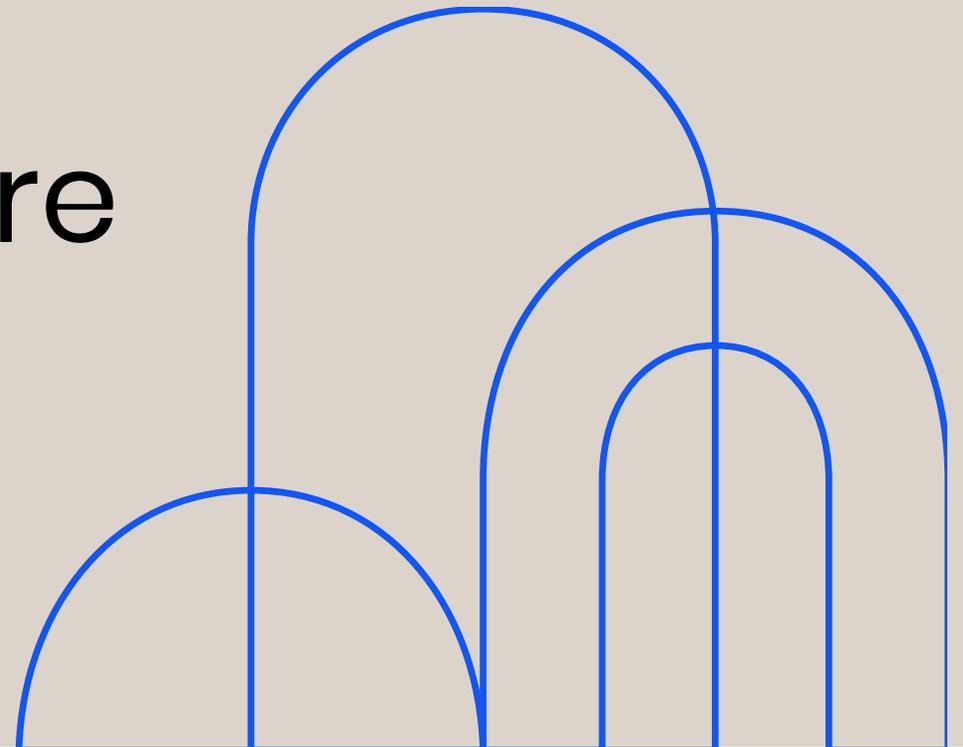


# Local Infrastructure Contributions

Infrastructure Funding & Delivery Workshop 1

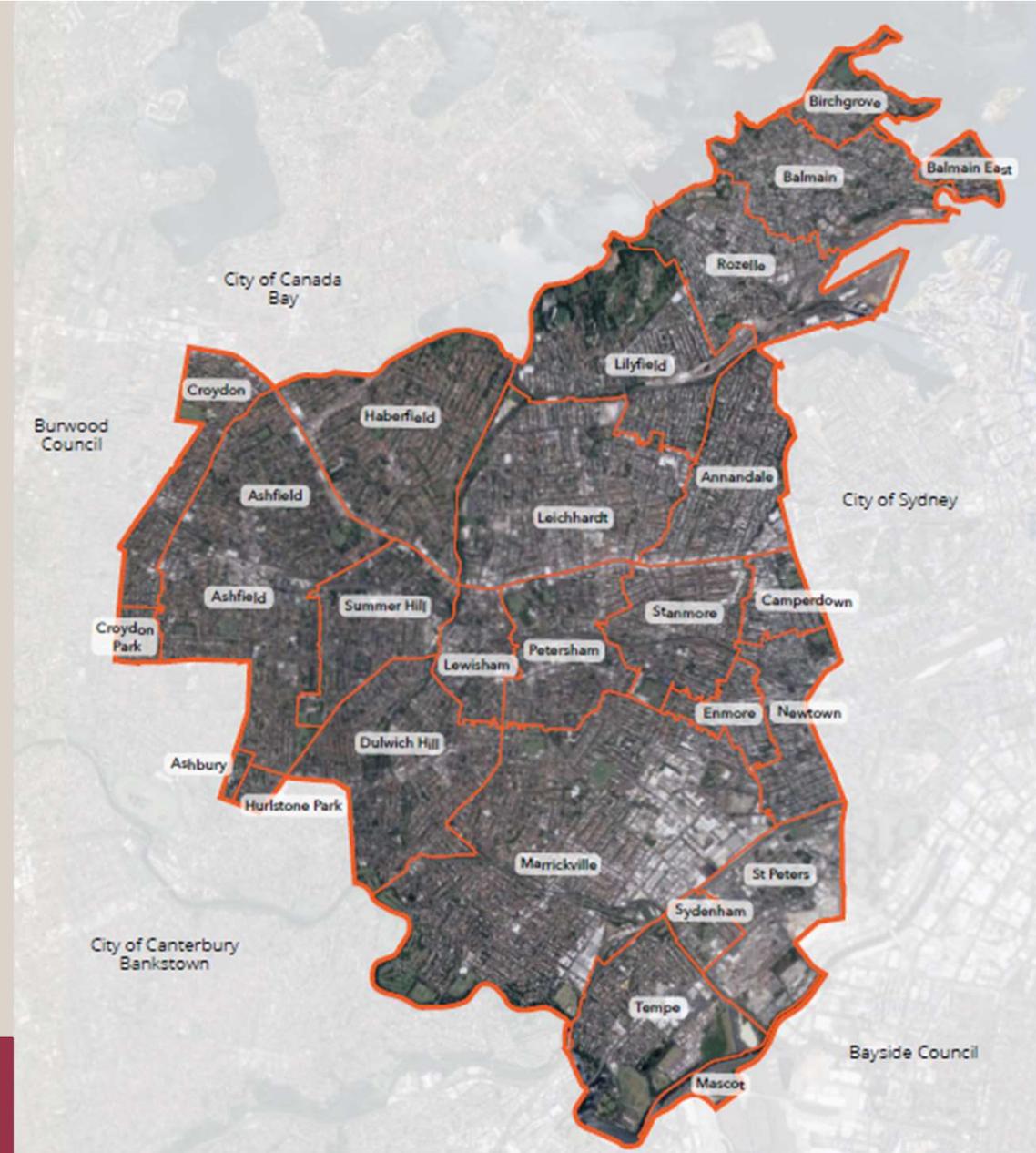
Chris Sleiman & Katie Miles, Inner West Council

30 May 2023



# Inner West Council

- Approx 1,000 new dwellings per year
- 32,000 new residents and 14,000 new workers to 2036
- Our GDP is estimated at \$12.14 billion (1.83% of NSW's GDP)
- We are home to 183,000 residents in around 75,000 homes
- We have around 74,000 jobs and 20,000 businesses.
- We've welcomed over 1.2million visitor to our Aquatic facilities



# Contributions! Where have you gone?



Petersham Town Hall Upgrades



Balmain Town Hall Upgrade



Dawn Fraser Pool



Petersham Park Grandstand Upgrade



Marrickville Library



Bike Route LR03 Livingstone Road



Sydenham Green



Shared Path Hawthorne Canal



Alex Trevallion Plaza

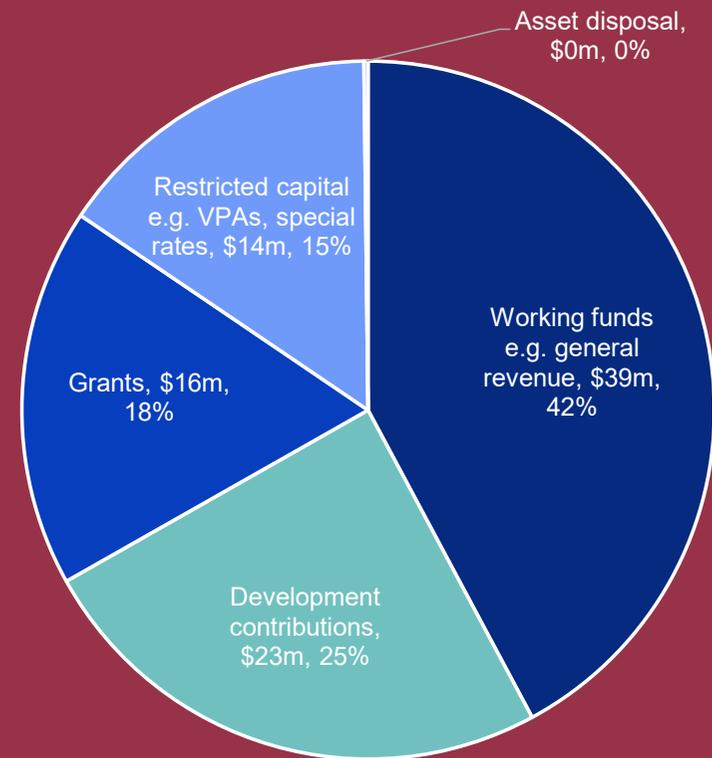


Ashfield Aquatic Centre

# Financial Context

Inner West Council - Contribution Plans (revenue received)			
Financial Year	S7.11 Revenue	S7.12 Revenue	Total Revenue received
21/22	\$6.6million	\$2.4million	\$9million
20/21	\$6.7million	\$1.5million	\$8.3million
19/20	\$14.1million	\$0.7million	\$14.8million
18/19	\$10.1million	\$1.3million	\$11.5million
17/18	\$9.8million	\$1million	\$10.8million
16/17	\$16.4million	\$1.3million	\$17.8million

Capital works Expenditure 21/22



# Presentation Outline

- Overview:
  - Infrastructure needs studies:
    - Recreation
    - Community Assets
    - Transport & Traffic
  - Drafting the contribution plan
  - Gap Funding Plan
  - Engagement Strategy
  - Calculator
- Next steps
- Key takeaways/lessons

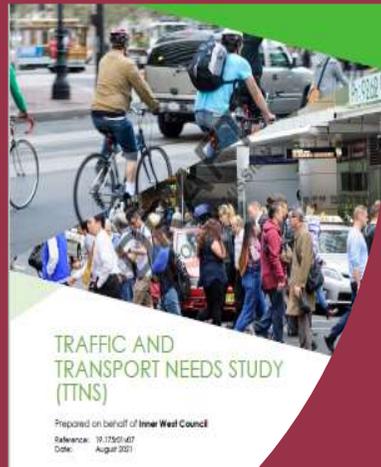
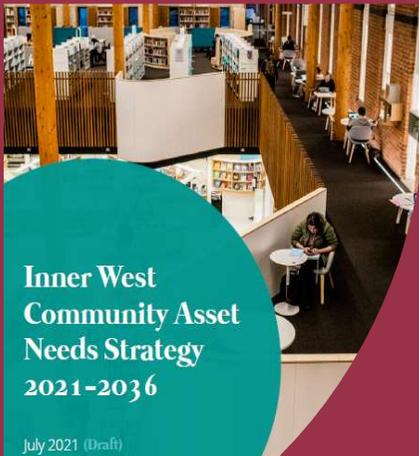


# CP Program

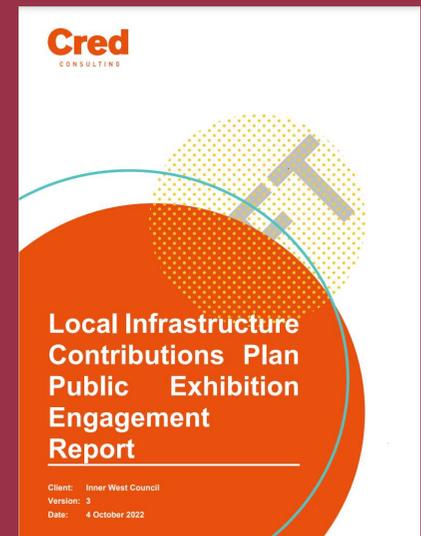
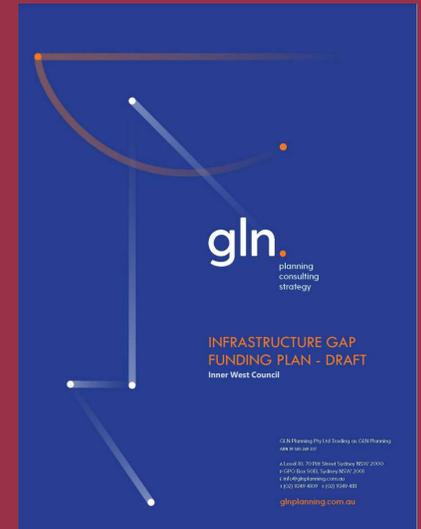
No.	Actions	2019	2020	2021	2022	2023	2024
1	Procurement - RFQs	●					
2	Infrastructure needs studies		●	●			
3	Draft works schedule			●	●		
4	Contributions income / options testing				●		
5	Gap funding plan				●		
6	Staff consultation		●	●	●		
7	Executive briefing			●	●		
8	Council briefing				●		
9	Draft CP + Needs Studies public exhibition				●		
10	Post-exhibition (Workshops, briefings and reports)				●		
11	Staff training					●	
12	CP commencement – 20 February					●	
13	Policies, Procedures, Governance Review					●	
14	Technology Solutions for Contributions Management					●	●

← WE ARE  
HERE

# 4 years in the making....



=





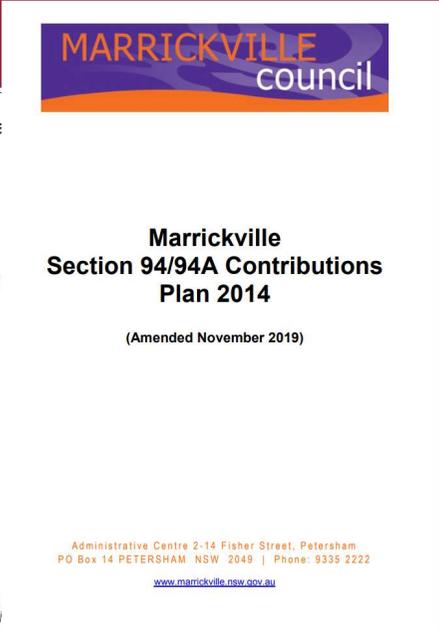
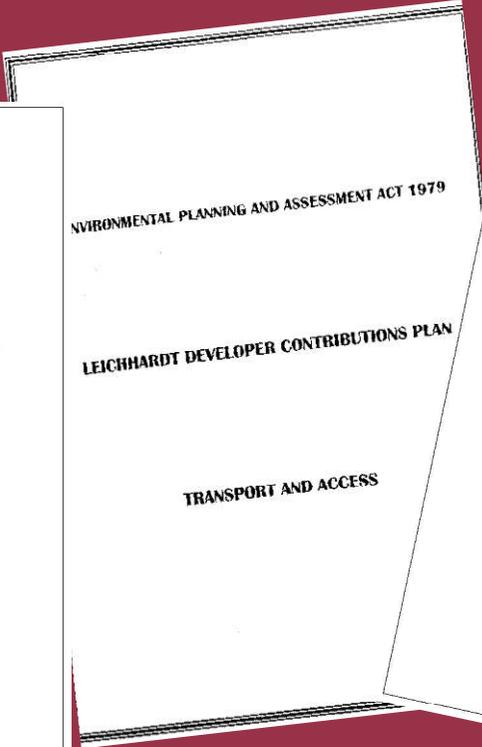
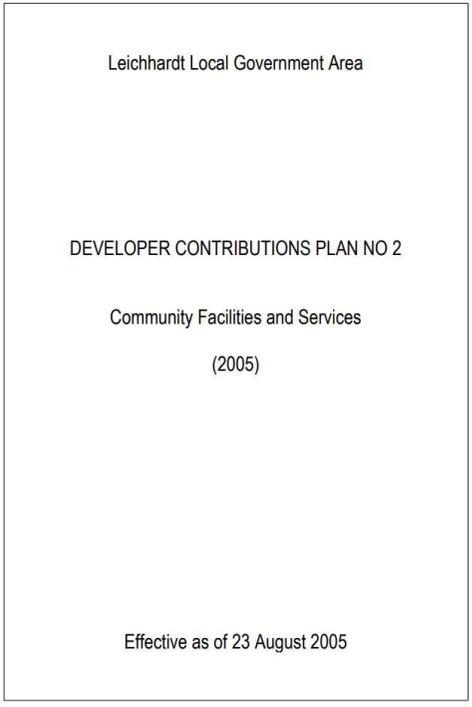
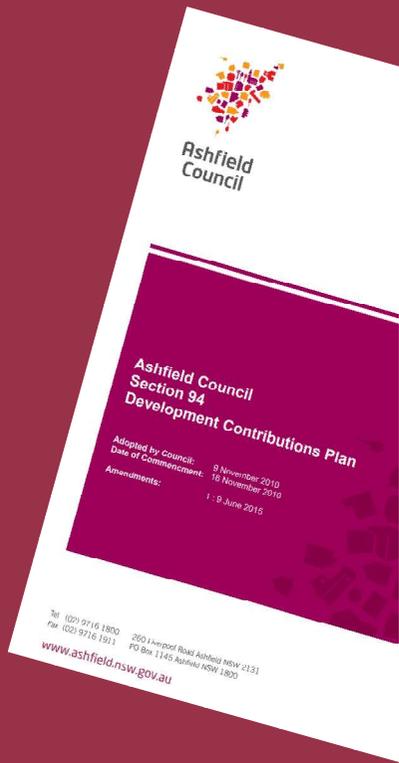
What was the catalyst?

