

# PIA PLANET 2023

## Infrastructure funding and delivery

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Peter McKenna - Principal Planner Infrastructure & Development

30 May and 1 June 2023

# Contributions Snakes & Ladders

<p><b>43</b> Contributions coordinator resigns, various customer service and assessment staff imitate headless chickens</p>	<p><b>44</b></p>	<p><b>45</b></p>	<p><b>46</b> Greenfield land prices surge 20% in 12 months</p>	<p><b>47</b></p>	<p><b>48</b> Daily Telegraph publishes its 'Top 10' list of councils unspent contributions funds, with your council at No.3</p>	<p><b>49</b> <b>FINISH</b></p>
<p><b>42</b></p>	<p><b>41</b></p>	<p><b>40</b></p>	<p><b>39</b> Developer appeals contributions for self-storage units – argues circulation space should not be counted as GFA</p>	<p><b>38</b></p>	<p><b>37</b></p>	<p><b>36</b></p>
<p><b>29</b> NSW Audit Office announces a review of Council's contributions finances <b>Miss a turn</b></p>	<p><b>30</b></p>	<p><b>31</b> ICAC announces that it is investigating non-payment of \$4m in s7.11 contributions by developers</p>	<p><b>32</b></p>	<p><b>33</b></p>	<p><b>34</b> Local member announces \$20m grant for new swimming pool <b>Go ahead 6 spaces</b></p>	<p><b>35</b></p>
<p><b>28</b></p>	<p><b>27</b></p>	<p><b>26</b></p>	<p><b>25</b> Council adopts a revised contributions plan <b>Go ahead 3 spaces</b></p>	<p><b>24</b></p>	<p><b>23</b></p>	<p><b>22</b></p>
<p><b>15</b></p>	<p><b>16</b> Council successfully implements comprehensive contributions and planning agreement tracking system</p>	<p><b>17</b></p>	<p><b>18</b></p>	<p><b>19</b></p>	<p><b>20</b></p>	<p><b>21</b> Planning agreement involving delivery of all infrastructure for 5,000 new house lots executed</p>
<p><b>14</b></p>	<p><b>13</b></p>	<p><b>12</b></p>	<p><b>11</b></p>	<p><b>10</b> Council pools funds from various CPs to acquire over 50% of the land needed for drainage facilities in its greenfield development areas</p>	<p><b>9</b> Can't find suitable staff <b>Move 2 steps forward and 3 steps back on each of your 3 next turns</b></p>	<p><b>8</b></p>
<p><b>1</b> <b>START</b></p>	<p><b>2</b> DPE approves SIC grant to Council to build sub arterial road that will open up development area</p>	<p><b>3</b></p>	<p><b>4</b> Contributions calculator goes live</p>	<p><b>5</b></p>	<p><b>6</b></p>	<p><b>7</b> gln.</p>

# Artificial intelligence?

 Here are the steps on how to prepare a local infrastructure contributions plan in NSW:

1. **Identify the need for infrastructure.** The first step is to identify the need for infrastructure in your area. This can be done by considering factors such as population growth, economic development, and changes in land use.
2. **Identify the types of infrastructure that are needed.** Once you have identified the need for infrastructure, you need to identify the specific types of infrastructure that are needed. This could include things like roads, schools, parks, and libraries.
3. **Estimate the cost of the infrastructure.** Once you have identified the types of infrastructure that are needed, you need to estimate the cost of each type of infrastructure. This will help you to determine how much money you need to raise through contributions.
4. **Determine the contribution rate.** The contribution rate is the amount of money that developers will be required to pay for each unit of development. The contribution rate will vary depending on the type of development and the cost of the infrastructure.
5. **Prepare the contributions plan.** Once you have determined the contribution rate, you need to prepare the contributions plan. The contributions plan must be submitted to the Independent Pricing and Regulatory Tribunal (IPART) for review.
6. **Adopt the contributions plan.** Once the contributions plan has been approved by IPART, it can be adopted by the council.

