



25 June 2020

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

Dear Sir or Madam

Re: Submission regarding the proposed amendments to the EP&A Regulation

Thank you for the opportunity to make a submission and provide feedback on the proposed amendments to the *Environmental Planning and Assessment Regulation 2000* (the EP&A Regulation).

In particular, we want to note our thanks for agreeing to our request for an extension to 26 June 2020, for SSROC to make this submission.

The Southern Sydney Regional Organisation of Councils Inc (SSROC) is an association of eleven local councils in the area south of Sydney Harbour, covering central, inner west, eastern and southern Sydney. SSROC provides a forum for the exchange of ideas between our member councils, and an interface between governments, other councils and key bodies on issues of common interest. Together, our member councils cover a population of about 1.7 million, one third of the population of Sydney. SSROC seeks to advocate for the needs of our member councils and bring a regional perspective to the issues raised.

SSROC welcomes the opportunity to provide comment on the Review of the EP&A Regulation setting out the statutory requirements for infrastructure funding contributions collection and their use in NSW.

This review is an opportunity to improve transparency in the infrastructure contributions system and a chance to shape the systematic reporting of contributions for individual contributions plans and planning agreements. SSROC also applauds the amendments proposed to streamline contributions plan-making requirements following IPART review.

Overview

The Environmental Planning and Assessment Regulation 2000 proposed amendments: Policy Paper April 2020, proposes amendments to reporting:

- Require reporting by councils on development contributions generally rather than just monetary contributions i.e. works, services or facilities accepted in part or full satisfaction of the contribution obligations, land dedicated in part or full satisfaction of the contribution obligations in addition to monetary contributions. This includes Voluntary Planning Agreements.
- Require more detailed reporting on infrastructure contributions such as specific project and location
- Require councils to publish contributions plans, indexed s7.11 contribution rates, annual statements, and contributions registers on their website or on the NSW Planning Portal.

General Comments

SSROC welcomes the opportunity to make a constructive contribution to the proposed amendments to the EP&A Regulation and has the following comments and feedback.

The proposed amendments to the EP&A Regulations are broadly supported in principle:

- Increasing transparency in reporting and accounting for contributions received in the form of funds, land and works including those received through Planning Agreements.
- Increasing the transparency in the reporting of expenditure of contributions and infrastructure delivery
- Making more information available to stakeholders online
- Allowing councils to amend contribution plans to address IPART recommendations without the need for exhibition.

Key issues

New Reporting Requirements

The proposed reporting is resource intensive and will require a significant lead-in time to implement changes to accounting and reporting systems. The proposal will require additional council staff resources to compile and confirm the accuracy of the information provided, particularly as it will be subject to auditing. It will all come with some additional and ongoing cost to councils.

The reforms will require councils to provide greater accounting transparency as to when contributions were received and expended, which in turn will require greater council resources.

Implementing the proposed requirements will need to be coordinated with changes to the corresponding Local Government Code of Accounting Practice and Financial Reporting.

The implementation of the new reporting system should therefore be staged to give councils adequate time to implement new processes and make adjustments to the reporting systems. For example, a DA officer will need to input the value of the works-in-kind into Council's reporting system that then ties into the financial reporting system.

The Regulation requires councils to specify details of the projects (and the specific components of those projects) on which the contributions and levies have been used or expended. 'Components' has not been defined. Generally, infrastructure works in established areas aim to augment the provision of facilities to meet growing demand. A works project is often fully funded by the contributions - comprising design, construction, and landscaping. The land component (often the most expensive part of the project) is often the portion attributed to the existing population. It is considered that more guidance on 'component' is required.

Some councils still experience difficulties in relying on Private Certifiers to collect contributions. It would be appreciated if greater guidance could be given regarding cost estimates. Clause 25J of the EPA Regulations requires clarification, particularly what constitutes 'fittings and furnishings, including refitting or refurbishing' (25J(3)(g)). Many applications propose significant structural building work that does not necessarily fit this criterion, but it is being excluded from the estimated costs.

Some of our member councils are particularly concerned about including non-financial information in financial statements. This inclusion would require auditing obligations to become a much more complex task.

Conclusion

SSROC member councils cover a large part of Greater Sydney and have a direct interest in EP&A Regulation covering requirements for infrastructure funding contributions. We welcome the consultation and recommend that the issues raised, and recommendations proposed in this submission, be given further consideration.

In order to make this submission within the timeframe for receiving comments, it has not been possible for it to be reviewed by councils or to be endorsed by the SSROC. I will contact you further if any issues arise as it is reviewed. If you have any queries please do not hesitate to contact me or Mark Nutting, SSROC's Strategic Planning Manager on 8396 3800.

Again, thank you for the opportunity to comment on the Review of the proposed amendments to the EP&A Regulation and we are keen to participate in any further stages of the reform process, in particular consultations about changes that will particularly impact on local councils.

Yours faithfully



Helen Sloan
Acting General Manager
Southern Sydney Regional Organisation of Council