# Drivers for Review:

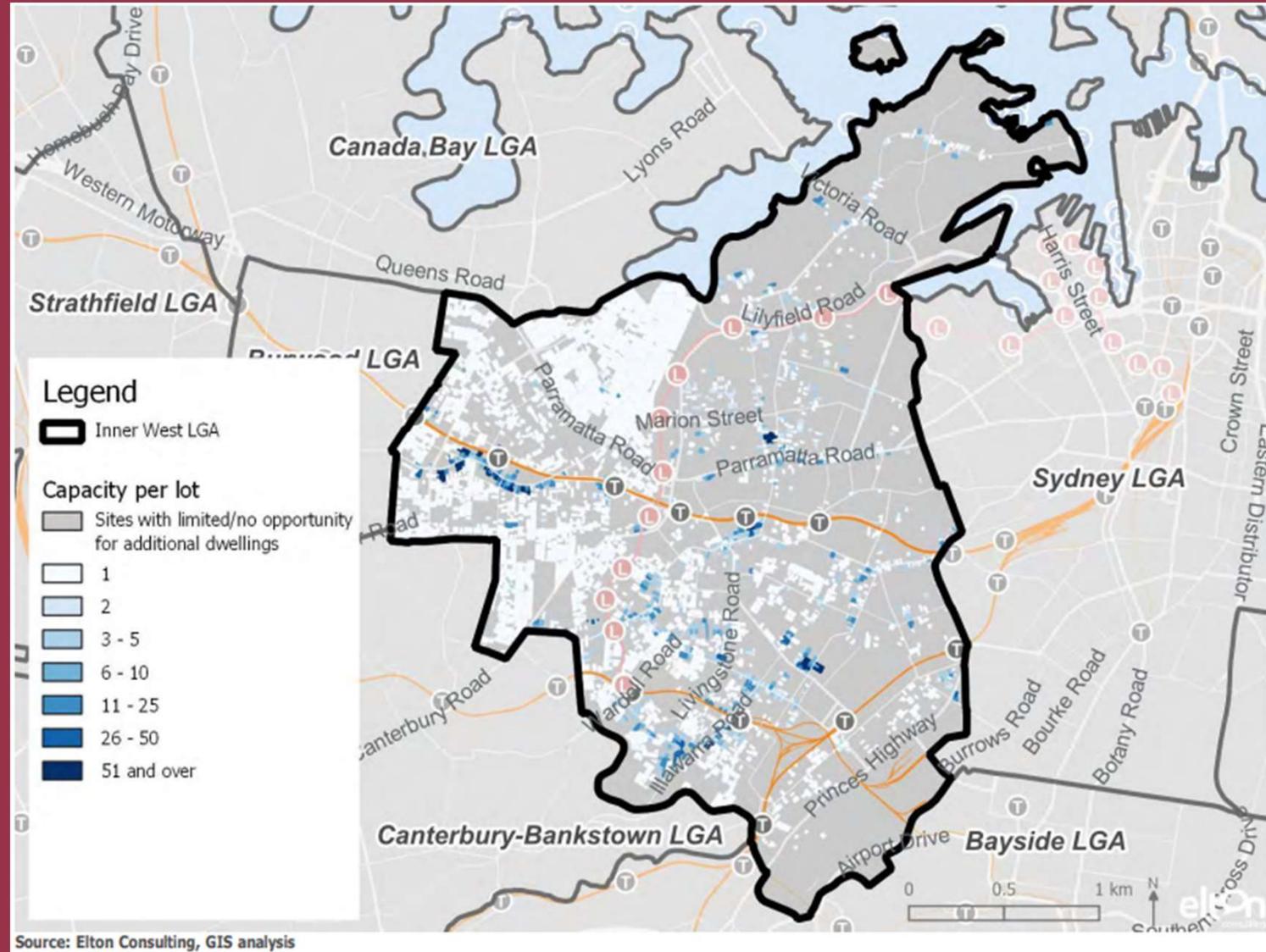
- Implementation of the Inner West Local Strategic Planning Statement (2020) and supporting studies
- Existing CPs were outdated
- Inner West Council Delivery Program 2018-22 commits to preparing a new s7.11 and s7.12 contributions plan
- Councils required to periodically review their contributions plans e.g. every 5 years



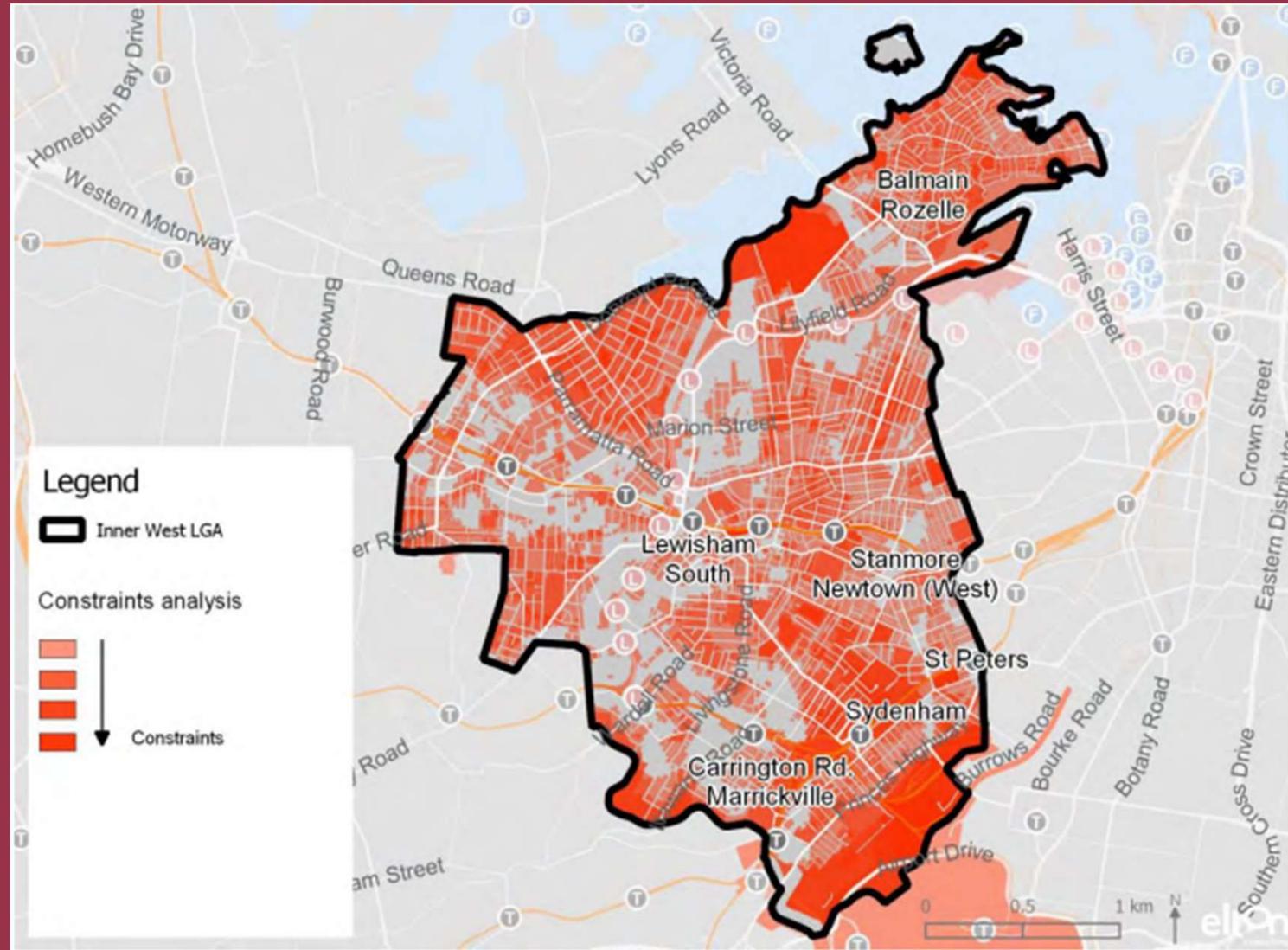
# What we had....



Capacity for growth was constrained



# Constraints Mapping



Where will the bulk of the growth occur?