# Mentimeter

## Instructions

Go to

[www.menti.com](https://www.menti.com)

Enter the code

**7925 3833**



Or use QR code

# Agenda - Day 1 - Tuesday

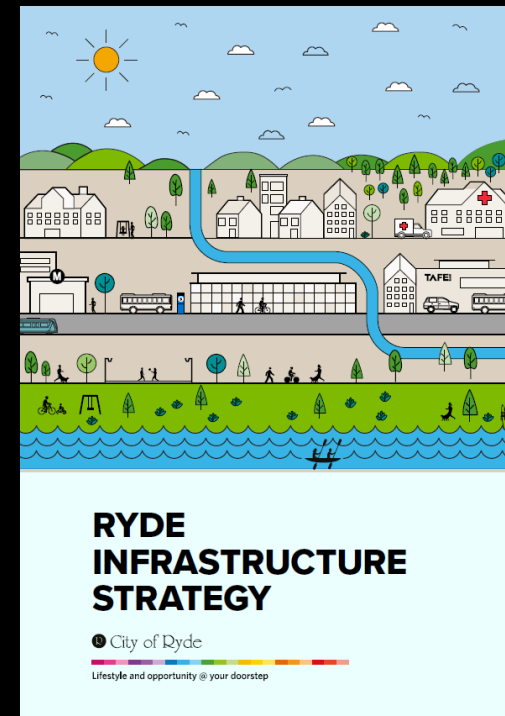
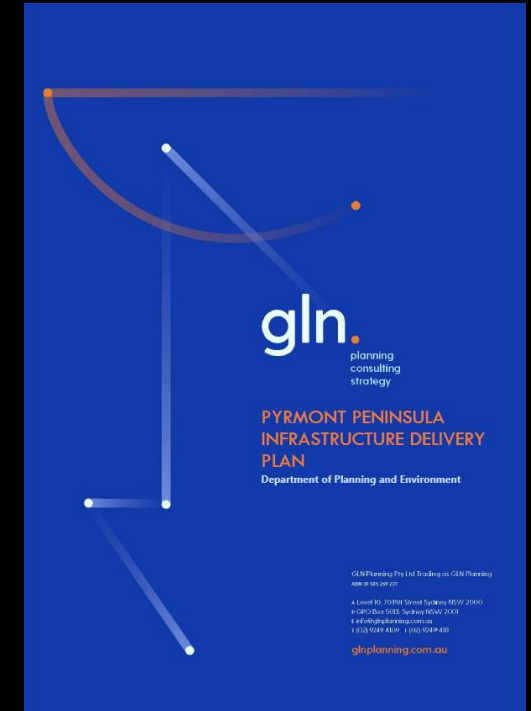
1.	Welcome	PIA, GLN	9:30 – 9:45	15 min
2.	How to prepare a Contribution Plan	GLN	9:45 – 10:45	1 hr
3.	Q&A	All	10:45 – 11:00	15 min
4.	Break	All	11:00 – 11:10	10min
5.	Case Study – Inner West CP 2023	Inner West	11:10 – 12:10	1 hr
6.	Q&A	All	12:10 – 12:25	15 min
7.	Wrap up	GLN	12:25 – 12:30	5min

# Agenda - Day 2 - Thursday

1.	Welcome	PIA, GLN	9:30 – 9:40	10 min
2.	Western Sydney Land Acquisition and Dedication Project	Luke Nicholls	9:40 – 10:35	55 min
3.	Break	All	10:35 – 10:45	10 min
4.	The Process of Change	Ben Richards	10:45 – 11:40	55 min
5.	NSW Developer Contributions Conference	Silvija Hadzic, Phoebe Priestley	11:40 – 12:00	20 min
6.	Panel discussion	Luke Nicholls, Ben Richards	12:00 – 12:25	25 min
7.	Wrap-up	GLN	12:25 – 12:30	5 min

# About GLN Planning

- Land use planning, infrastructure funding and delivery
- Sydney-based providing advice to State & local government & developers across NSW
- Contributions plans
- Planning agreements, funding & delivery strategies
- Policy & procedures reviews



**Janina Olmos-New**  
Engineer / Planner



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Director



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Principal Planner  
Infrastructure &  
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**GLN**  
Contributions  
team

**Jonathon Carle**  
Principal  
Infrastructure  
Planner



**Nicole Haddock**  
Economist /  
Infrastructure  
contributions  
specialist



**Alex Carter**  
Infrastructure  
Contributions Planner



# Preparing a CP: What we'll cover

- Setup
  - Overview of NSW infrastructure contributions system
  - Types of contributions
  - IPART review
  - Choosing the right mix
- Preparing a CP
  - Key steps
  - Works schedule
  - Nexus
  - Other considerations

# Setup

- What are infrastructure contributions?
- What are contributions used for?
- Types of infrastructure contributions
- IPART review
- Choosing the right mix

