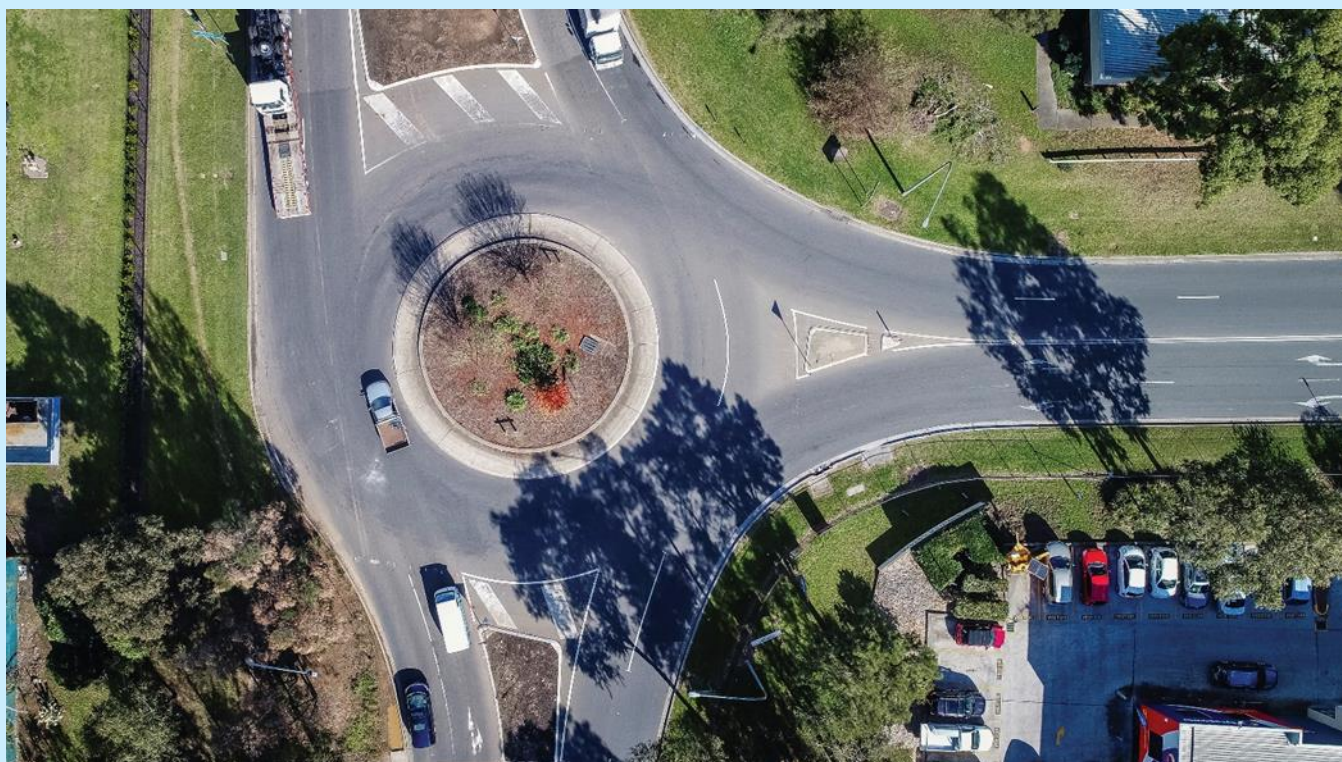


Housing and Productivity Contribution Scheme Works-in-Kind Guideline

For public consultation

June 2025





Acknowledgement of Country

The Department of Planning, Housing and Infrastructure acknowledges that it stands on Aboriginal land and the Traditional Custodians of the land. Respect is shown for Elders past, present and emerging through thoughtful and collaborative approaches in the work that is being done, seeking to demonstrate ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

Published by the NSW Department of Planning, Housing and Infrastructure

dphi.nsw.gov.au

Title: Housing and Productivity Contribution Scheme Works-in-Kind Guideline

First published: June 2025

More information

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DPHI-MC-R-LC-V1.0

Content

Content	3
1 Introduction.....	4
1.1 Purpose.....	4
1.2 Exclusions.....	5
1.3 Further information.....	6
2 Housing and Productivity Contribution scheme	7
2.1 Infrastructure planning.....	7
3 Works-in-kind.....	9
3.1 Budgeting for works-in-kind.....	9
3.2 Guiding principles.....	10
3.3 Eligibility for works-in-kind.....	10
4 Investment recommendation	12
4.1 Lodgement.....	13
4.2 Evaluation and assessment.....	15
5 Settlement and works-in-kind management.....	18
Appendix A – Expression of Interest (Government Planned Development) Draft Mandatory Criteria	19

1 Introduction

1.1 Purpose

This Guideline outlines how works-in-kind proposals are evaluated, prioritised, and managed under the Housing and Productivity Contributions scheme.