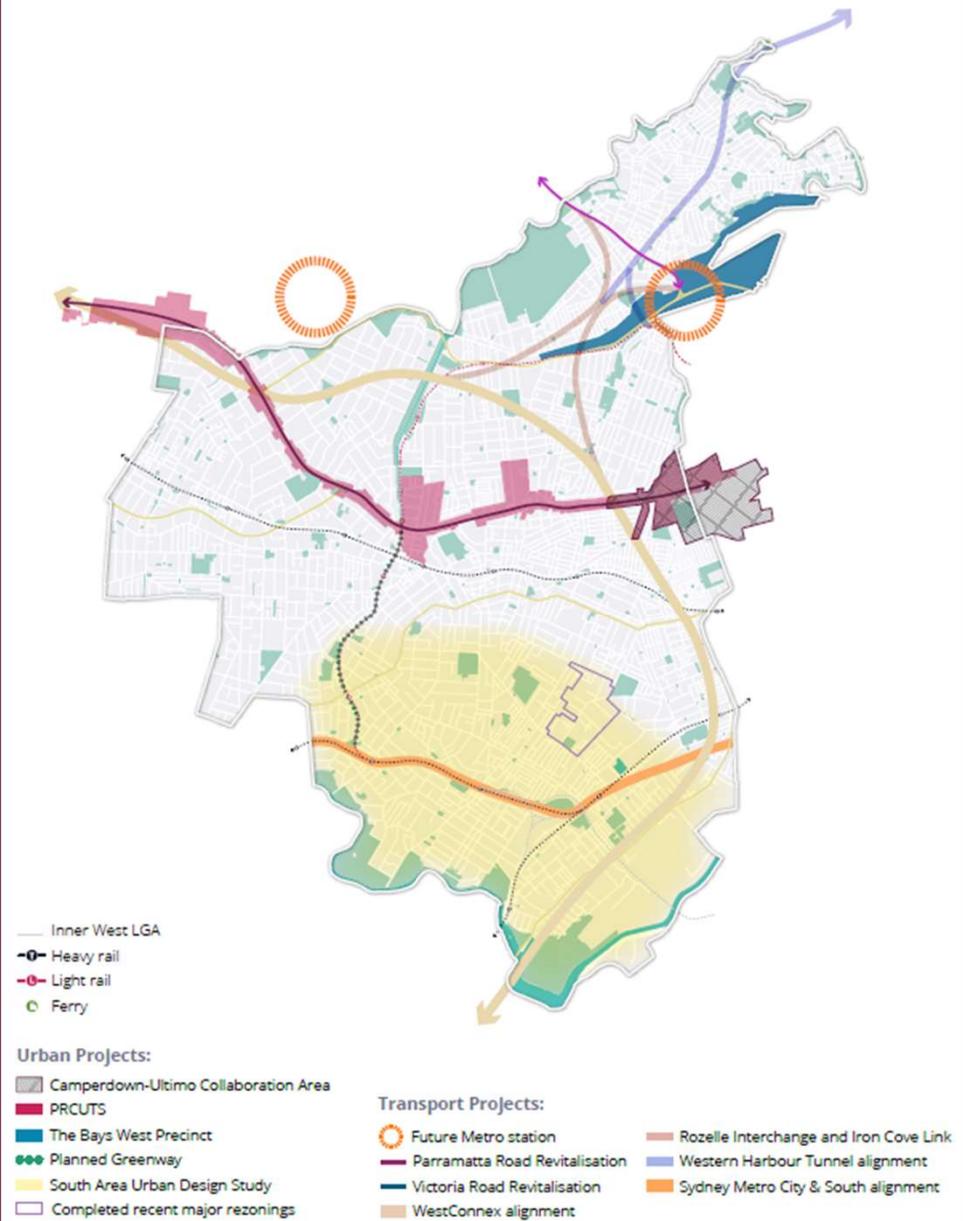


Figure 15 Investigation Areas from 2019

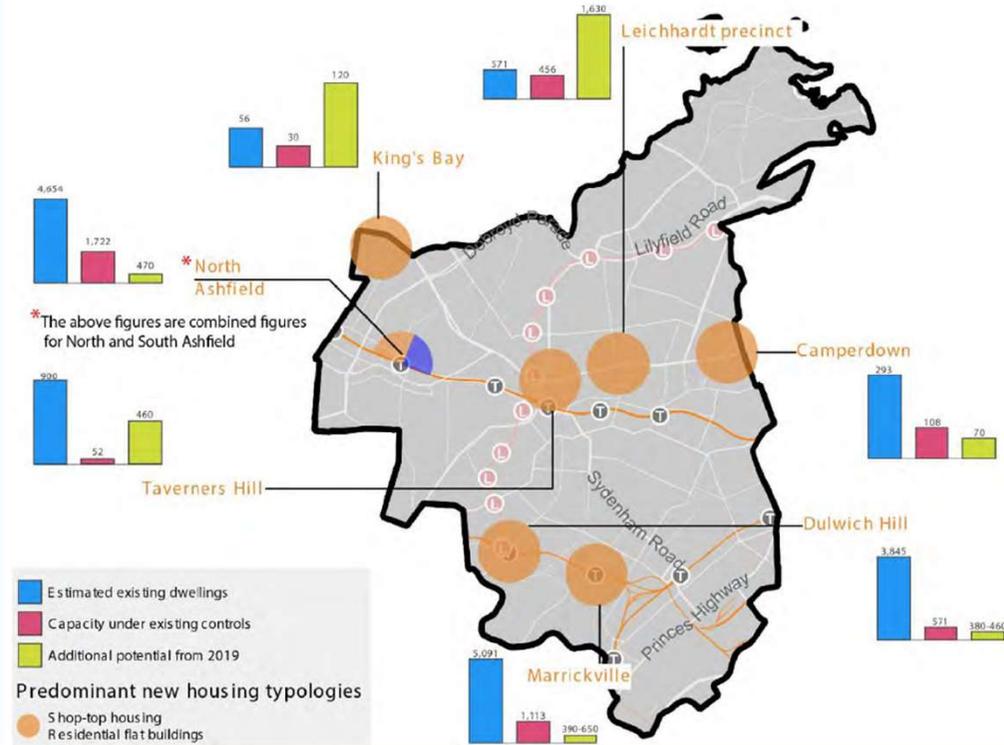
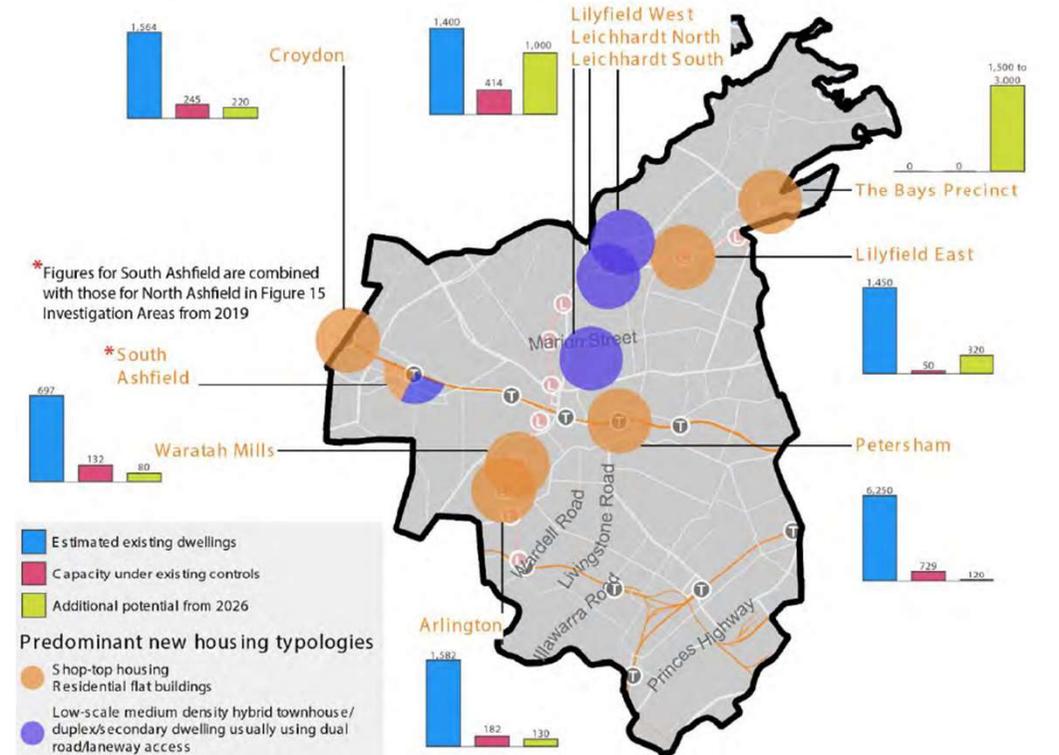


Figure 16 Longer Term Investigation Areas from 2026



What does the new population need?

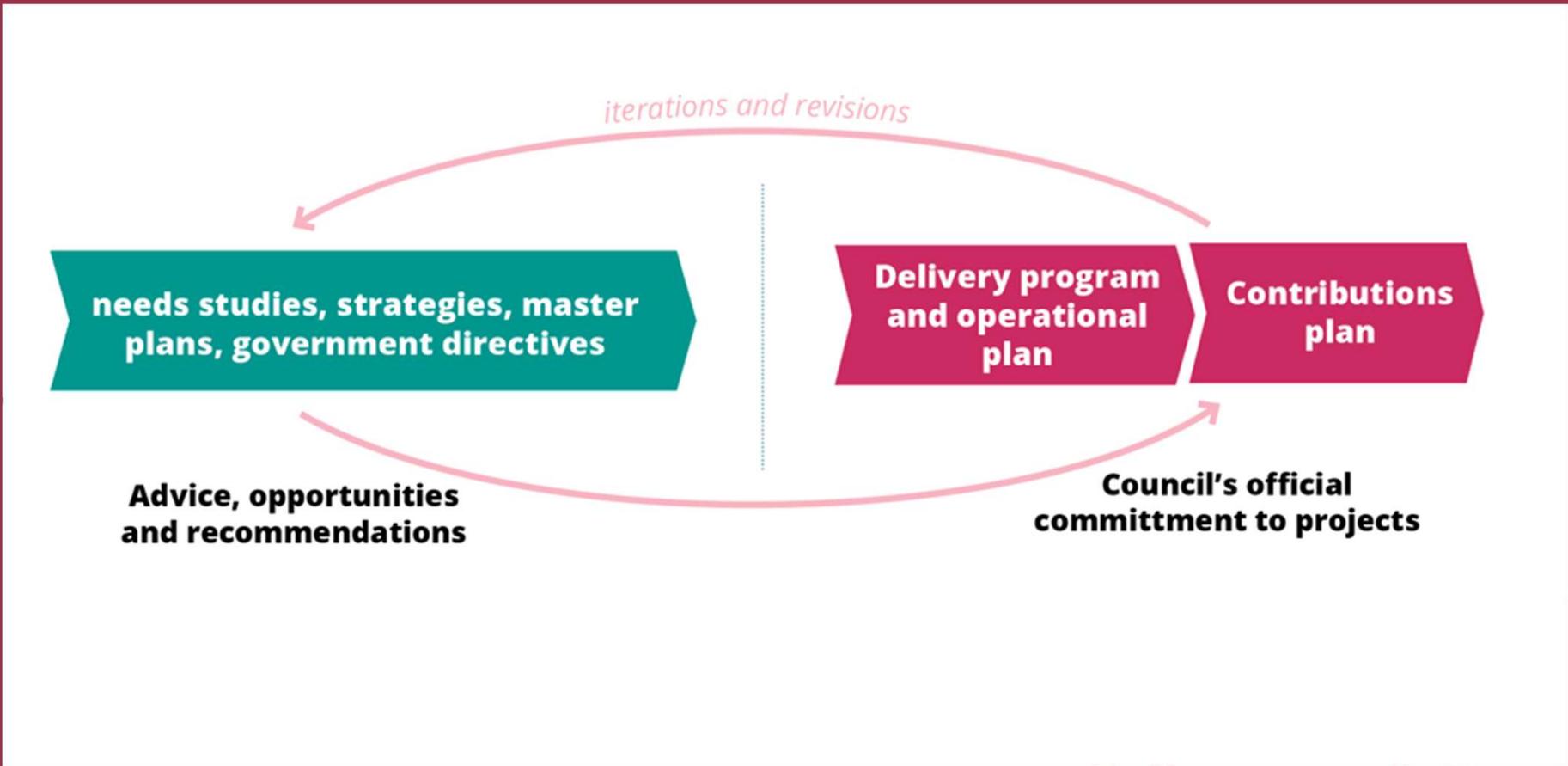


**Population growth and change**  
(and a Council who want to plan for it)

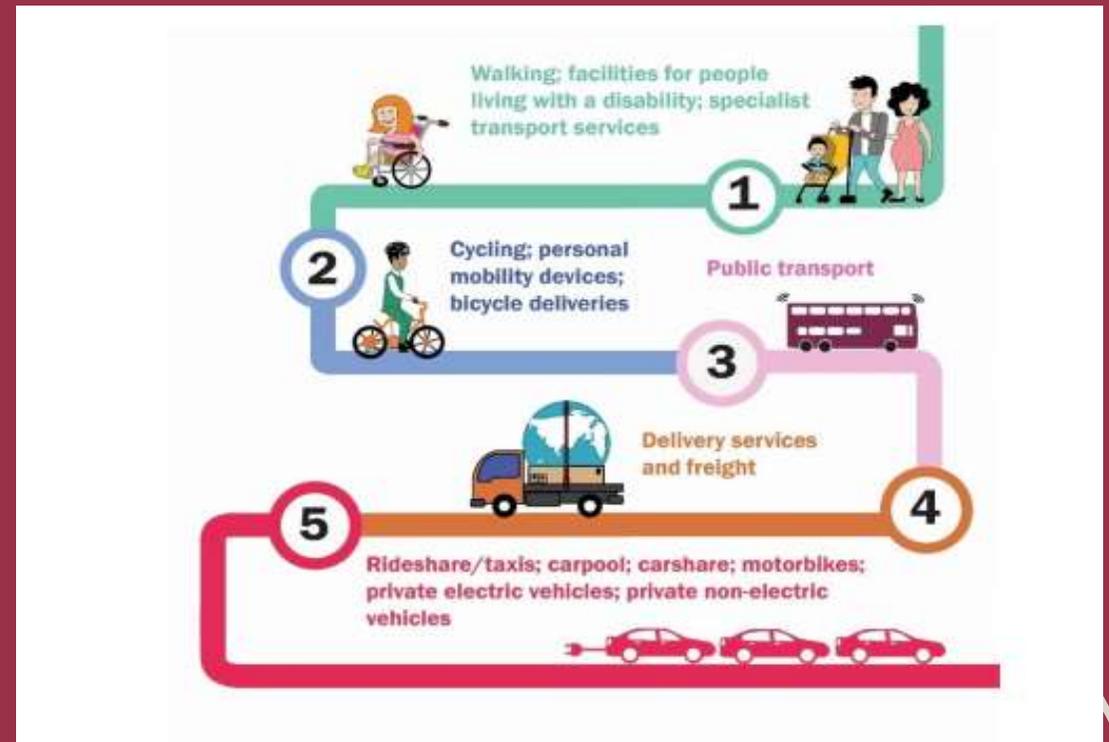
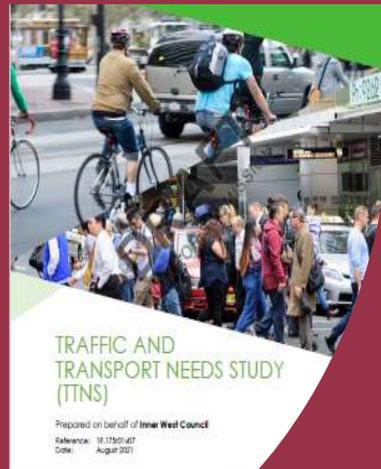
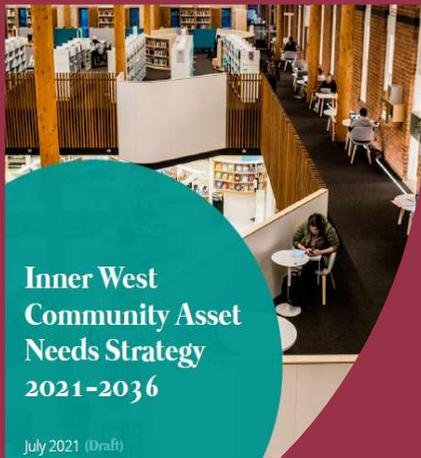
**Social infrastructure needs study**