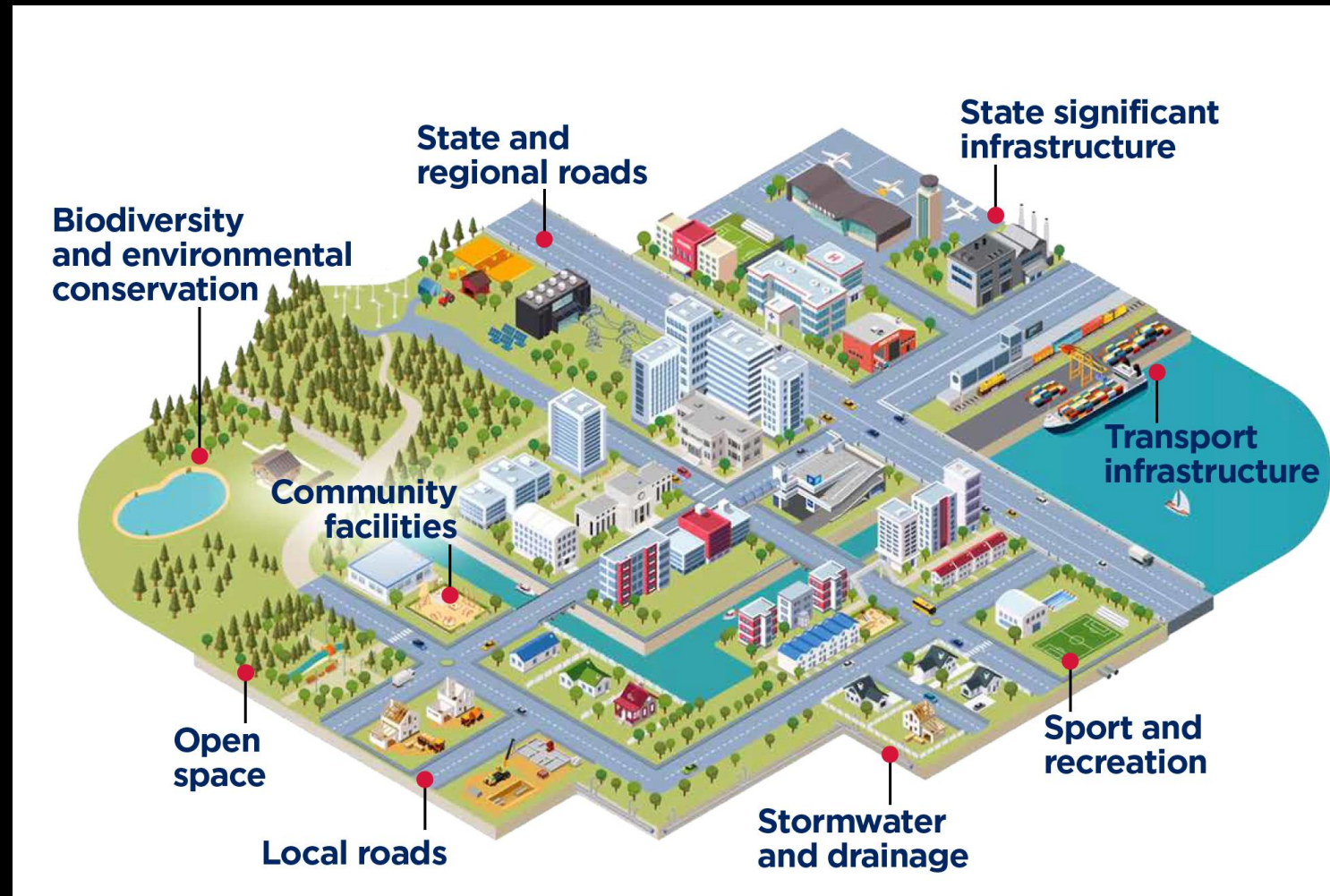
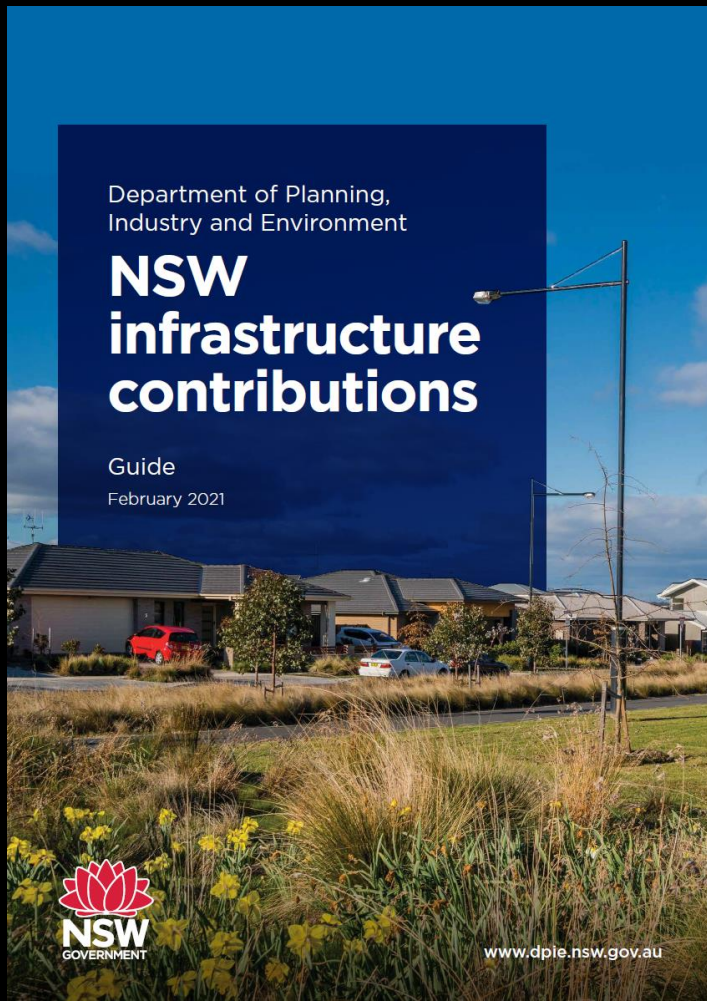
# What are infrastructure contributions?