Under the scheme, proponents can support infrastructure delivery either by paying a monetary contribution or by delivering infrastructure directly, known as “works-in-kind”.

We developed this Guideline in collaboration with NSW Treasury, other Government agencies, local councils, and the development industry. It forms part of a whole-of-Government approach to infrastructure planning, investment, and provision. The approach enables structured and transparent decision-making, giving confidence to both communities and the development industry, as shown in Figure 1.

The Guideline is structured as follows:

- **Section 2** provides background context on the Housing and Productivity Contribution scheme, the Infrastructure Opportunities Plan, and the function of the Urban Development Program. It also outlines the infrastructure funding, planning, and prioritisation process.
- **Section 3** outlines the guiding principles of the Housing and Productivity Contribution scheme works-in-kind contributions, as well as the budget allocations and the types of projects that can be considered as works-in-kind.
- **Section 4** details the assessment process and the decision-making framework, including the review of works-in-kind proposals.
- **Section 5** outlines the key activities for administering works-in-kind agreements.

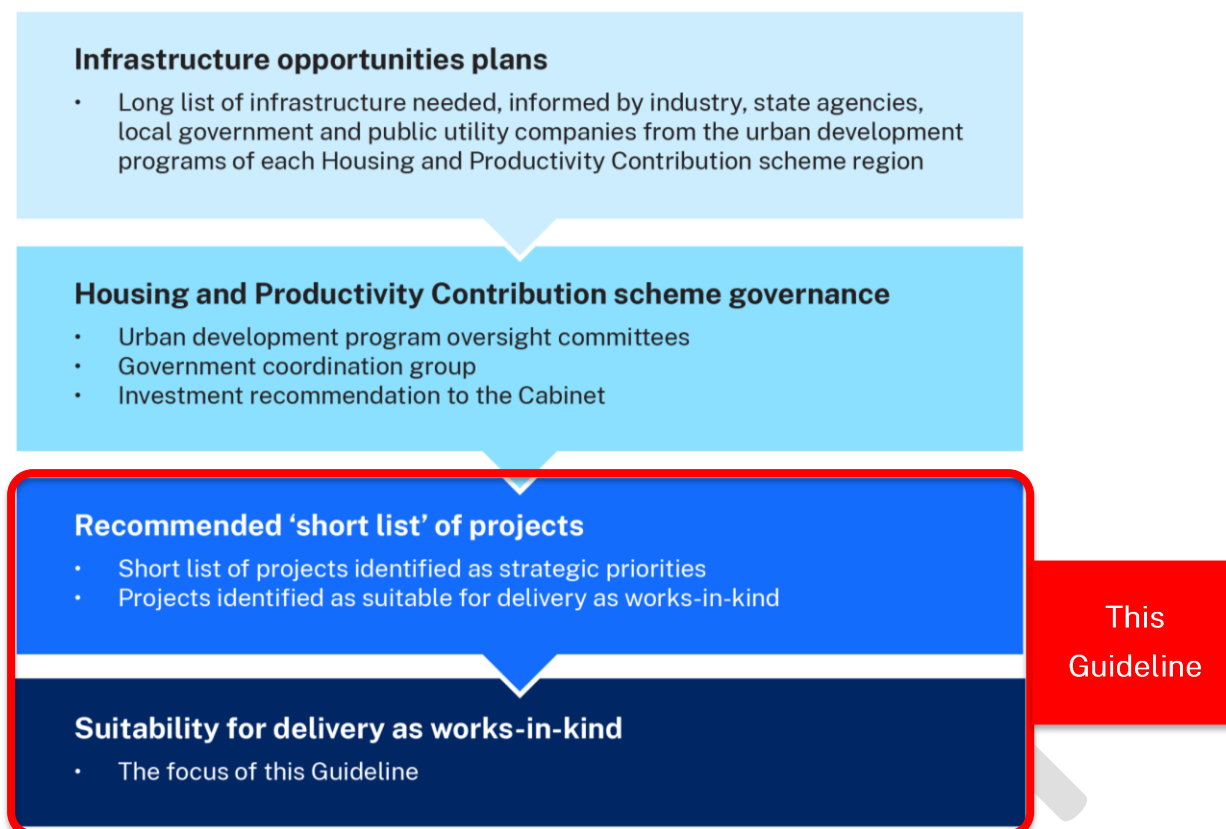


Figure 1: Housing and Productivity Contribution scheme infrastructure planning and prioritisation overview

1.2 Exclusions

This Guideline applies only to developments that have received or are seeking planning approval, where the Housing and Productivity Contribution apply. In these cases, strategic planning has already been completed, and infrastructure requirements have been identified through the Urban Development Program.

This Guideline does not apply where there is a change in land use or intensification of development controls, or where infrastructure planning has not been completed or identified through the Urban Development Program.

This Guideline also excludes certain infrastructure types, including:

- Potable water, energy, sewerage, telecommunication services, and strategic planning or design work
- Housing and Productivity Contribution scheme transport project components, or strategic biodiversity components.

1.3 Further information

For more information about the Housing and Productivity Contribution scheme, read:

[Implementation Guideline](#)

[Ministerial Planning Order Guide](#)

[Ministerial Planning Order 2024](#), repeals the Ministerial Planning Order 2023

Visit the Department's [Urban Development Program](#) web page for more information.

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2 Housing and Productivity Contribution scheme

The Housing and Productivity Contribution scheme began on 1 October 2023¹. It applies to residential, commercial, and industrial development across the following regions:

- Central Coast
- Greater Sydney
- Illawarra-Shoalhaven
- the Lower Hunter.

The scheme allows the NSW Government to collect money from developments in these regions to help fund state and regional infrastructure such as roads, public transport, schools, emergency services, health facilities, justice services, and open space.

Visit the Department's [Improving the infrastructure contributions system](#) web page for more information on the Housing and Productivity Contribution scheme, including current contribution amounts.

2.1 Infrastructure planning

This section outlines the key programs and governance frameworks used for planning infrastructure under the Housing and Productivity Contribution scheme.

2.1.1 Urban Development Program

The Urban Development Program is an NSW Government initiative for monitoring and coordinating housing development, land supply, and infrastructure delivery. Under the program, each Housing and Productivity Contribution scheme region has a dedicated committee made up of state agencies, local councils and development industry representatives. These committees advocate for infrastructure funding and help the Government to actively manage the land supply pipeline from planning to delivery.

Visit the Department's [Urban Development Program web page](#) for more information.

¹ The Western Sydney Growth Area Special Infrastructure Contributions and the Western Sydney Aerotropolis Special Infrastructure Contributions will continue to apply until 30 June 2026.

2.1.2 Infrastructure Opportunities Plans

The Housing and Productivity Contribution scheme produces Infrastructure Opportunities Plans in collaboration with state agencies, councils, and industry. The plans identify infrastructure requirements across the Housing and Productivity Contribution scheme regions and ensure NSW has the right infrastructure to support the delivery of more homes for growing communities.

These plans form a key component of the NSW Government's commitment to a transparent and efficient infrastructure contributions system.

2.1.3 Infrastructure funding

State and regional infrastructure identified in the Infrastructure Opportunities Plans may be eligible for funding through the Housing and Productivity Fund.

Under the Ministerial Planning Order 2024, proponents can meet their Housing and Productivity Contribution obligations by either making a monetary contribution to the Housing and Productivity Fund or delivering infrastructure as works-in-kind (see Figure 2).

The allocation of money from the Housing and Productivity Fund is decided by the NSW Government based on recommendations from the Minister for Planning and Public Spaces. The Minister takes advice from the Urban Development Program Oversight Committee when making investment recommendations to the Treasurer.