**Informing Planning Proposals & Masterplans**



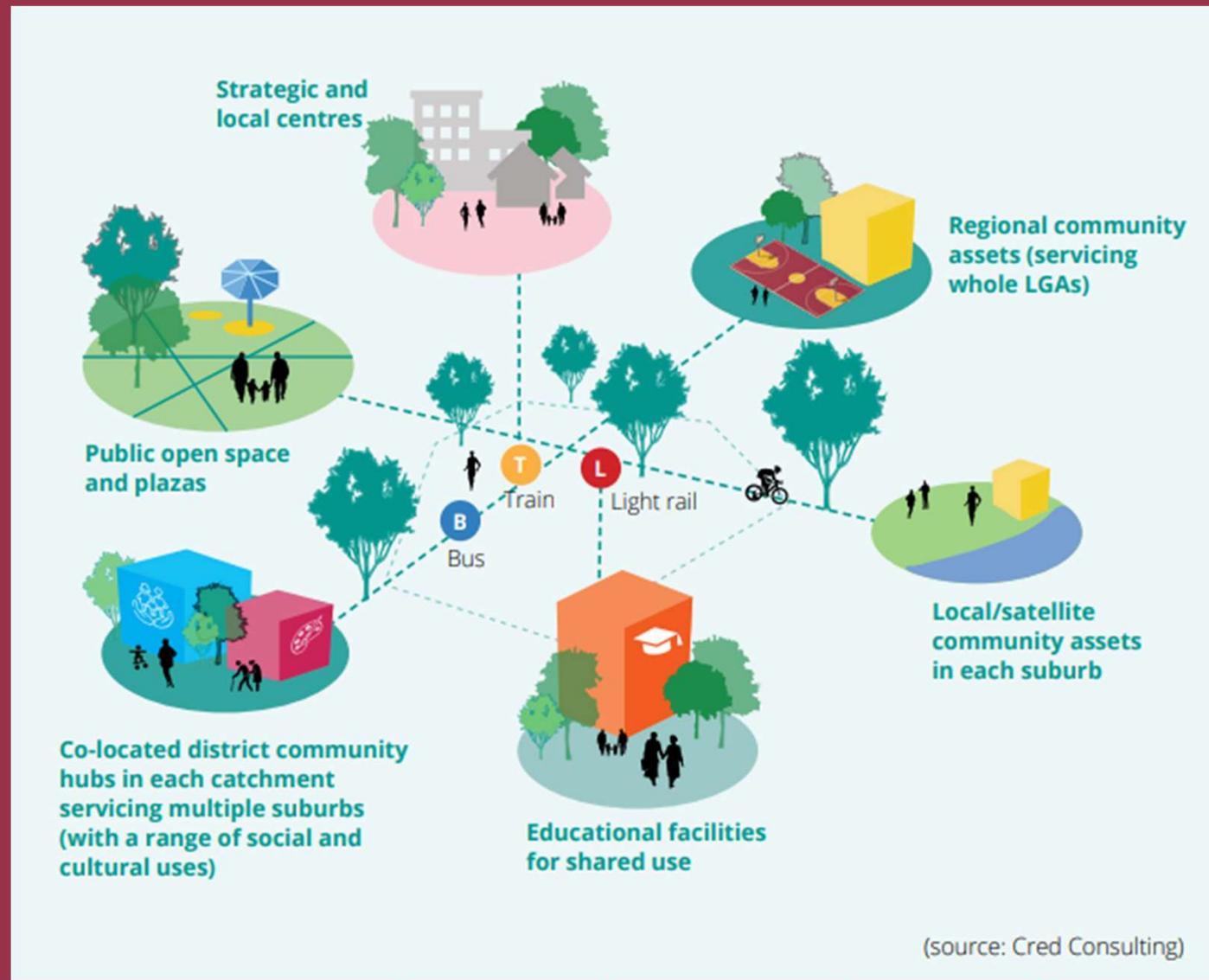
# Needs Studies



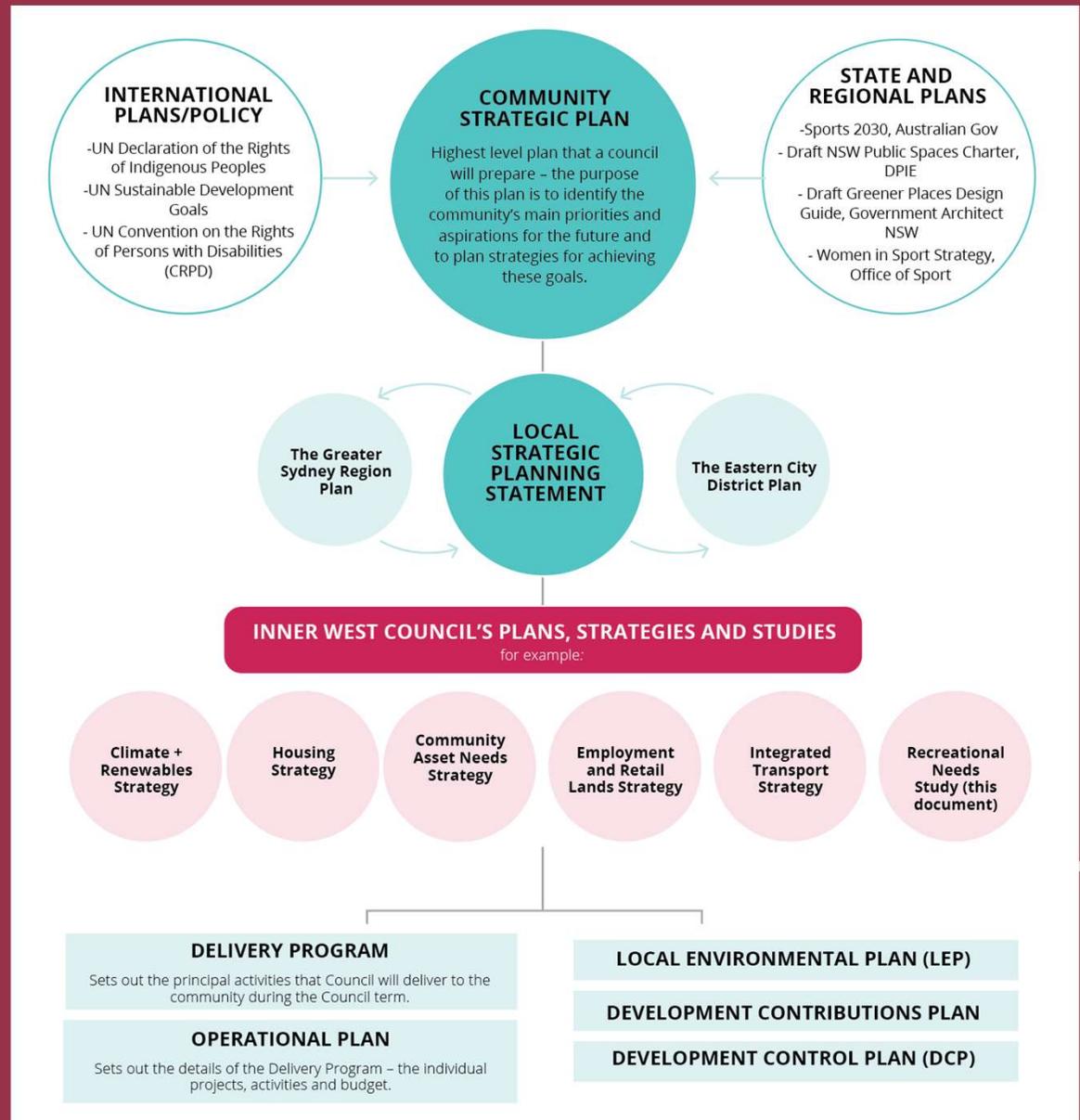
# What is social Infrastructure



# A networked approach to social Infrastructure

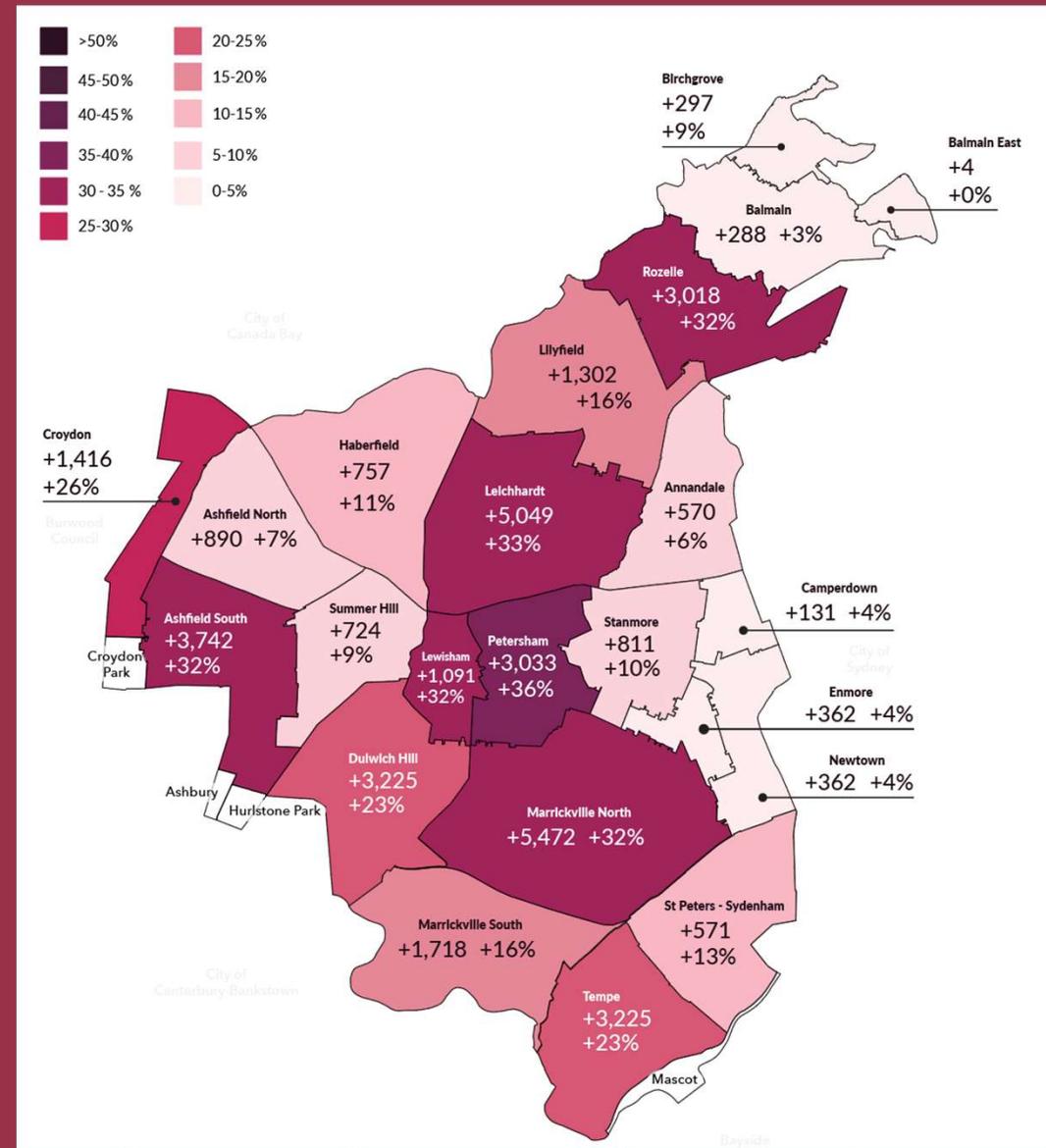


# Strategic Context



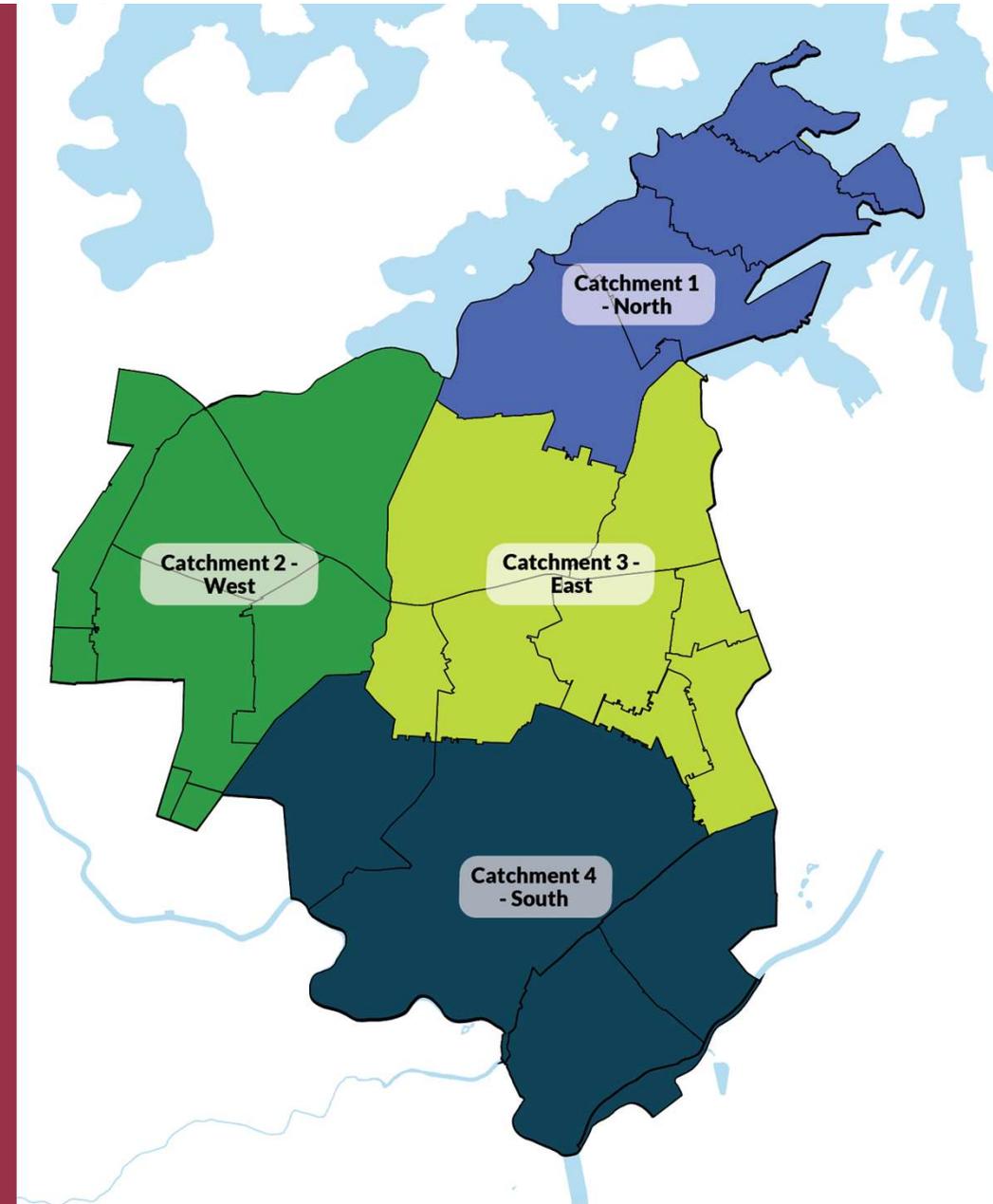
# Population Projections

- Assumes a steady rate of growth
- In accordance with LSPS & LHS
- Includes investigation areas
- Emphasis is placed on plan monitoring!
- We need to shift assumptions if the context changes.



## Planning Catchments

- Understand the distribution of existing local, district and regional social infrastructure
- Overlay with future pop growth assumptions
- It's a tool that helps to pin-point infrastructure gaps – current and future.



E.g. Open Space

Table 17 - Open space provision rates by Planning Catchment

		Catchment 1 (m <sup>2</sup> per person)	Catchment 2 (m <sup>2</sup> per person)	Catchment 3 (m <sup>2</sup> per person)	Catchment 4 (m <sup>2</sup> per person)	LGA (m <sup>2</sup> per person)
Open space (m <sup>2</sup> )	2016	34.4	10.1	7.6	20.7	16.4
	2026	36.3	9.3	6.9	17.9	15.4
	2036	32.5	8.7	6.4	16.9	14.3