- Payments by developers towards infrastructure needed to support their developments
- Key source of funding for councils and the NSW Government to deliver local, regional and state infrastructure



Source: DPE website

# What are infrastructure contributions used for?



# Contributions framework



EP&A Act and  
Regulation



Ministerial directions



Practice notes



Planning agreements



SIC determinations



Section 7.11 & 7.12  
infrastructure contributions plans

# Types of infrastructure contributions

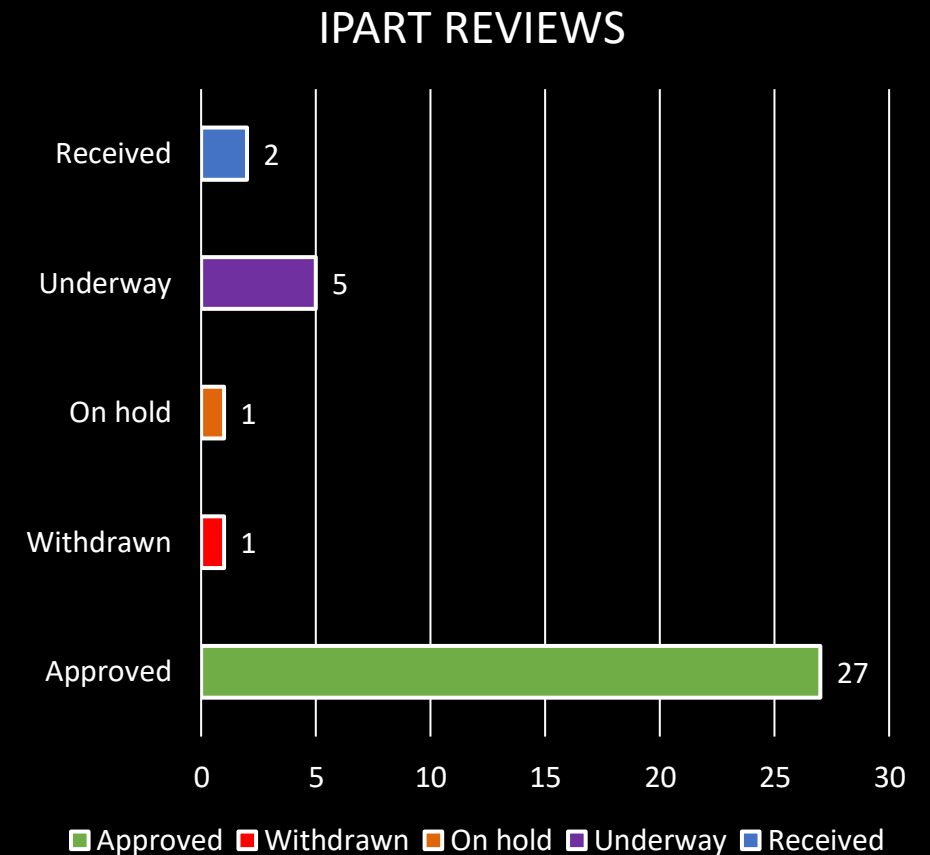
Type of contribution	Collected under	Collected by	Purpose of the contribution
Contributions for local infrastructure based on scale of the development	EP&A Act Section 7.11	Councils	Fund local infrastructure to enable development
Contributions for local infrastructure based on development costs	EP&A Act Section 7.12	Councils	Fund local infrastructure to enable development
Contributions negotiated between a planning authority and a developer	EP&A Act Section 7.4	State Government and Councils	Fund innovative infrastructure solutions not funded by the other mechanisms
Contributions for state and regional infrastructure	EP&A Act Section 7.23	State Government	Fund state and regional infrastructure