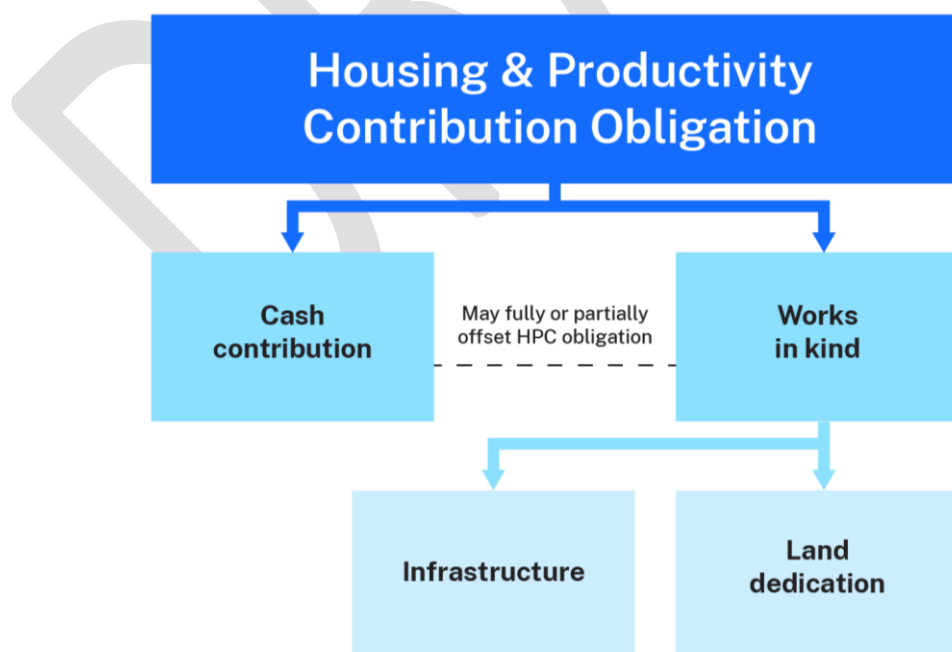


Figure 2: Infrastructure funding under the Housing and Productivity Contribution scheme

3 Works-in-kind

A works-in-kind contribution is when a proponent carries out or provides capital works or land (or both) instead of paying a monetary contribution. By delivering infrastructure through works-in-kind, a proponent may fully or partially offset their Housing and Productivity Contribution scheme obligations.

Works-in-kind can help support the delivery of state or regional infrastructure that is critical to increasing housing supply and economic growth.

Works-in-kind contributions are delivered under a works-in-kind agreement, a contract between the state Government and a proponent. This agreement satisfies the Housing and Productivity Contribution scheme condition on a development consent.

Whether a works-in-kind contribution is accepted is informed by several factors, including the Infrastructure Opportunities Plan prepared by the Urban Development Program committee and the annual works-in-kind budget assessments carried out by the Department.

3.1 Budgeting for works-in-kind

The Housing and Productivity Contribution are held in the Housing and Productivity Fund, which is managed and administered by NSW Treasury. The fund will include an annual budget allocation for works-in-kind, depending on the Housing and Productivity Contribution revenue.

The annual Housing and Productivity Fund works-in-kind budget may limit the number of works-in-kind agreements. This is to ensure that works-in-kind does not undermine the ability of the Housing and Productivity Contribution scheme to fund other state-delivered infrastructure projects and land acquisitions. It ensures an equitable distribution of available funds to priority projects across all Housing and Productivity Contribution scheme regions.

3.2 Guiding principles

Works-in-kind proposals are assessed using the guiding principles listed in Table 1.

Table 1. Guiding principles for the assessment of works-in-kind proposals

Principle	Relevance
Strategic alignment	Proposals should align with their respective Housing and Productivity Contribution region's individual infrastructure requirements. Infrastructure will be delivered in a sequence that supports forecasted demand. Works-in-kind investment decisions will be made following the Housing and Productivity Fund investment framework. Underpinning the investment framework is the Department's Urban Development Program, which takes a coordinated approach to infrastructure planning.
Evidence-based	Decisions will be based on the availability, quality and depth of relevant information in the proposal, and the ability to demonstrate net benefit.
Transparent	Proposals will be evaluated against clear criteria by a multi-Government agency panel.
Efficient and timely	Governance of the assessment process should support cost-effective outcomes, reduce duplication, and streamline the delivery of works-in-kind.
Flexible and fair	The assessment process would adapt to changes to the works-in-kind annual budget allocation, while remaining consistent and fair.