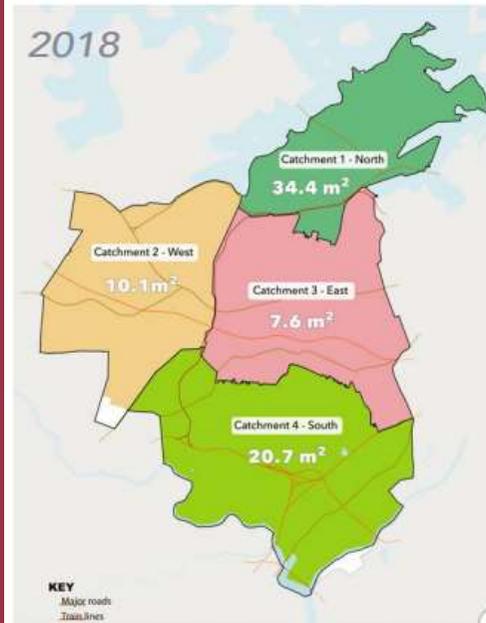


Figure 28 - Current provision per person 2018

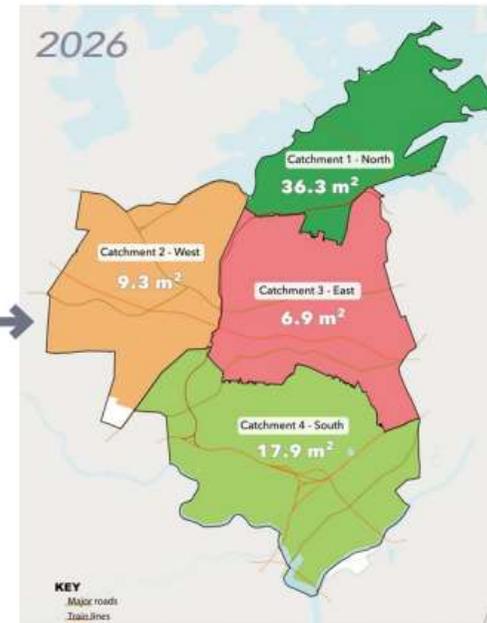


Figure 29 - Forecast provision per person 2026

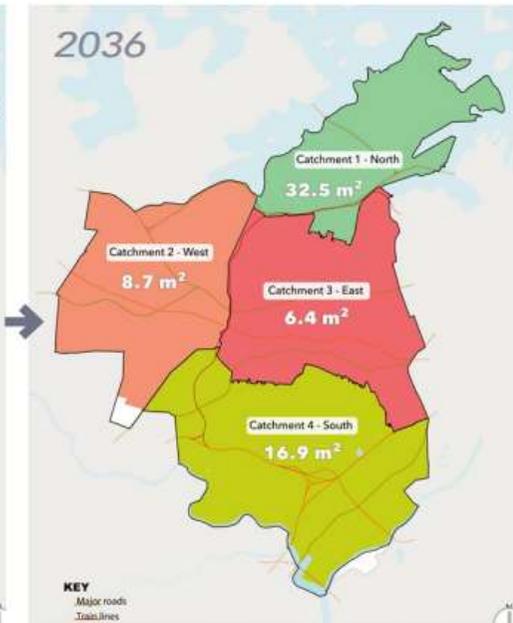
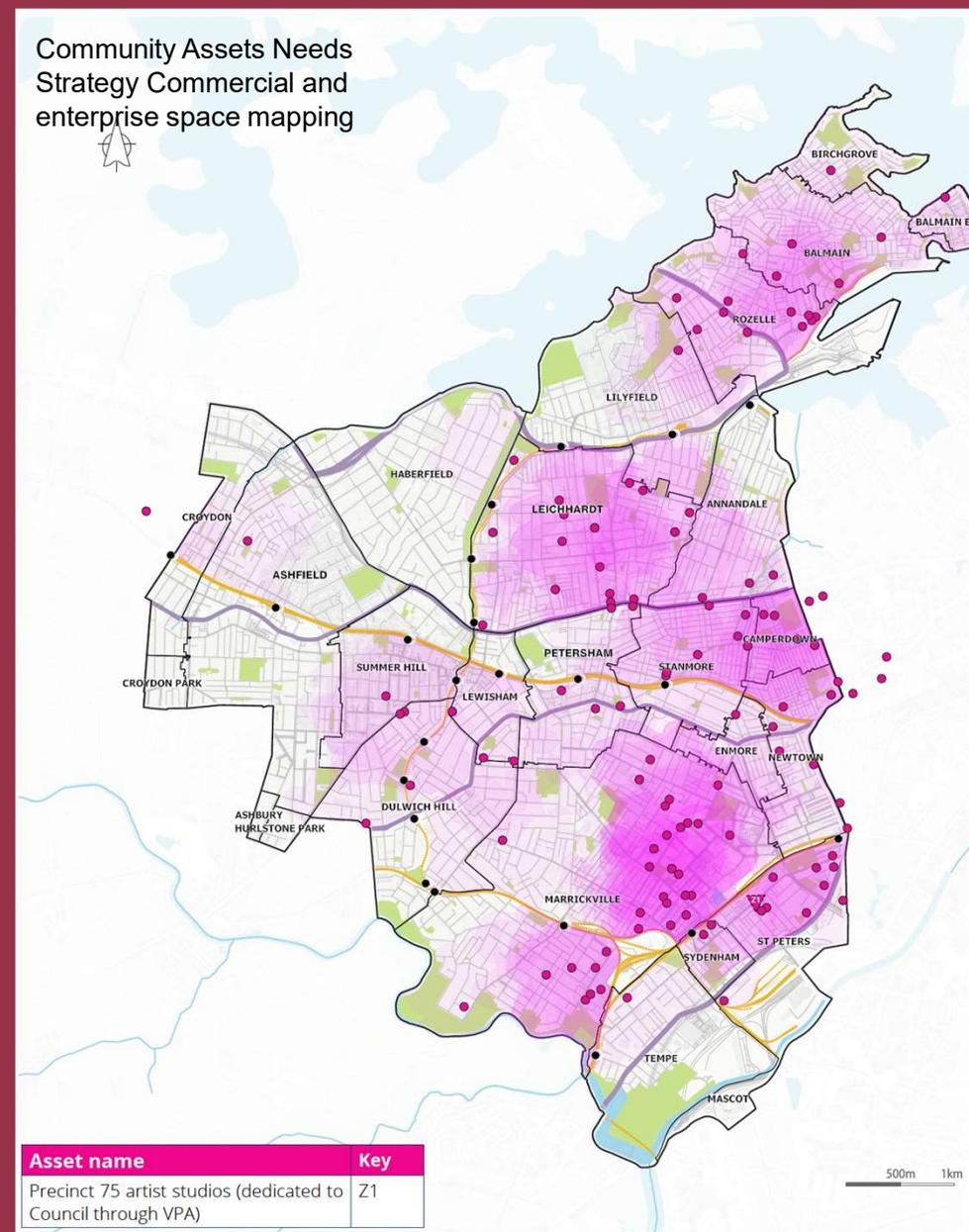


Figure 30 - Forecast provision per person 2036

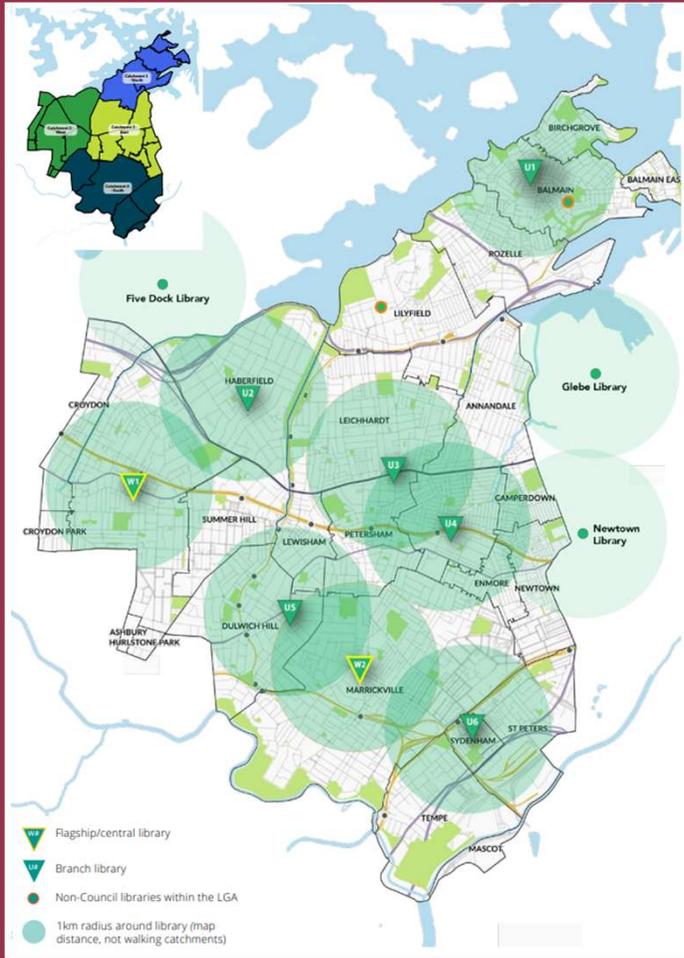
# Audit and Mapping

- Audits and maps provide baseline understanding of provision.
- **Tip:** Include infrastructure in neighbouring LGAs
- Is based on hierarchy
- Include non-Council assets
- Where do the gaps exist and is the new population expected to be accommodated there?

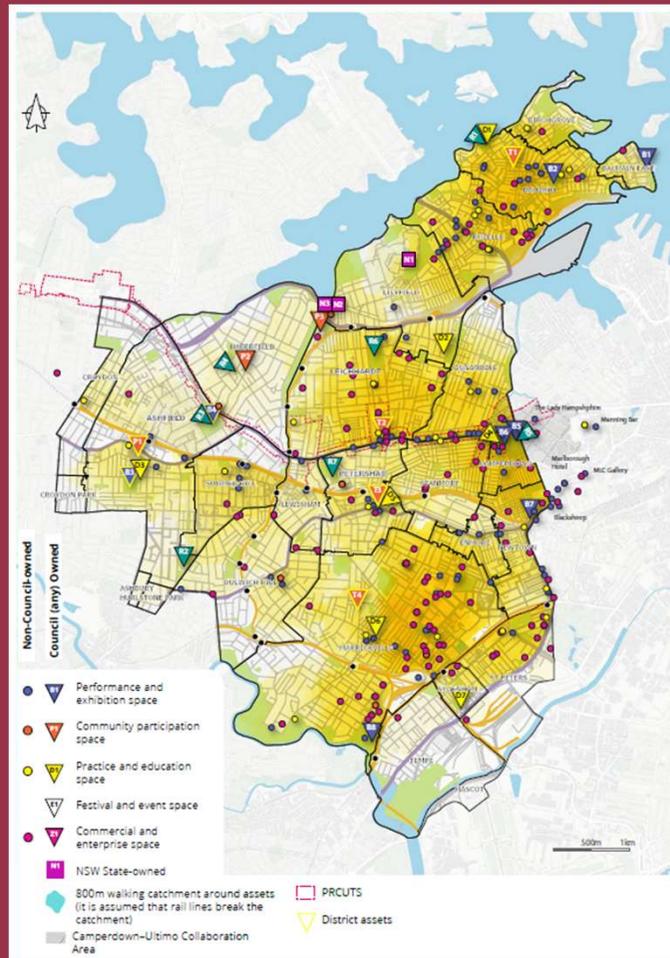
Community Assets Needs Strategy Commercial and enterprise space mapping



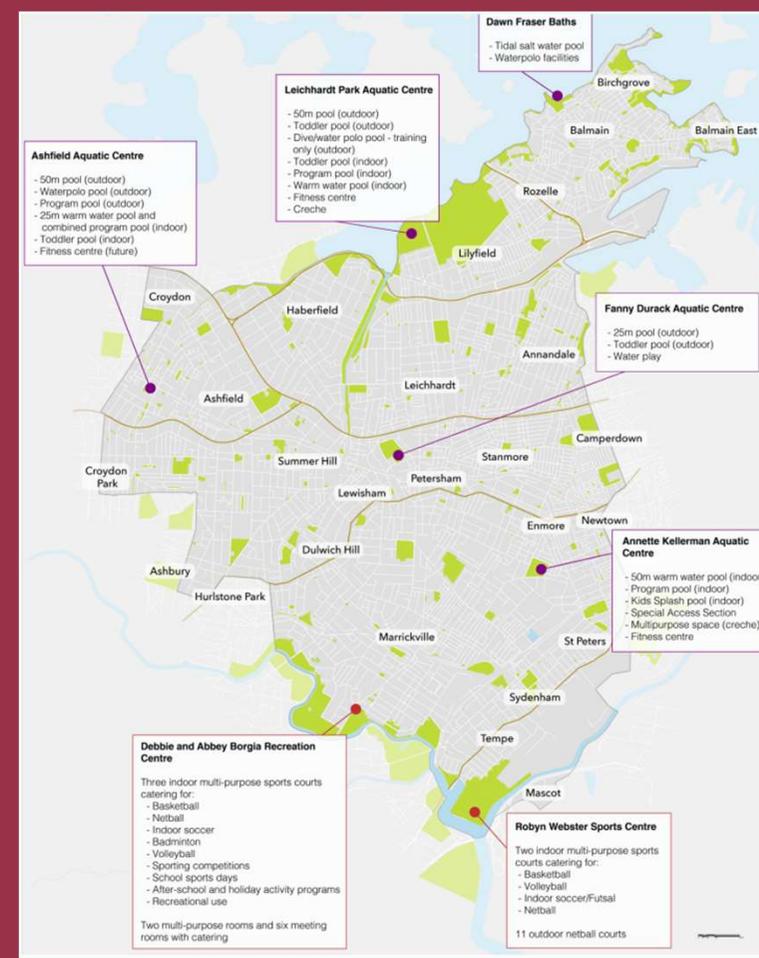
## Libraries



## Community & Cultural Assets

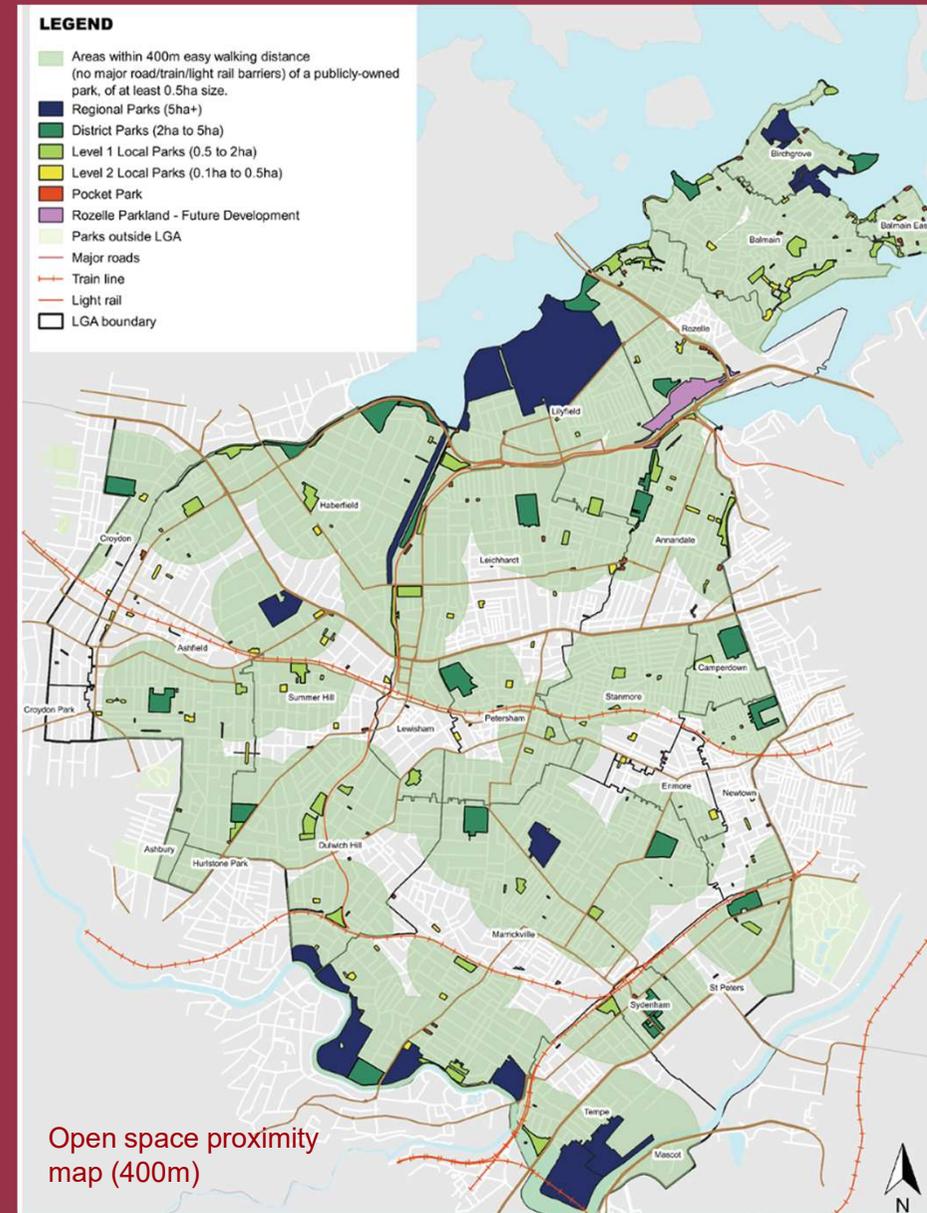


## Aquatic Facilities & Indoor Rec Centres



# What are benchmarks?

- Benchmarks are industry standards.
- They can be:
  - Population-based – number of assets and floor space
  - Site based
  - Proximity based
  - Comparative
- Often derived from a **professional body or industry source**
- Derived from the **experience and application of other similar council areas**



## Example of benchmarking:

What Recreational Facilities do we need to 2036?



Table 35 - Summary of benchmarked demand vs current / planned provision of recreation facilities

		C1	C2	C3	C4	LGA
<b>Open space</b>	2016	34.4	10.1	7.6	20.7	16.4
	2026	36.3	9.3	6.9	17.9	15.4
	2036	32.5	8.7	6.4	16.9	14.3
<b>Summer sporting fields</b>	2016	6.7	-1.1	-5.7	0.0	-0.2
	2026	6.5	-1.7	-6.6	-1.2	-3.0
	2036	5.9	-2.3	-7.5	-1.8	-5.7
<b>Winter sporting fields</b>	2016	6.3	-4.3	-8.1	5.4	-0.6
	2026	6.1	-5.1	-9.3	3.7	-4.7
	2036	5.1	-6.0	-10.6	2.9	-8.5
<b>Indoor MPCs</b>	2016	-1.7	-2.3	-3.2	2.4	-4.8
	2026	-1.8	-2.5	-3.5	2.0	-5.7
	2036	-2.0	-2.7	-3.7	1.8	-6.6
<b>Outdoor MPCs</b>	2016	-3.9	1.5	-14.3	15.2	-1.5
	2026	-4.3	0.0	-16.6	12.0	-8.9
	2036	-5.9	-1.5	-18.9	10.6	-15.8
<b>Indoor leisure centre (dry)</b>	2016	-0.5	-0.6	-0.8	1.3	0.6
	2026	-0.5	-0.7	-0.9	1.2	-0.9
	2036	-0.5	-0.7	-1.0	1.2	-1.1
<b>Indoor leisure centre (aquatic)</b>	2016	1.1	-0.2	-0.6	-0.4	-0.1
	2026	1.1	-0.3	-0.8	-0.6	-0.6
	2036	1.0	-0.4	-0.9	-0.6	-1.0
<b>Skate facility / park</b>	2016	0.3	0.0	-1.3	0.9	-0.1
	2026	0.3	0.0	-1.4	0.8	-0.5
	2036	0.2	-0.1	-1.6	0.7	-0.8
<b>Playgrounds</b>	2016	9.6	3.9	11.4	3.0	27.9
	2026	9.2	1.9	8.5	-1.0	18.6
	2036	7.1	0.1	5.6	-2.7	10.0

# Needs Studies Project Plan

No.	Actions	2019	2020	2021	2022
1	Procurement & Consultants RFQs	●			
2	Project Inception & Planning (Workshop 1)		●		
3	GIS and Data collection		●		
4	Review and benchmarking		●		
5	Draft Report – key findings		●		
6	Workshop 2 – pinch-points and possible solutions		●		
7	Draft recommendations (work schedule)			●	
8	Sub-consultants to estimate costs			●	
9	Steering Committee Workshops (x2) – Gap Funding Plan/items for Draft CP			●	●
10	Councillor Briefing				●
11	Draft CP + Needs Studies public exhibition				●
12	Steering Committee Workshops (x2) – Gap Funding Plan/items for Draft CP				●
13	Councillor Briefing				●
14	Draft CP + Needs Studies Council Adoption				●

How do you deliver on the identified needs?