## s7.11 local infrastructure contributions

- Nexus, reasonableness and apportionment
- Cost reflective (fair), but complex
- Applicant appeals
- Work well with moderate to high growth
- Residential contributions capped at \$20k/dwelling (or \$30k/dwelling in greenfield release areas) unless reviewed by IPART
- No cap on contributions for non-residential development

# IPART reviews

- Plan is reviewed against the criteria contained in DPE’s Infrastructure Contributions Practice Note (2019 Practice Note)
- IPART consider:
  - Nexus and apportionment
  - Plan value based on a reasonable estimate of the cost of amenities and services
  - Are works on the “essential works list”?
  - Was appropriate community liaison and publicity undertaken in preparing the plan?





# s7.12 local infrastructure contributions

- Calculated 1% of development cost
- Minister can approve higher rate, subject to meeting requirements of the s7.12 practice note
- EP&A Regs need to be amended to include higher rates
- Regs specify how to calculate the cost of development
- No nexus, reasonableness, apportionment or applicant appeals
- 1% plans tend to work in low growth areas or where growth is incremental / difficult to predict



# Choosing the right mix

- Is there sufficient clarity around the type, scale and rate of expected growth?
- Whether nexus can be shown for different development types
- Anticipated role of developers in delivery – planning agreements and works-in-kind?

# How to prepare a contribution plan

- What is a contributions plan for?
- Who uses a contribution plan?
- Key steps
- Works schedule
- Nexus
- Other considerations

# What is a contributions plan for?

- Authorises consent conditions
- Informs Council's infrastructure funding / delivery plan
- Enables developers to plug-in costs to their feasibilities
- Shows that contribution rates are reasonable
- Informs planning agreement negotiations with developers