3.3 Eligibility for works-in-kind

Only regional and state infrastructure works-in-kind projects are eligible for funding.

Proposals are competitively assessed, with priority given to those that reflect value for money, and that align with Government priorities.

All ineligible works-in-kind projects or unsupported proposals must instead meet their Housing and Productivity Contribution obligation through a monetary contribution.

See Figure 3 for example scenarios of what is and isn't considered to be works-in-kind.

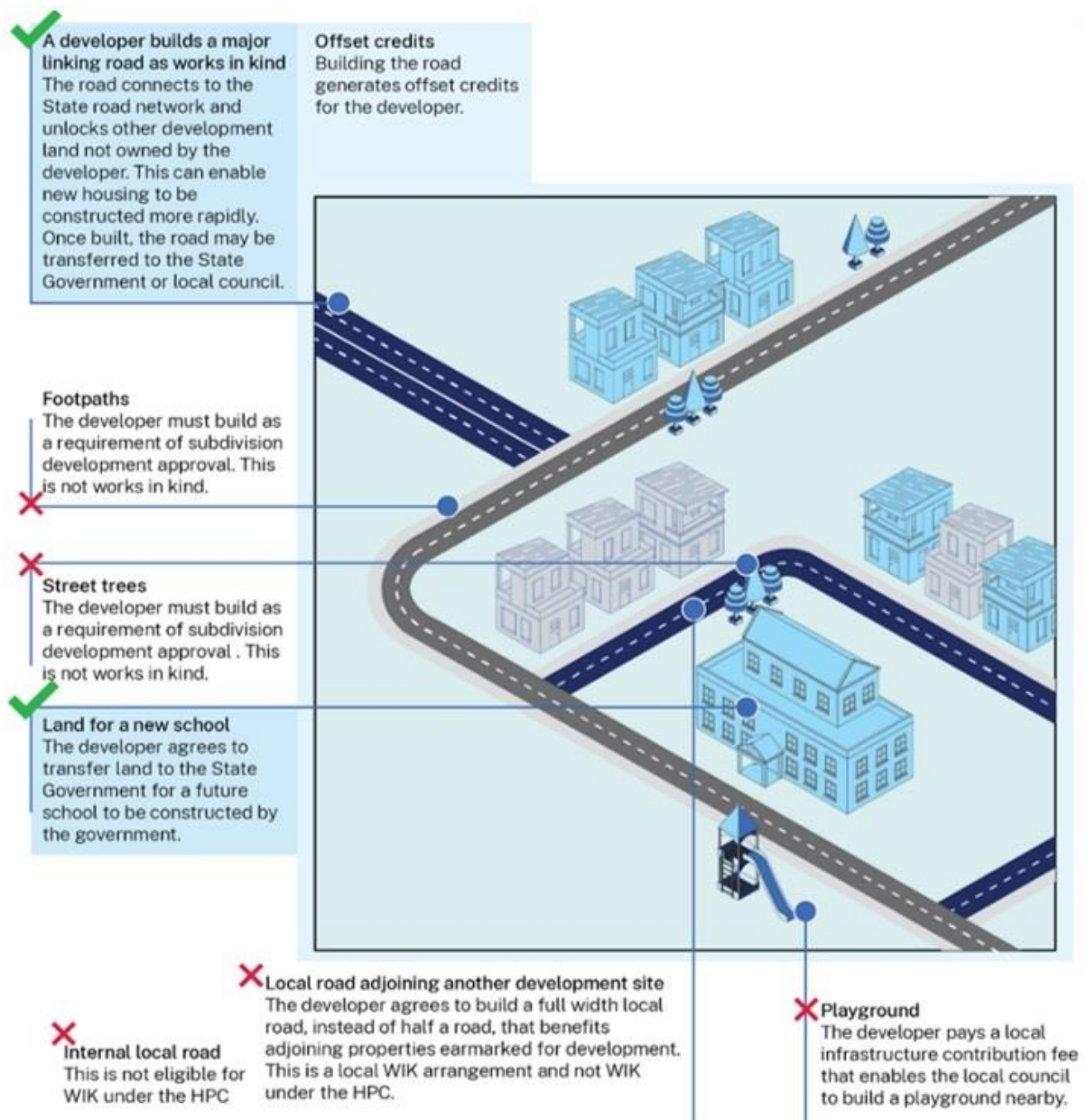


Figure 3: Example scenarios for what is and isn't considered works-in-kind

4 Investment recommendation

This section explains how the Department assesses works-in-kind proposals and prepares the investment recommendation report for decision-making. Figure 4 shows an overview of the assessment process.