# The CP Drafting Phase

Steering Group or Workshops - Executive Management Team	
Key Questions	Key Points
Financial impact of needs study priorities?	Contributions won't fund all needs study works
Can Council 'afford' this, or what is the gap?	A gap funding plan is needed
What gap is 'tolerable'?	Contributions works list can be reduced so gap is 'tolerable'
What are the lifecycle costs of the infrastructure once it is delivered?	Gap funding plan to outline lifecycle costs of proposed new infrastructure once it is provided to inform future financial & property asset recycling decisions
What is the process?	Next slide...
Where are we up to?	Consider maintaining an internal 'long list' – including works that can be funded as opportunities arise e.g. grants

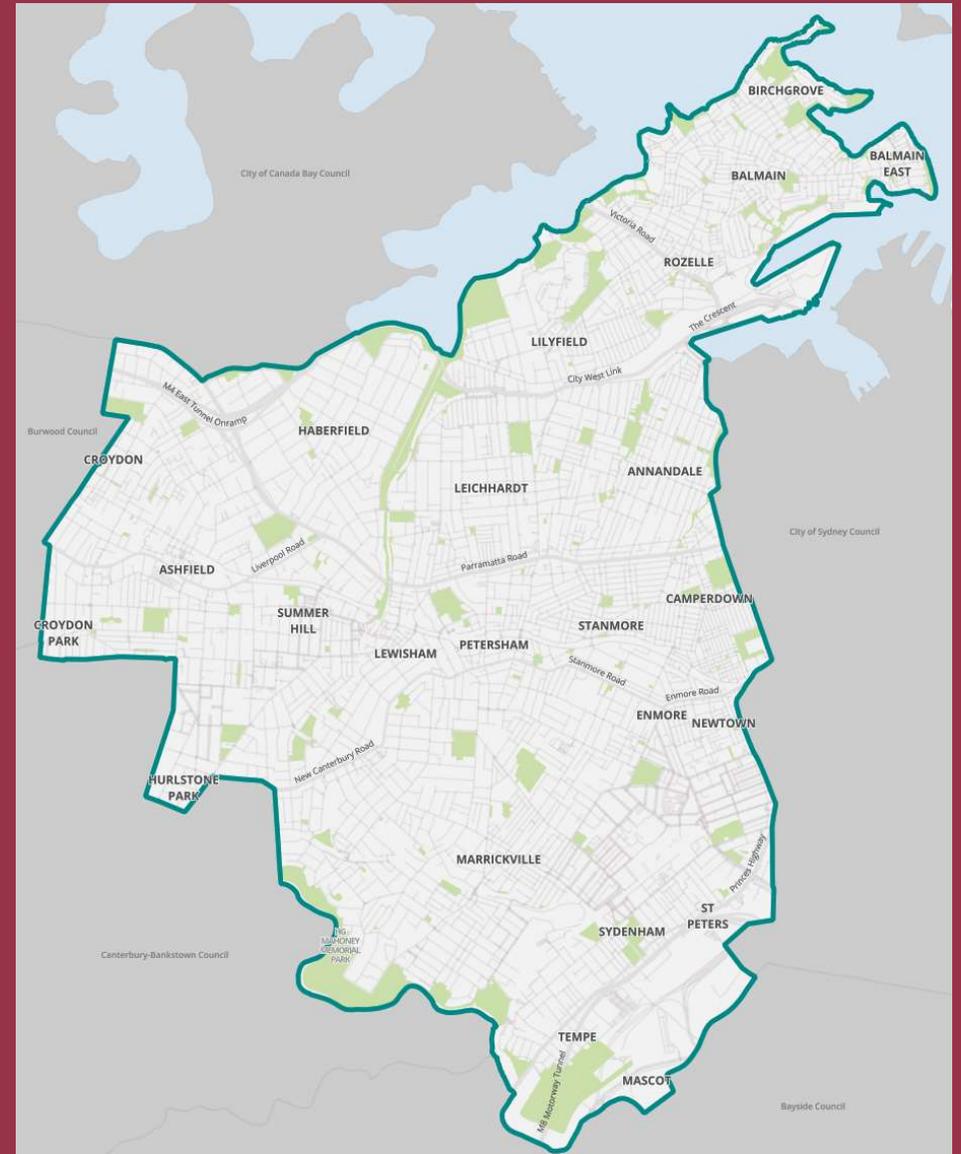
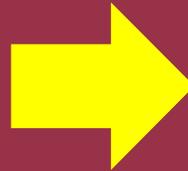
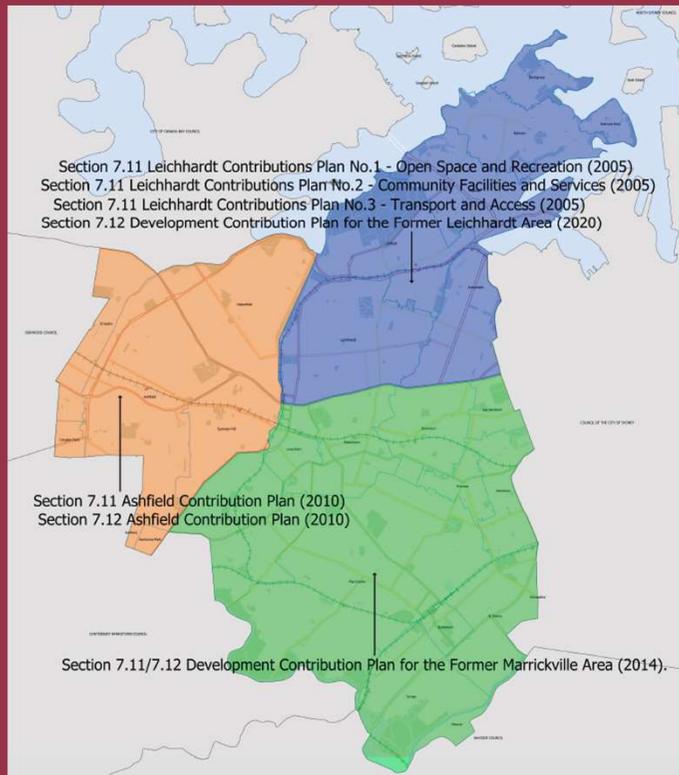
# Infrastructure funding process

- Needs studies
- Initial 'long' works list
- Estimate costs
- Apportion costs to development
- Calculate contribution rates
- Quantify un-apportioned costs ('gap')
- Prepare gap funding plan
- Does your CP works list need to change to reflect a 'tolerable' gap ?
- If so, maintain internal long list
- Consider a future infrastructure advocacy program



# Drafting of the CP

## Key Points – 1 Precinct



# Drafting of the CP

## Key Points – The type of plan?

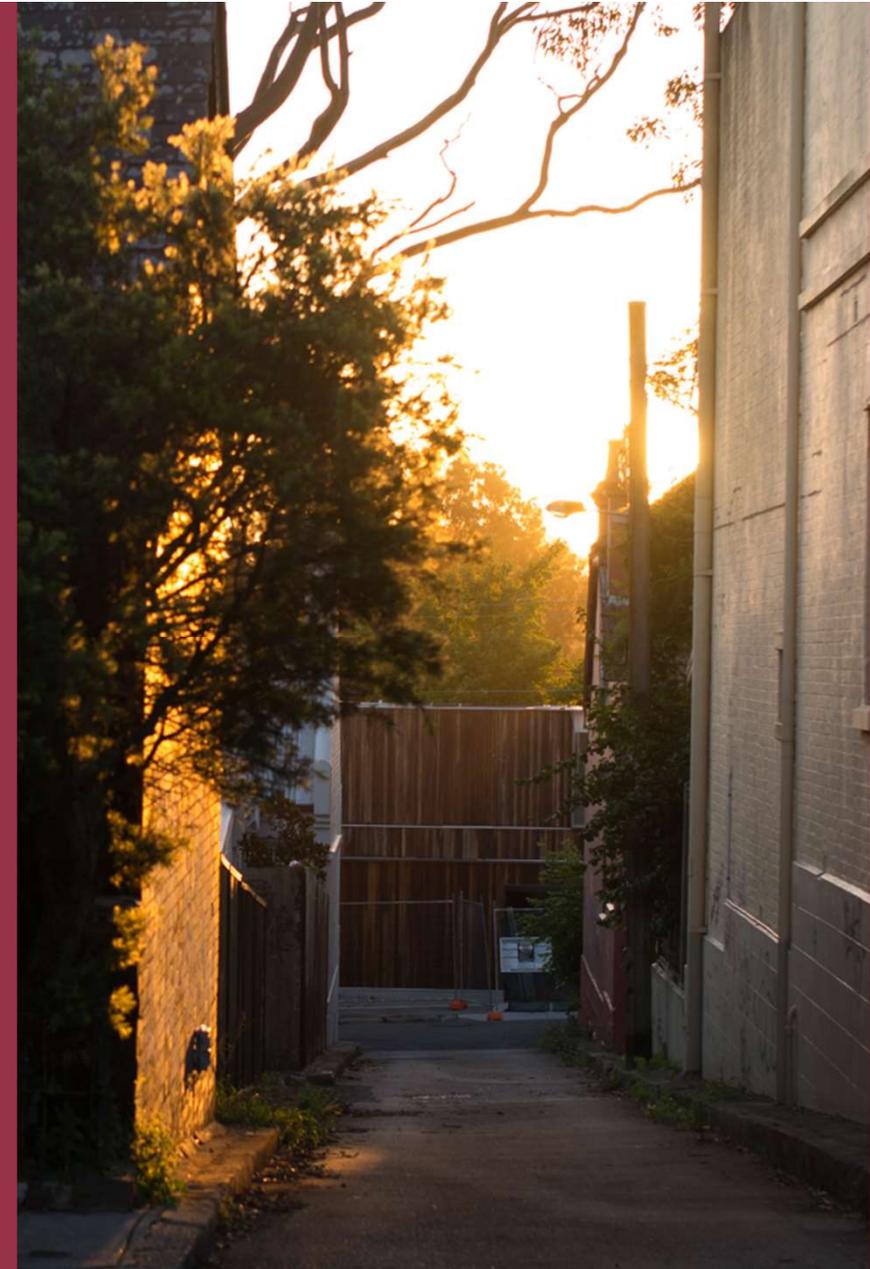
### S7.12 'fixed rate' contributions

- 1% of development costs under the Regs, but Minister can approve higher (3%)
- No applicant appeals
- No need to demonstrate nexus
- Simplified administrative processes for calculating levies

### S7.11 'nexus based' contributions

- Typically up to \$20k per new dwelling in infill areas
- \$20k threshold for IPART review (essential works list)
- Applicant appeals

### Hybrid approach – why not both?



## Drafting of the CP

# Key Points – 2 Income Testing Scenarios (2022-2036)

### Scenarios:

- Option 1 - Hybrid 7.11 + 7.12 @1%
- Option 2 - s7.11 + 7.12 @3% (reforms)
- Option 3 – s7.11 only
- Option 4 – 7.12@1% only
- Option 5 – s7.12 @3% (reforms) only

### Key Criteria:

- Size of the funding gap
- Nexus and apportionment strategy – maximising to reduce unapportioned costs whilst maintaining appropriate nexus
- Ease of administration
- Reforms

# Drafting of the CP

## Key Points – 3 Contribution Rates

S7.12 rates – Existing Plans vs New Plan		
Development cost	Existing plans	New Plan
<\$100k	Nil	Nil
\$100-200k	0.5%	Nil
>\$200k	1%	1%

### Application of s7.12 & s7.12

Dev't	Land use	Existing CPs			New CP	
		Ashfield	Leichhardt	Marrickville	Method	In practice
New	Residential	s7.11	s7.11	s7.11	s7.11 if net population increase s7.12 otherwise	s7.11
	Tourist/visitor acc.	s7.11	s7.12	s7.12		s7.11
	Employment	s7.11	s7.11	s7.11		s7.11
	Industrial	s7.12	s7.11	s7.11		s7.11
Alts & ads	Residential	s7.12	s7.12	s7.12		Depends
	Tourist/visitor acc.	s7.12	s7.12	s7.12		s7.11
	Employment	s7.12	s7.12	s7.12		s7.11
	Industrial	s7.12	s7.12	s7.12		s7.11

# Drafting of the CP

## Key Points – Simplification

- **Uniform policy provisions** – credits, refunds, exemptions
- **User-friendly plan** - structure, language (plain English, avoid jargon, acronyms, formulas, etc), infographics, use high quality maps & images).
- **Uniform contribution rates** – LGA-wide = simplified calculation methodologies
- **Averaging contribution rates for multiple new dwellings** – average s7.11 dwelling calculation used.