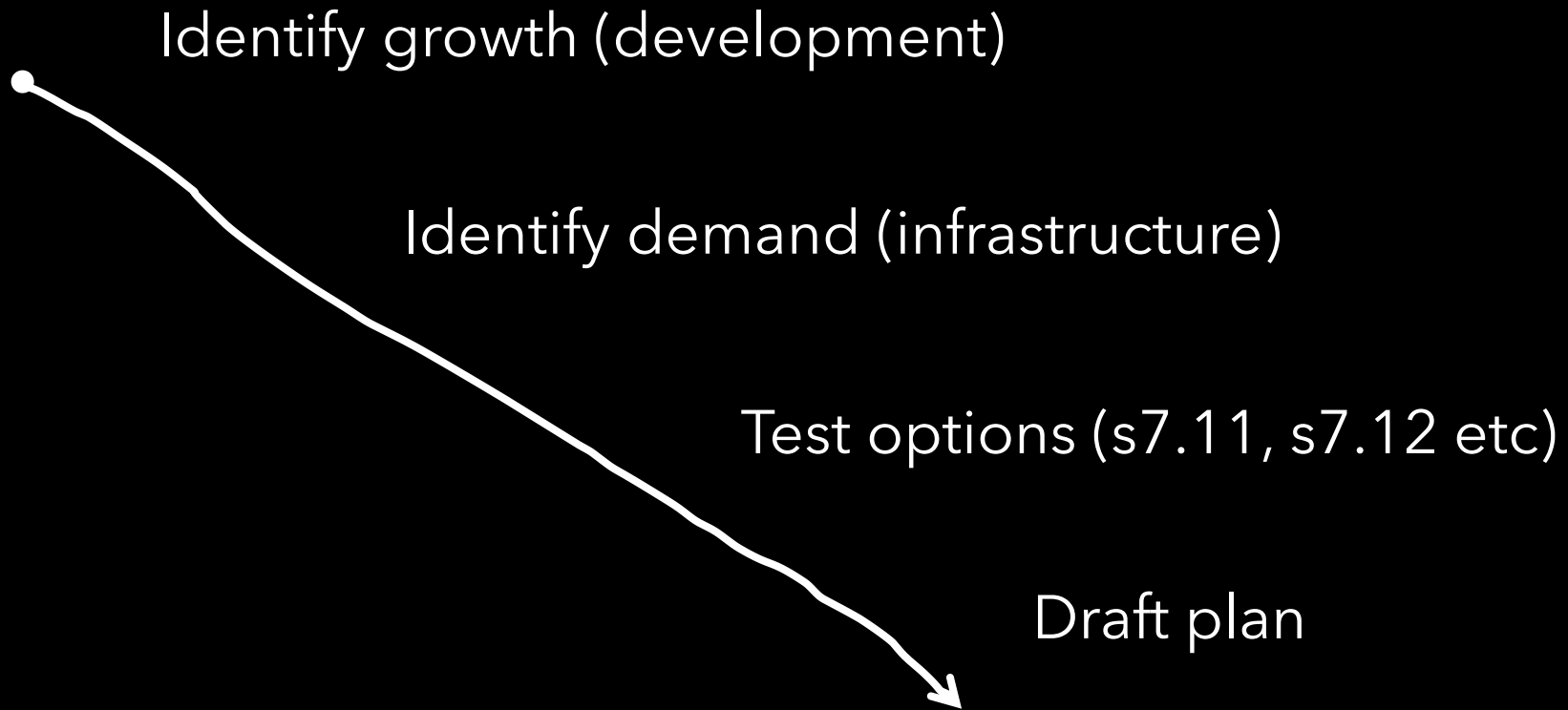
Consider the plan's role in your council's contributions system



# Who uses a contributions plan?

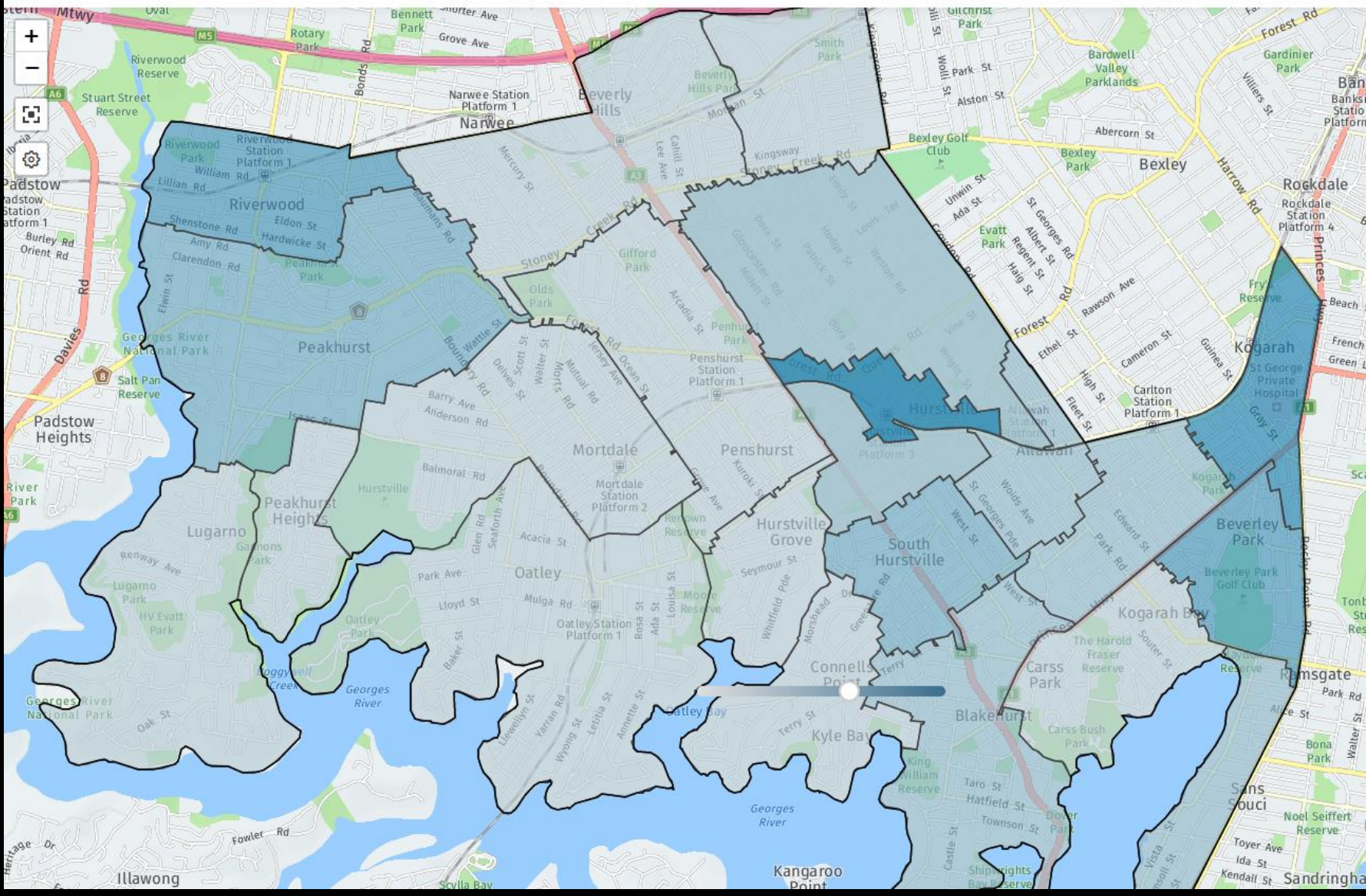
- Council staff
  - Contributions planners
  - Infrastructure planners
  - Assessment planners
  - Strategic planners
  - Finance
  - Customer service
  - Building services
  - Asset delivery
  - Asset management
  - Executive
  - Council
- Other
  - Developers
  - Community
  - Agencies