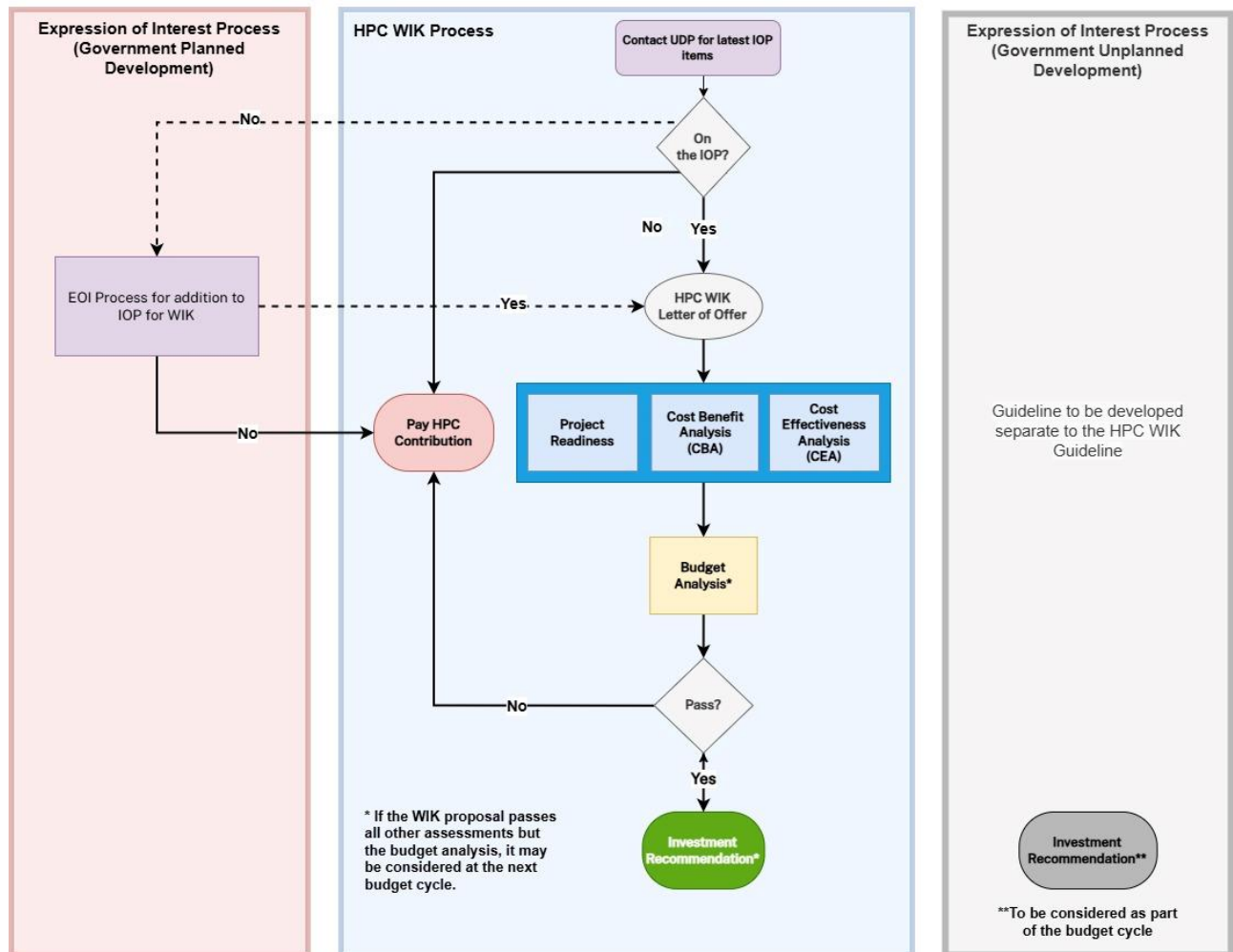


Figure 4: Works-in-kind assessment process overview

4.1 Lodgement

Before lodging state or regional infrastructure as works-in-kind, proponents should check if the project has been identified in the Infrastructure Opportunities Plan for the relevant Housing and Productivity Contribution region. Early discussions with that region's Urban Development Program committee, are encouraged to clarify expectations before proponents commit resources to the process.