**Table 1 Section 7.11 contribution rates, as at October 2021<sup>1</sup>**

Development type	Rate
Residential development	
Dwellings (see box below) <sup>2</sup>	
Per 1-bed dwelling, studio, or bedsit	\$17,035
Per 2-bed dwelling <sup>2</sup>	\$25,052
Per 3 or more bed dwelling <sup>2</sup>	\$36,074
Subdivision into single dwelling allotment	\$36,074
Other residential uses – per resident, per occupancy rates in s2.1	\$10,021
Non-residential development	
Per worker – refer worker occupancy rates in section 2.1	\$3,187
Tourist and visitor accommodation	
Per overnight visitor – refer visitor occupancy rates in section 2.1	\$5,299

# Introduction to Funding Gap Plans



# Funding Gaps

## The importance of contribution plans

- **Long term financial plan** – integration
- **Asset management plans**- upgrades, new or re-use.
- **Masterplans**– cost the complete works desired
- **Various Strategies** – cost the options to achieve





## Funding and delivery

### Common mechanisms

#### Planning system

- Contributions
- Works in-kind
- Planning agreements
- Conditions of consent
- DCP controls
- LEP controls  
e.g. bonus floor space

#### Non-planning system

- Asset recycling
- General revenue
- Grants
- User fees and charges
- Private sector provision
- Borrowing incentives
- Special rate variation\*\*

# Addressing The funding gaps

- **Determine funding available** from other sources
- **If a gap still remains**, options include:
  - Extend delivery timeframe (e.g. from 15yrs to 20yrs)
  - Retain a 'tolerable' gap?
- **CP works schedule should eventually plan to be fully funded**—especially in the early years (can be reviewed)
- **Internal long-list** – including 'tolerable gap' – can be funded as opportunities arise e.g. grants.
- **Options** - Reduce the scope or delete works items from CP (prioritisation)
- **Review and monitor** – regularly (e.g. Reforms)



# Gap Funding Plan Overview

- **Numerous meetings** – 10+ meetings over 3 months, Planning & Finance.
- **Refined the works schedule:**
  - Developed details assumptions to estimate lifecycle costs
  - Went through 195 works items (each item)
  - Allocate unapportioned costs to different funding sources
  - Took a conservative approach to identifying funding sources



# Gap Funding Plan

## Lifecycle Costs

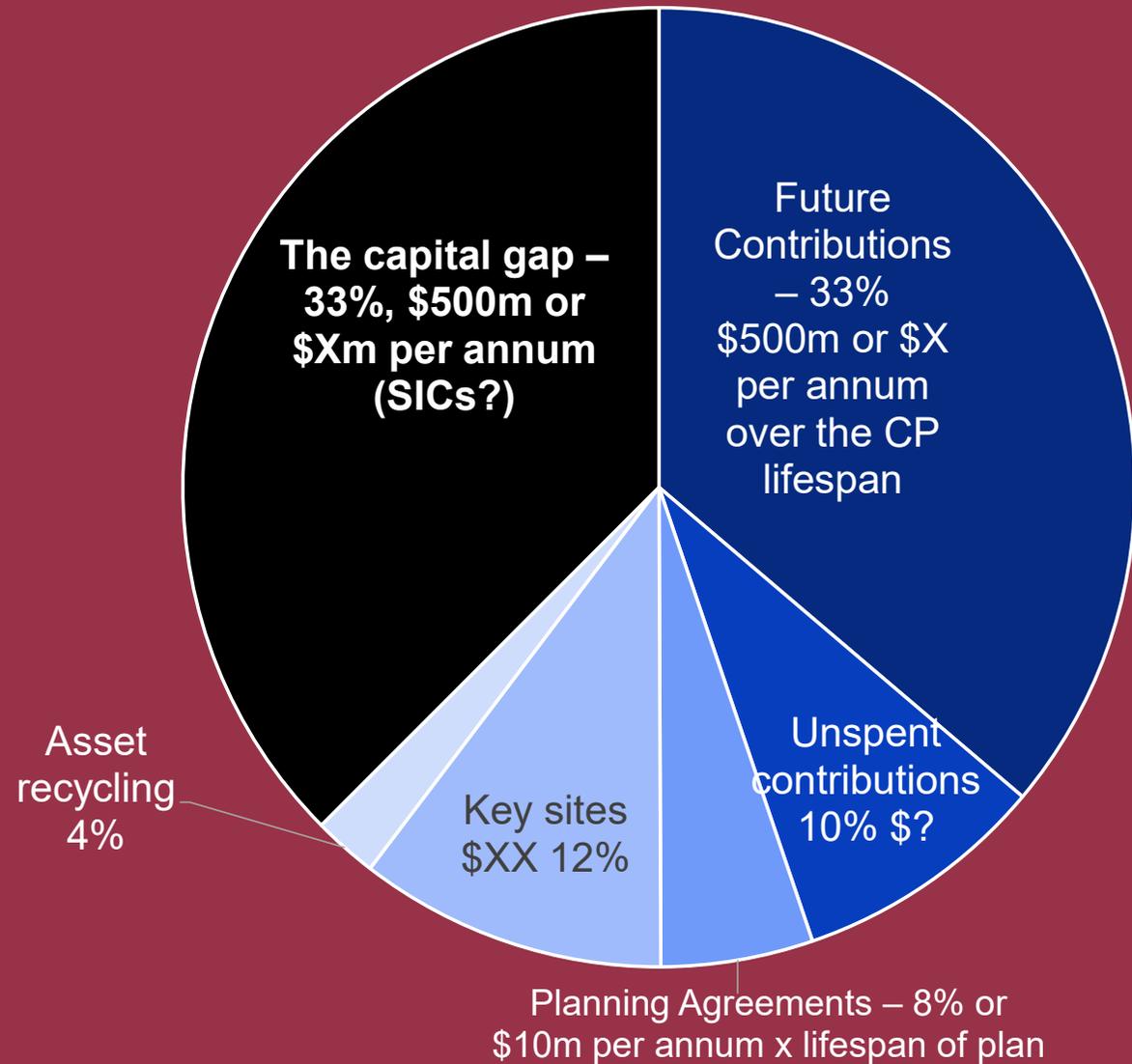
- **Examine similar assets** – find like-for-like assets Council maintains or operates, determine the costs associated
- If your Council tracks costs via Mobility or Worx Online, use the data provided to calculate life cycle costs.
- **Collaborate** – Speak to managers that maintain or operate assets to get a feel for costs or sense-check projections.

Category	Depreciation – useful life (years)	Maintenance & Operation (% of capital cost)
Building - (multi-purpose facilities etc)	40	2.0%
Fitout - (multi-purpose facilities etc)	10	5.0%
Electronics - (multi-purpose facilities etc)	7	2.0%
Outdoor Space (indoor/outdoor stage)	15	2.0%
Library	40	7.5%
Aquatic facility - building	40	2.0%
Aquatic facility – fitout/ plant	10	10.0%
Indoor recreation centre	20	5.0%
Park embellishments	10	2.5%
Playgrounds - district	10	2.5%
Playgrounds - local	15	2.5%
Shared paths	80	2.0%
Cycleways	80	2.0%
Land acquisition	0	1.0%
Synthetic fields	10	5.0%
Multi-purpose fields (sports fields)	20	2.5%

# Example funding scenario

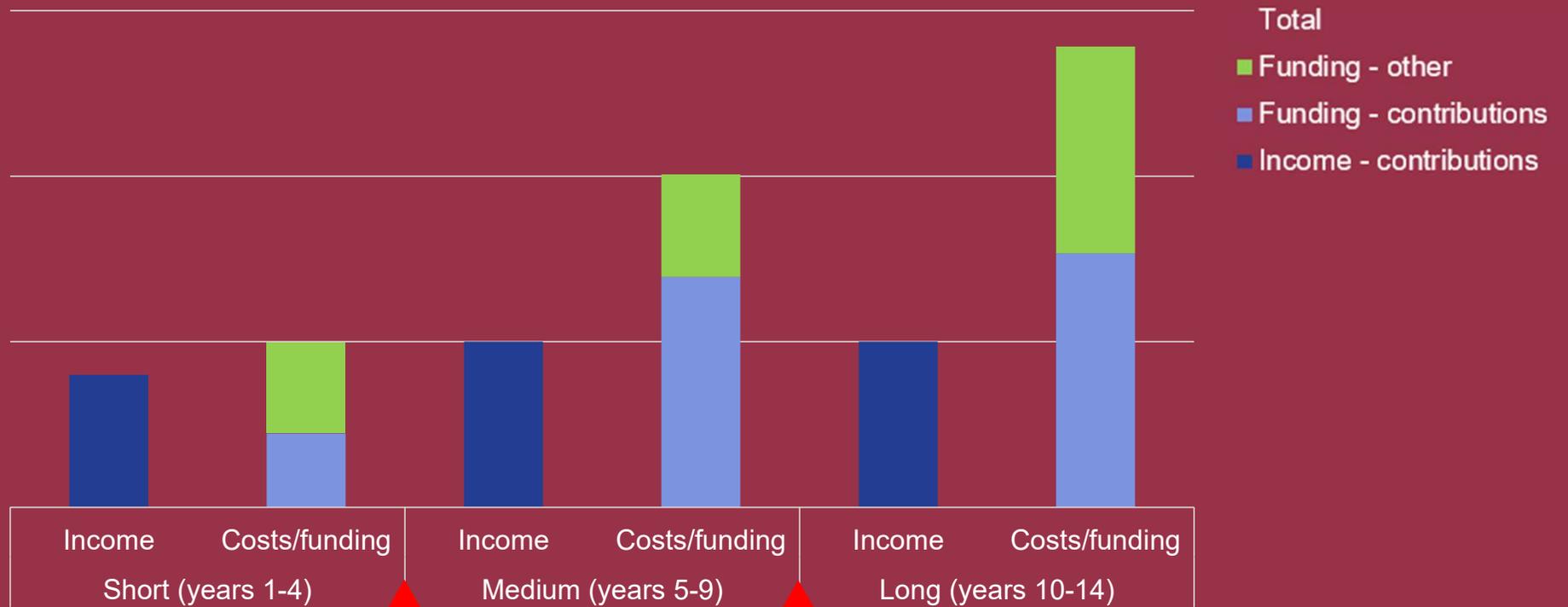
## \$XXXm to Year

Note: Pie chart, % and \$ are examples only



# Staging

## Contributions income vs costs over time



Plan review

Plan review

Note: Example chart only for illustrative purposes

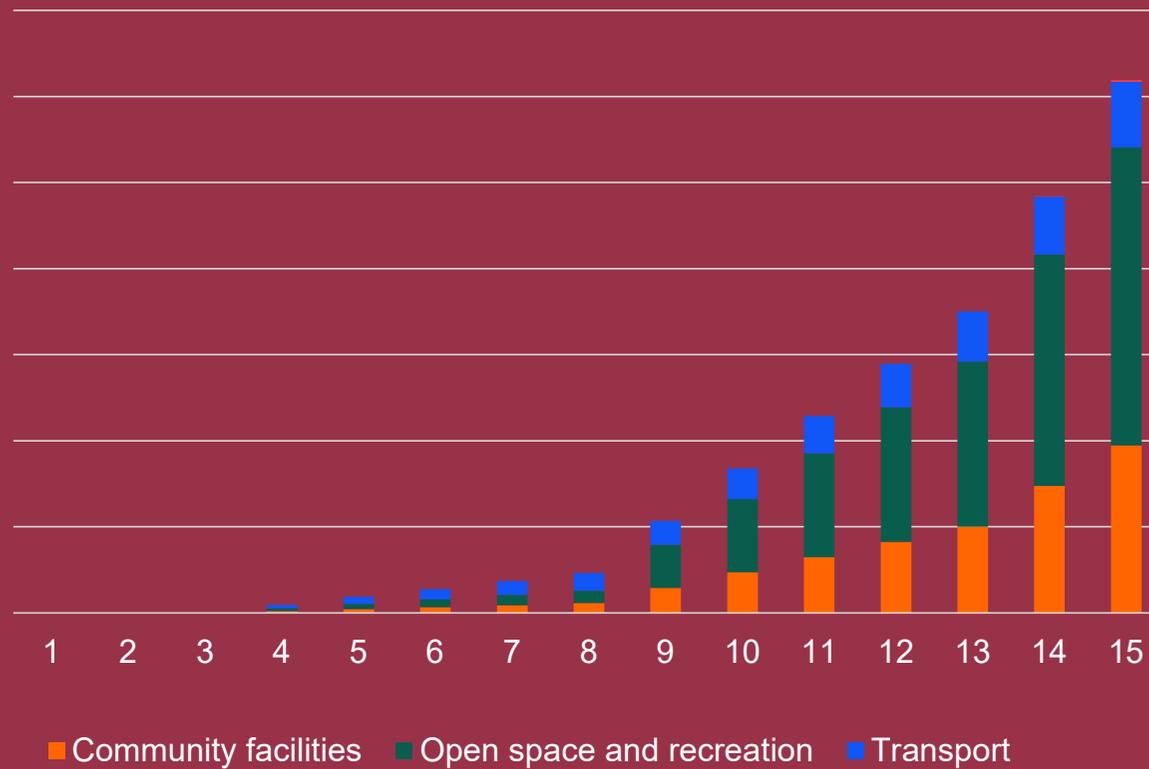
# Staging Priorities - Example

## Short term priorities and costs, years 1-4



# Lifecycle Costs

## Cumulative, lifespan of the plan



# Engagement Strategy



# Engagement activities: 6 June – 17 July (42 days)



**LGA wide notification letters to every resident/rate payer**



**Notification emails sent to industry stakeholders**

Public Authorities  
Planning Industry Experts  
Political Interests  
Neighbouring Councils



**Notification sent to all local democracy groups**



**Online Public Meeting – 15 June 2022 6-7.30pm**



**[Have your say](#)**  
**Interactive Map**  
**Surveys**  
**Submissions**  
**Webinar**  
95 Surveys  
28 Submissions



**Drop-in Sessions (40 attendees)**

**Friday 17 June from 9am – 4pm:** Ashfield Service Centre, Activity Room 2, 260 Liverpool Road, Ashfield

**Friday 24 June from 9am – 4pm:** Leichhardt Reception Room, Ground Floor, Leichhardt Town Hall, corner of Marion and Norton St, Leichhardt

**Saturday 9 July from 10am – 4pm:** Marrickville Library, Francis Charteris Room - Learning Room 1.1, 313 Marrickville Road, Marrickville



**Hard Copies:**

Ashfield Service Centre, 260 Liverpool Road, Ashfield

Leichhardt Service Centre, 7-15 Wetherill Street, Leichhardt

Petersham Service Centre, 2-14 Fisher Street, Petersham

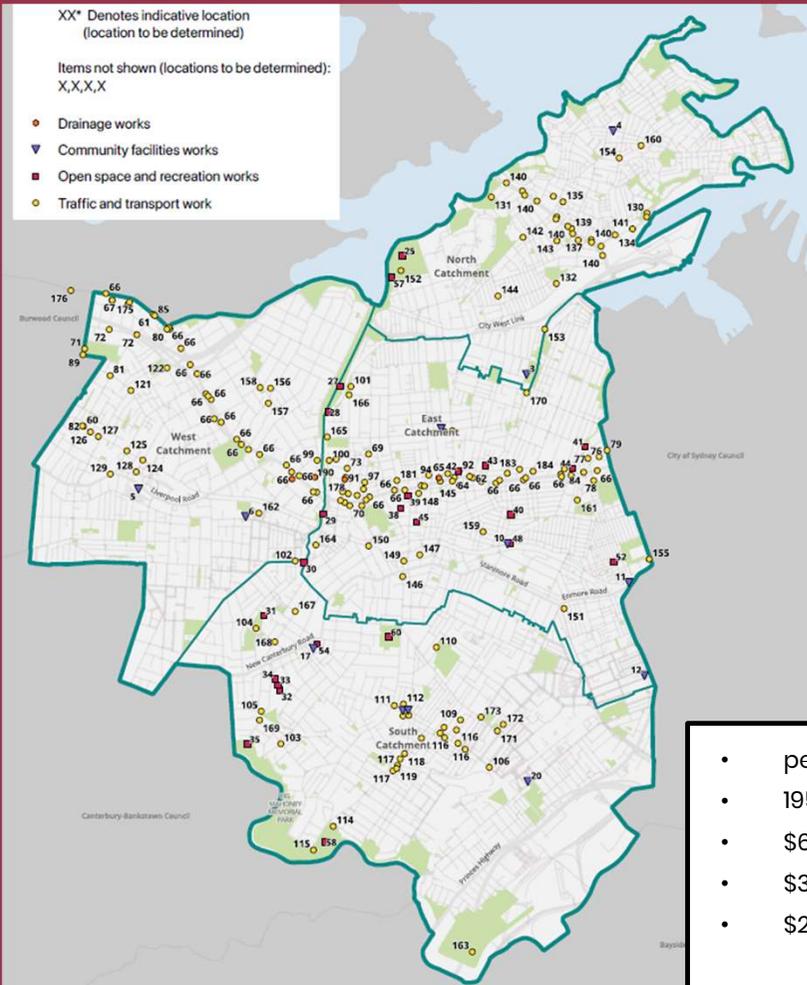
Balmain Library, 370 Darling Street, Balmain