# Key steps to prepare a contributions plan



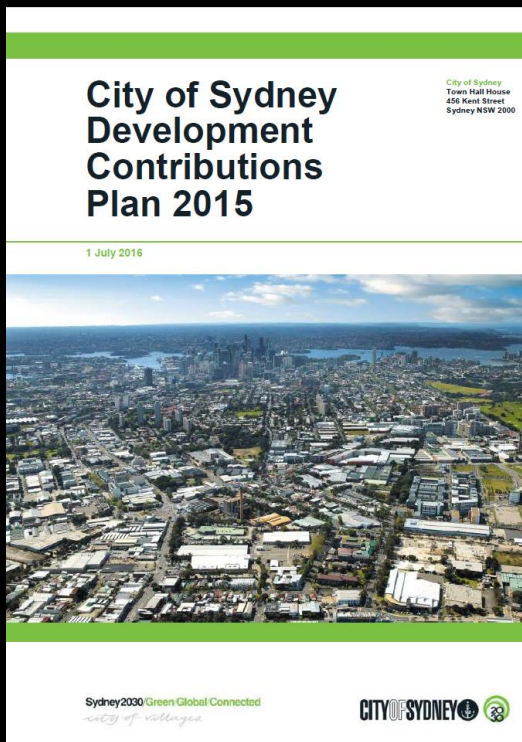
Identify growth  
(development)

Forecast dwellings and development map  
Georges River Council, 2022 to 2036 percent change





# Identify infrastructure demand (and costs)



**Table 19: Community facilities planning benchmarks**

## Child care centres/pre-schools

Provision is recommended at a village level, based on the following:

- Residents: one (1) child care place per 2 children (aged 0–5 years), equivalent to one (1) place per 48 residents outside the CBD; and
- *Workers outside CBD*: one (1) child care place per 75 workers.

## Integrated multipurpose facilities

- A minimum of one (1) integrated multipurpose facility per village<sup>64</sup> of 20,000–30,000 residents; and
- A minimum floor space of 2,000 m<sup>2</sup> per facility, aiming for at least 2,500 m<sup>2</sup> where possible, increasing with the size of the catchment's population.

## Libraries

Libraries may be co-located in an integrated multipurpose facility. This excludes branch libraries not provided by Council.

- A minimum of one (1) substantial branch library in each village of 20,000–30,000 residents, based on NSW State Library standards applied to this population size; and
- Minimum of 1,400 m<sup>2</sup> per branch library (can be part of an integrated multipurpose facility) aiming for at least 1,500 m<sup>2</sup> where possible, increasing with the catchment's population.

