



Councillor Questions and Responses

Extraordinary Meeting

Date: Monday, 4 May 2026

Time: 7:00pm

Location: Council Chambers, Penrith Civic Centre
601 High Street Penrith, NSW 2750

Memorandum

Reference:	P-1155395-T1L2
To:	All Councillors
From:	Fiona McDermott, City Strategy Lead
Date:	01 May 2026
Subject:	Report on finalisation and adoption of re-exhibited St Marys Town Centre Development Contributions Plan 2025 - further information ahead of the Ordinary Meeting on 4 May 2026

This memorandum provides Councillors with information ahead of the Ordinary Meeting on 4 May 2026, in relation to the report seeking finalisation and adoption of the re-exhibited St Marys Town Centre Development Contributions Plan 2025.

Council received a late submission regarding the draft Contributions Plan on 29 April 2026. As the submission was received outside the exhibition period (which closed at 11:59pm on 22 April), a formal response has not been prepared. However, a summary of the key issues raised is provided below, along with the full submission attached for reference, should it be raised at Monday night's meeting.

Key issues raised in the submission include:

- Strong objection to the proposed increase in development contributions.
- Concerns that the proposed levy is not aligned with current market conditions and further impacts project feasibility.
- The view that any development uplift achieved through planning controls is offset by cumulative contributions, including local infrastructure contributions and section 7.12 levies.
- Concerns that the proposed contribution rate may deter development and render projects unviable.
- Anticipated outcomes including reduced development activity, lower housing supply, reduced private investment, and reduced Council revenue over time.
- The assertion that the proposed rate creates a competitive disadvantage compared with other local government areas.
- The view that the proposal is inconsistent with broader government objectives to increase housing supply.
- A recommendation that Council reject the proposed increase or defer consideration pending further feasibility testing and industry consultation.

In summary, the submitter considers that the proposed 4% levy is more likely to suppress development activity in St Marys rather than support growth.

While this submission has not been formally addressed within the Council report due to its late receipt, it raises issues that are broadly consistent with those identified in the submission from



Urban Taskforce received during the exhibition period, which is addressed in detail within the report.

Council officers are acutely aware of the challenges associated with development feasibility in St Marys and the importance of balancing infrastructure funding with maintaining viable development outcomes. The Contributions Plan has been prepared with a strong focus on this balance, supported by detailed and rigorous analysis to ensure only essential infrastructure required to support growth in the St Marys Town Centre is included.

Independent feasibility testing confirms that broader market conditions are the primary constraint on development, with local infrastructure contributions forming only a small proportion of overall development costs. The proposed 4% levy is therefore considered reasonable, justified and necessary to fund essential infrastructure, particularly in the absence of alternative funding sources available to Council. Importantly, without this supporting infrastructure, development cannot proceed in an orderly or sustainable way.

The Contributions Plan is intended to enable and support growth by ensuring critical infrastructure can be delivered when required. On this basis, the recommendation contained in the Council report remains unchanged.

Officers have acknowledged the customer's submission, confirmed the submission has been provided to Councillors to inform their decision making, and provided information about the opportunity to register to address Council in a public forum ahead of the 4 May meeting.

If you have any questions about this matter, please contact Carlie Ryan, Head of City Strategy on 4732 8345 or carlie.ryan@penrith.city.

Fiona McDermott

City Strategy Lead

From: [REDACTED]

Sent: Wednesday, April 29, 2026 12:25:28 PM

To: Cr Todd Carney ; Cr Garion Thain ; Cr Sabbie Kaur ; Cr Libby Austin ; Cr Edwin Mifsud

Subject: Formal Objection – Contribution Plan Increase (4 May 2026 Council Meeting)

Dear Mayor and Councillors,

I write to register a strong objection to the proposed increase in the contribution plan to be determined at the 4 May 2026 council meeting.

This proposal is fundamentally out of step with current market conditions and demonstrates a concerning disregard for the financial reality facing development in St Marys. At a time when feasibility is already under severe pressure—driven by prolonged approval delays, escalating construction costs, elevated interest rates, and highly volatile sales values—this increase is not just poorly timed, it is economically reckless.

The proposed contribution plan, will deter developers and kill projects instead of building capital and encouraging development.

Any theoretical uplift in yield under the new DCP masterplan is illusory in practice. That uplift will be entirely absorbed—if not exceeded—by the combined weight of the Housing and Productivity Contribution (HPC) and the proposed s7.12 levy. What is being presented as a planning “gain” is, in reality, a net financial loss to project feasibility.

Developers do not make decisions based on planning theory—they make them based on whether projects stack up financially. Under this proposal, many simply will not.

The consequences are predictable:

- Projects will be shelved or abandoned;
- Housing supply will contract further;
- Investment will be redirected to more commercially viable LGAs; and
- Council’s own revenue base will shrink as development activity declines.

It is also impossible to ignore the competitive imbalance this creates. Penrith and most comparable areas operate with contribution rates closer to 1%, not 4%. This proposal effectively penalises investment in St Marys and signals to the market that this LGA is a high-cost, high-risk environment. Capital is mobile—it will leave.

From a policy perspective, this raises serious questions. At a time when all levels of government are calling for increased housing supply and faster delivery, this proposal moves decisively in the opposite direction. It places additional cost burdens on the very projects needed to meet those targets.

Council cannot simultaneously advocate for growth while implementing settings that actively suppress it.

If adopted, this decision will not be viewed as prudent financial management—it will be seen as

short-sighted and counterproductive. The likely outcome is fewer developments, fewer contributions collected overall, and a slowdown in local economic activity.

I urge Council to reject this increase in its current form. At a minimum, it should be deferred pending a transparent, evidence-based feasibility review and meaningful engagement with industry stakeholders.

This is not simply a technical adjustment to a contribution rate—it is a policy decision that will directly impact whether development in St Marys proceeds at all.

Yours sincerely,

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