# Final Version of the CP

INHERIT WEST



# IWC Contribution Plan



- per Needs Studies
- 195 works items
- \$601m over 14 years (\$43m/yr)
- \$336m from contributions
- \$265m from other sources

## Inner West Local Infrastructure Contributions Plan 2022

The Inner West will grow significantly to 2036



**32,601**  
new residents



**16,856**  
new dwellings



**14,362**  
new workers

To meet this growth, Council has developed an infrastructure plan valued at **\$597m**



Developers will contribute about **\$401m**

**\$323m**



From residential development

**\$79m**



From retail, commercial and other development

### Projected minimum allocations of development contributions



**\$43m**  
Community facilities



**\$80m**  
Aquatic facilities



**\$186m**  
Open space & recreation



**\$65m**  
Transport improvements



**\$26m**  
Drainage works

### Development contribution rates (to be indexed)



**\$17,065**  
per 1-bed dwelling



**\$20,000**  
per 2-bed dwelling



**\$20,000**  
per 3-bed dwelling



**\$10,038**  
per resident in a boarding house



**\$3,204**  
per additional worker



**1%**  
of development cost for other development

# Key Updates

## Harmonised

- Various plans into a single plan

## Type of Plan

- Hybrid, both s7.11 and 7.12 as determined by development type

## Growth to 2036

- Updates population and worker assumptions to align with LSPS

## Works Program

- Updated to reflect needs and costs

## Contribution Rates

- No major changes, at 20k/dwelling threshold

## Income

- No major changes, as similar rates to previous plans

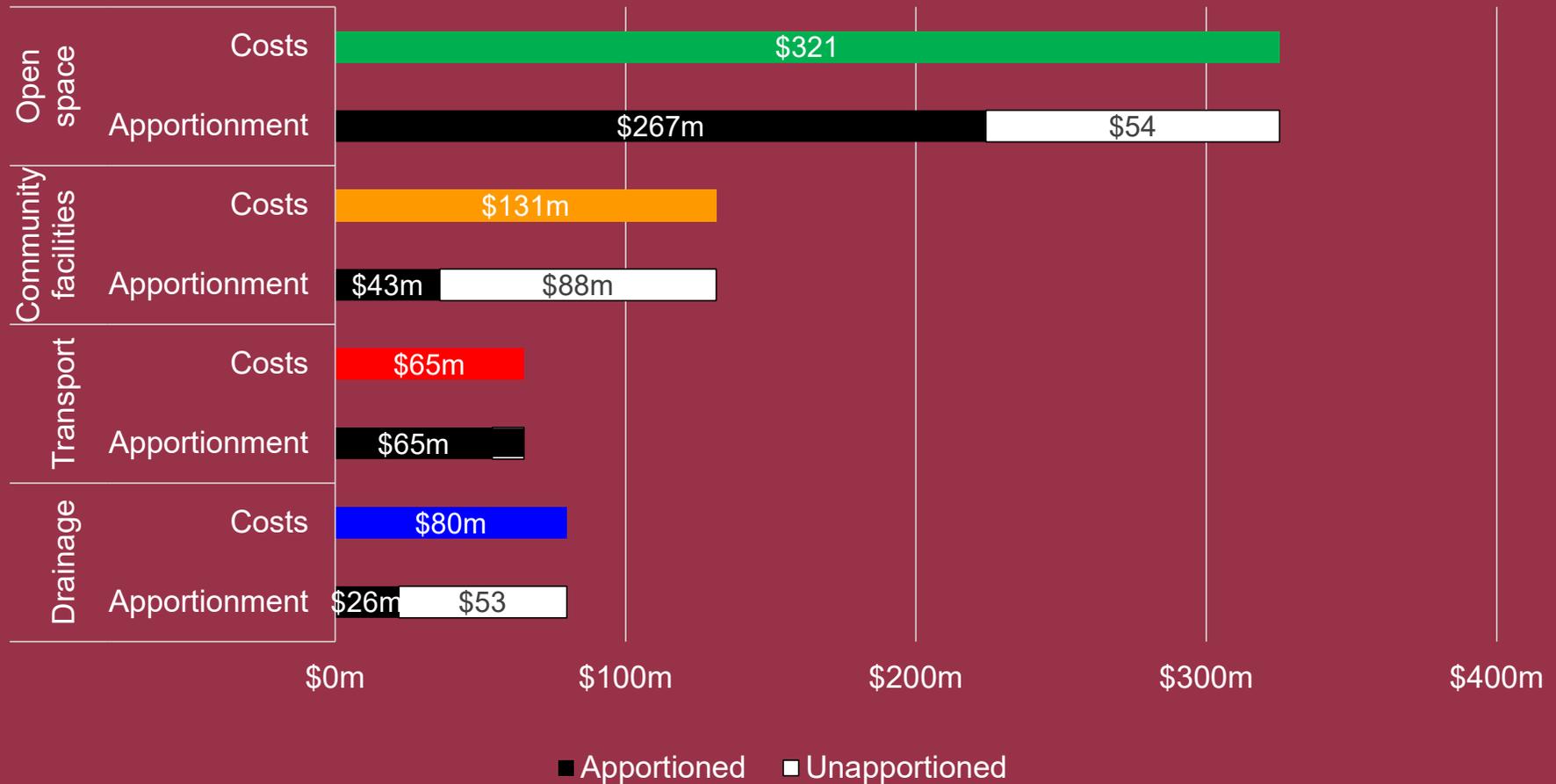
## Local Infrastructure Contributions Plan 2023

20 February 2023

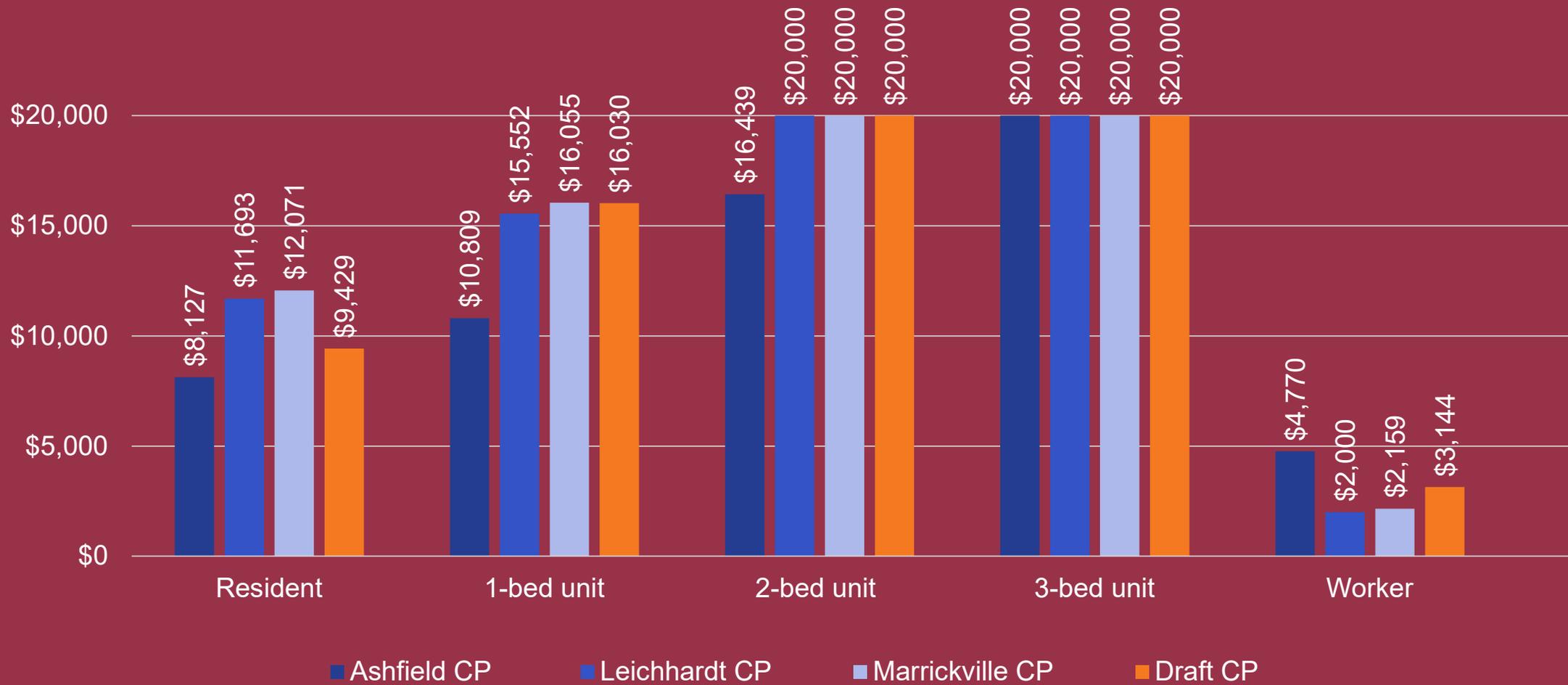


# Works program

## Costs apportioned to development

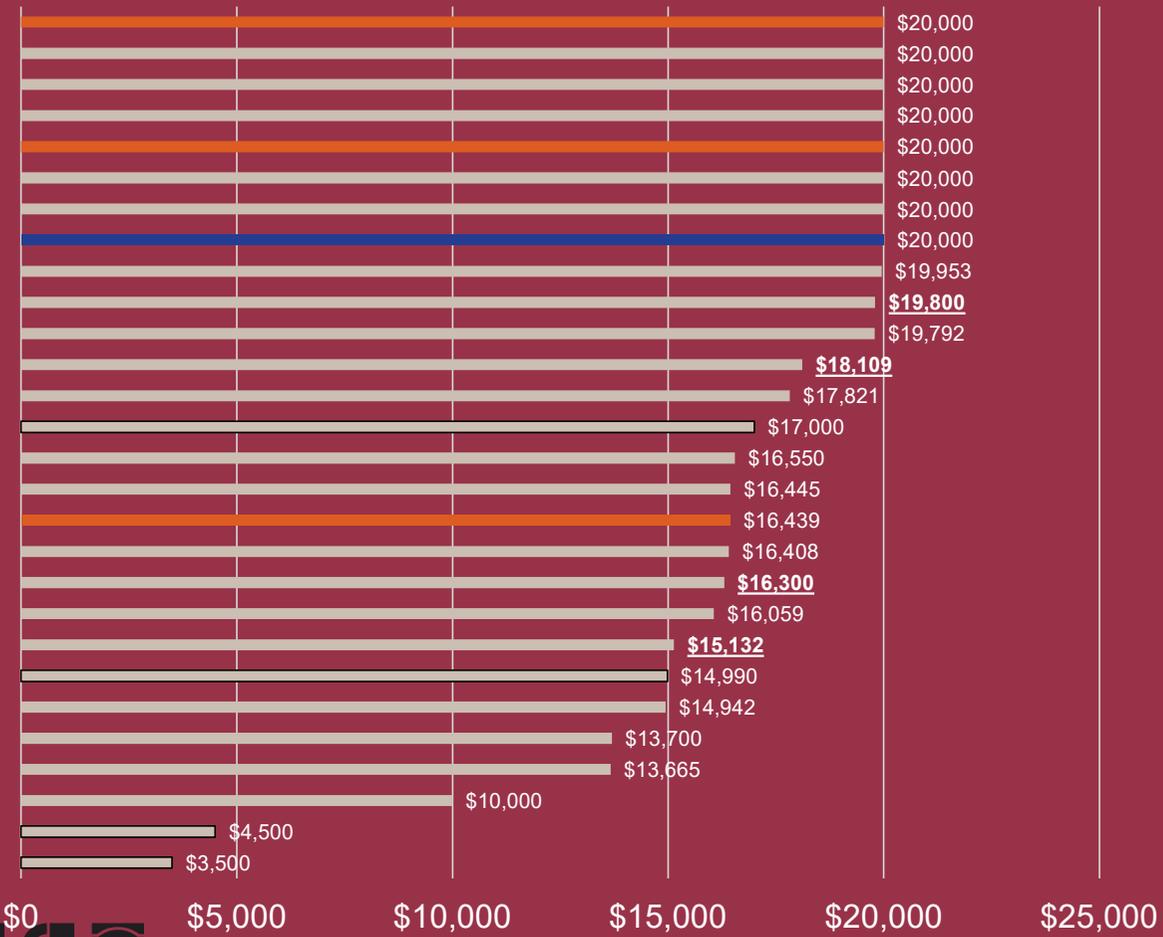


# Old vs New



# Comparison with other council areas

## Rates for 2-bed dwelling



What's Next?

INHERIT WEST



# Infrastructure funding process

- Needs studies ✓
- Initial 'long' works list ✓
- Estimate costs ✓
- Apportion costs to development ✓
- Calculate contribution rates ✓
- Quantify un-apportioned costs ('gap') ✓
- Prepare gap funding plan ✓
- Reduce CP works list to reflect 'tolerable' gap ✓
- Maintain internal long list ← We are here
- \*consider a future infrastructure advocacy program



No.	Actions	2020	2021	2022	2023	2024
1.	Infrastructure needs studies	●	●			
2.	Draft works schedule		●	●		
3.	Contributions income / options testing			●		
4.	Gap funding plan			●		
5.	Staff consultation	●	●	●		
6.	Executive briefing		●	●		
7.	Council briefing			●		
8.	Draft CP + Needs Studies public exhibition			●		
9.	Post-exhibition (Workshops, briefings and reports)			●		
10.	Staff training & NSW Planning Portal				●	
11.	CP commencement – 20 February				●	
12.	Policies, Procedures, Governance Review				●	
13.	Technology Solutions for Contributions Management				●	●

### Step 3: determine net population increase from the development

Click on the relevant checkbox below to indicate if you will (i) complete this tab or (ii) not complete this tab (i.e. assume the development will not result in a net population increase and proceed to the next tab to input the development cost).

Under the plan, a section 7.11 contribution applies if the development will result in a net population increase. If part of the development is exempted from the need to pay a contribution (per Tab 2), this part of the development should be excluded from the existing and future population columns below.

A definition of "Existing" and "Future" population will appear when you hover the mouse pointer over them. Some worked examples for various development scenarios (including population calculations) are shown at **Tab 13**.

I will complete the table below     Skip step - assume no increase

Reset this page

input existing & future development details

#### Residents

Development type	Unit	Existing ⓘ	Future ⓘ	Occupancy	Net change
<b>Residential accommodation (including alterations and additions)</b>					
- 1-bed dwelling (incl studios and bedsits) <sup>1</sup>	dwelling			1.7 res/dwelling	10 residents
- 2-bed dwelling <sup>1</sup>	dwelling		4	2.5 res/dwelling	
- 3 or more bed dwelling <sup>1</sup>	dwelling			3.6 res/dwelling	
- Co-living housing; student housing; group homes; seniors housing; independent living units; boarding house <sup>2</sup> - room less than 16 m <sup>2</sup>	rooms			1 res/room	10.0 residents
- Per item above – room greater than 16 m <sup>2</sup>	rooms			2 res/room	

Averaging factor for residential accommodation: Select "yes" from the drop down menu in the row where an existing development has been selected

#### Visitors (overnight)

## Key Takeaways - Process

What's working well?	What's not working well?	The realities?
Simplified provisions and calculator tool - Innovations & efficiencies in business processes	<b>Technology Solutions</b> = additional staff training, resources and reliance on manual oversight to maintain integrity.	Hard work without a proper governance model for contribution management
		Collecting data & Workshops
Integrated infrastructure delivery strategy	<b>Governance</b> – defined roles & responsibilities / Executive by-in	Specialist knowledge – key person risk
Financial Planning		Telling & re-telling the story – managing “projects from mars”

Thank you- Questions?