## Local community centres

- 3–4 centres per village of 20,000–30,000 residents; and
- A minimum floor space of 400 m<sup>2</sup> per centre, increasing with the size of the catchment's population.

## Indoor recreation facilities

Excludes private gyms and clubs.

- At least one (1) indoor courts facility and one (1) general indoor recreation facility per precinct of 30,000–50,000 people and one (1) indoor swimming pool facility per 50,000–100,000 people.<sup>65</sup>

Test options

*Income?*

*Flexibility?*

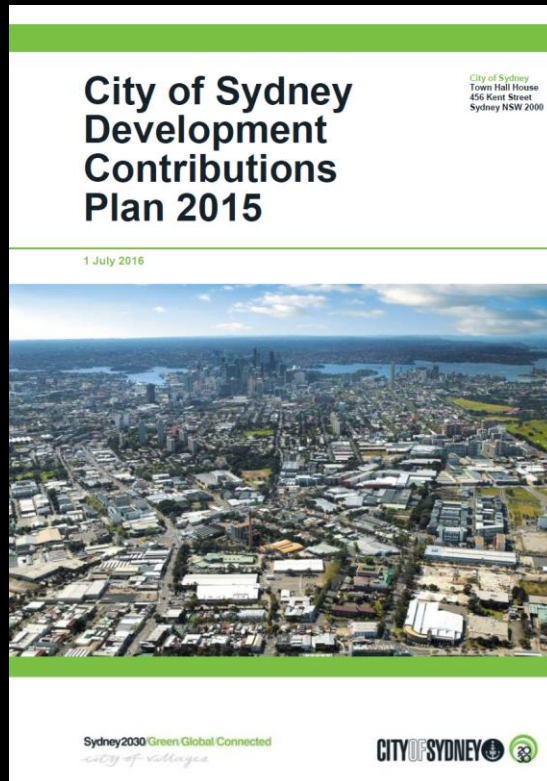
*Nexus?*

*Simplicity?*

*Funding gap?*

*Other?*

# Draft plan



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# Works schedule

- Most critical part + requires the most work
- Whole of council involvement
- Iterative process
- Think carefully about the role of s7.11/s7.12 v conditions of consent
- Descriptions - specificity vs flexibility
- Income, costs, cashflow, staging, prioritisation, gap funding
- Spreadsheet linking demand assumptions, item descriptions and costs (essential for s7.11 plans)



# Nexus

- Causal nexus – amount + type of growth, types of infrastructure needed
- Spatial nexus
  - Location of development vs infrastructure location
  - Infrastructure demand catchments (local, district, regional)
- Temporal nexus – timing of development vs timing of infrastructure delivery
- Apportionment – of demand and (reasonable) costs
- Common approaches
  - Benchmark demand
  - Maintain existing provision rates

## Practice Note

Local Infrastructure  
Contributions  
January 2019

2. There is nexus between the development in the area to which the plan applies (the development area) and the kinds of public amenities and public services identified in the plan.
  - What are the **types of public amenities and services** for which the proposed development will create demand?
  - On what basis have the **estimates of demand** for the public amenities and public services been established? Is there a **needs assessment**?
  - Has the council assessed the implications of the expected types of development catered for by the contributions plan on the **demographic structure** of the development area?
  - Is there a clear and acceptable **methodology for estimating population change** arising from the expected types of development?
  - **Is the information on demand both reliable and up-to-date?**
  - Can the new demand be accommodated, in whole or in part, within **existing public amenities** and public services?
  - Are the public amenities and public services **appropriately located** for the expected types of development in the area to which the plan applies?
  - If the expected development did not occur, would the public amenities and public services **still be required?**

# Key takeaways: 11 commandments

1. Infrastructure planning is the other side of the coin to land use planning
2. Infrastructure is critical to liveability and place
3. Contribution is one of many infrastructure delivery mechanisms
4. Contributions is hard, not as hard as it looks, but worth it!
5. Have a clear process
6. You don't need to know all the answers
7. Collaboration is key (shared problem solving)
8. Put 60% of effort into works schedule, 30% collaboration, 10% drafting
9. Adopt a customer service mentality (think about the users)
10. Err towards simplicity
11. Review plan regularly (don't set and forget)

Sustainable Sydney  
2030—2050  
Continuing the Vision



Green, Global, Connected

CITY OF SYDNEY 



**Emerging from the Covid-19  
pandemic, we are releasing our  
long-term strategic plan:**



# Thank you

- Questions?

