts of urban development of rural and peri-urban lands are suitable planning purposes for VPAs. Council opposes any move that may reduce the purposes to where an agreement may be applied. Further it is noted that Council staff supports some of the recommended strategies in the Governments recent Draft Greener Place Design Guide which talks about total life-cycle costs, management and maintenance that should be considered as part of the upfront costs of the infrastructure.

Other Contributions Systems

My Council strongly advocates for the broader expansion of which specific types of infrastructure may be included in the SICs; namely complete essential public transport systems and essential Social Infrastructure such as hospitals buildings and school buildings, with the need for and to commitment from Government to provide in a reasonable time, being determined at the Precinct Planning stage. In terms of Biodiversity Offsets, there is an existing impacter pays market mechanism that captures this issue. In our view, the contributions system does not work if community do not have access to the necessary and essential minimum standard of infrastructure that is required.

Rising Land Values

Early acquisition of land is dependent on the availability of funding. An option we suggest warrants exploration as a means of containing the impact of land acquisition as a proportion of delivery is the categorisation of 'developable' and 'non-developable' land, where Infrastructure would be on land identified as 'non-developable'. This approach is sound and logical.

Strategic and Infrastructure Planning

We support the exploration of a 'performance-based' approach to the provision of social infrastructure, such as open space, playing fields and community facilities, underpinned by and robust needs assessment at precinct planning stage. This provides an opportunity to set a new standard or benchmark for our minimum expectations for healthy living and creating better places for people.

Administration

Council would welcome any genuine and generous investment by Government to create an accessible, transparent, accurate electronic system to monitor infrastructure delivery and accounting of contributions.

Exemption

It is our firm view that all developments that generate a demand for public infrastructure should make a contributions towards its timely provision. It is our view that exemptions add to complexities and lack of transparency in the contributions system as well as result a financial shortfall to Council as there are no other funding sources for local infrastructure. This causes the system to fracture and leads to a lack of public faith.

Works-in-Kind Credits

Council staff support the principle of trading surplus value generating from works-in-kind, as it is a form to deliver infrastructure but at the same time, manage Council cash flow during the early stage of a new growth area, but only when it is applied to items in the contributions plan and only within the area (Plan) to where that surplus value is accounted for. This principle does support the recent Ministerial Direction to allow wider use of 'pooling' of funds in a Plan but does have implications for DPIE's proposal for further reporting of contributions received and spent under each contributions category.

In close, we would like to emphasize our keen interest to work closely with the Government and Industry in the planning for and delivery of diverse, inclusive communities in Wollondilly, and particularly in Wilton New Town. Together, we have the opportunity to better shape and deliver great places, and we will strongly advocate for a system that better delivers these great results.

We learnt a lot over the past few years on our journey with growth and infrastructure within the current system and this has informed our comments above. The need for a robust and transparent principles-based system is required where timing and delivery are absolutely critical, and so is the need for us to evaluate what is essential and what is necessary infrastructure. In these recent times of Covid 19, now is the opportunity for new benchmarks and expectations to be set. This will be our legacy.

Should you wish to discuss any aspect of this submission, please contact [REDACTED]
[REDACTED] [REDACTED]

Yours faithfully

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