4.1.1 Expression of interest (Government planned development)

If a project is not included in the Infrastructure Opportunities Plan but could be considered part of Government planned development, proponents can submit an expression of interest to be added to the Infrastructure Opportunities Plan as works-in-kind (see Figure 4). Expression of interests must include the details outlined in section 4.1.2, otherwise, the project will be ineligible.

Draft criteria have been developed for expression of interest projects in Government planned development areas, these are outlined in Appendix A. A multi-Government agency panel will review the expression of interest project against these criteria. If successful, the project will follow the Housing and Productivity Contribution works-in-kind assessment process, including a cost-benefit analysis and cost-effectiveness analysis.

Important note: Inclusion in the expression of interest process does not guarantee acceptance of the project for a works-in-kind agreement or funding from the Housing and Productivity Contribution.

Expressions of interest for unplanned development will be covered by a separate Guideline currently under development. These will likely require consideration of broader servicing costs and Government investment decisions.

4.1.2 Letter of offer

To propose a project as works-in-kind, proponents must submit a letter of offer to the Department. The letter represents a proponent's formal offer to enter into a works-in-kind agreement with the Minister for Planning and Public Spaces. The letter should outline the proponent's offer to provide either land, works, or both, to fulfill obligations under the Housing and Productivity Contribution scheme.

The proponent must attach the following details to the letter:

- a scope of the proposed infrastructure, including initial estimated costs for land or works, and the timing of the dedication or delivery. The scope of the project must be well advanced, costing at the P50 level, have detailed design, or have at least progressed through Gate 1 of Infrastructure NSW's Gateway Review

- details of the development project the proposed infrastructure will support, including the number of new homes constructed or details of employment land available for take-up over the next 5 years to 2029/30
- a scope of the development project, proposed or approved development, staging, and forecast yield (dwelling yields for residential purposes, otherwise gross floor area) benefits of the proposed infrastructure to unlock or accelerate the construction of homes and create new employment lands, both additional and/or incidental to the development
- delivery timeframe and delivery milestones
- estimated time savings if the proponent delivers the proposed infrastructure instead of a state delivery agency
- estimated cost benefits that could be achieved by the proponent undertaking this work instead of a state delivery agency
- evidence of the proposed parties' capacity and capability to deliver the infrastructure, including relevant experience
- explanation of how the proposed infrastructure aligns with Government growth priorities and/or other Government infrastructure investment.

4.1.3 Project technical specifications

Works-in-kind agreements must align with the technical specifications set by the receiving agencies, and proponents must adhere to national and local standards. As part of the works-in-kind assessment process, the Department will also consult with relevant agencies to determine the receiving agency's ability to accept and maintain the infrastructure asset.

4.1.4 Preparation and administrative costs

Proponents are responsible for all reasonable administrative costs associated with drafting, preparing, assessing and managing the works-in-kind agreement. This typically includes reports, expert engagements, agency consultation costs and legal costs.

4.2 Evaluation and assessment

All works-in-kind proposals go through a structured assessment process. The Department prepares an investment recommendation report for the Urban Development Program’s oversight committee to consider and determine each proposal’s eligibility. Figure 5 shows an overview of the different assessment stages.

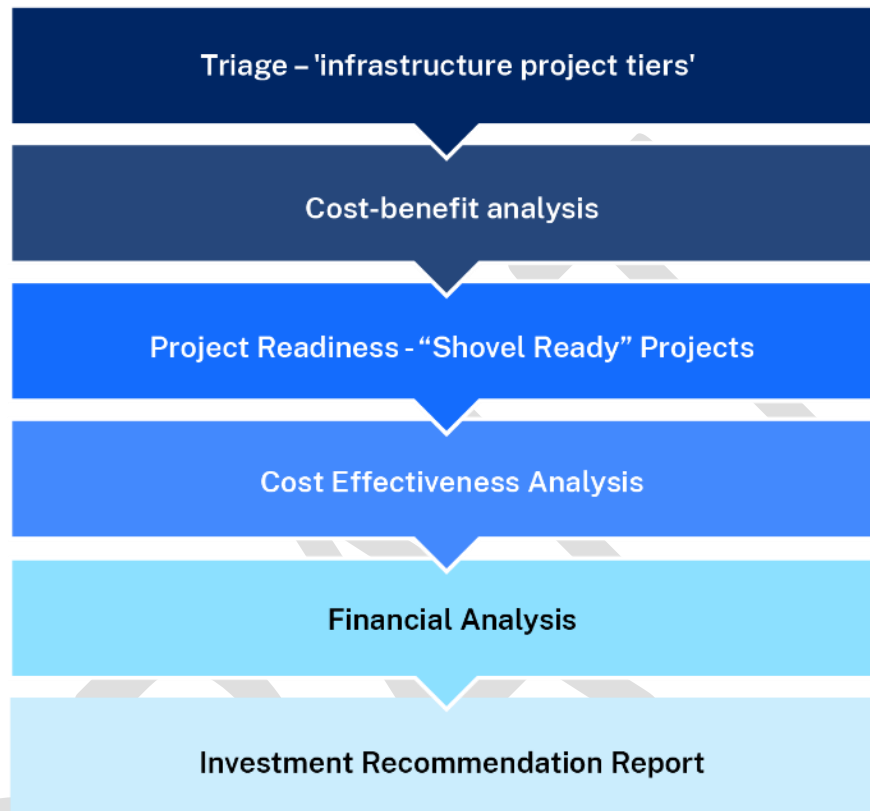


Figure 5: Stages of assessment

4.2.1 Infrastructure project tiers

Works-in-kind proposals are classified into 3 tiers (see Table 2). Tier 1 proposals will be prioritised.

This Guideline also supports the expanded role of the NSW State’s Infrastructure Coordinator General and incorporates expert advice from their office on the identification and prioritisation of critical public infrastructure.

Table 2. Infrastructure tiers eligible for works-in-kind assessment

Tiering	Description	Examples
Tier 1 Critical and enabling infrastructure and land dedication	<p>Critical infrastructure associated with increased development potential for urban purposes, with infrastructure identified as a priority in the Infrastructure Opportunities Plan.</p> <p>Dedication of land identified for acquisition as a priority in the Infrastructure Opportunities Plan with a predefined location.</p>	<p>State or regional roads enabling access to a development.</p> <p>Land for state or regional infrastructure identified in relevant strategies, including land for school infrastructure.</p>
Tier 2 Supporting infrastructure	<p>Supporting infrastructure/land identified in the Infrastructure Opportunities Plan where it can be demonstrated that delivery through a works-in-kind agreement provides a net benefit.</p> <p>Dedication of land for infrastructure or service need identified in the Infrastructure Opportunities Plan with no predefined location.</p>	<p>State or regional roads outside of the development site.</p> <p>Land for regional open space and community facilities.</p> <p>Works to support the delivery of School Infrastructure</p> <p>Construction of health infrastructure.</p>
Tier 3 Other infrastructure (not for assessment)	<p>Infrastructure/land not identified in the Infrastructure Opportunities Plan.</p> <p>Infrastructure/land that can only be delivered by the Government.</p>	<p>Regional open space embellishment.</p> <p>Regional active transport infrastructure.</p> <p>Regional infrastructure that supports the delivery of school infrastructure.</p>

4.2.2 Cost-benefit analysis

Works-in-kind proposals undergo a cost-benefit analysis, informed by the proponent and receiving agencies' inputs. The analysis is used to evaluate the advantages (benefits) and disadvantages (costs) associated with an investment decision for each proposal. The goal is to determine whether the benefits outweigh the costs, facilitating more informed decision-making.

4.2.3 Project readiness

'Shovel-ready' projects to be delivered within a 5-year timeframe have been identified in the Infrastructure Opportunities Plan. This ensures critical state or regional infrastructure can be rapidly delivered to support the objectives of the Housing and Productivity Contribution scheme.

4.2.4 Cost-effectiveness assessment

A cost-effectiveness assessment compares proposals of the same scope and quality to determine which can be delivered more cost-effectively and faster. The assessment is based on 3 conditions (see Table 3).

Table 3. Cost-effectiveness assessment conditions

Condition	Assessment
Value for money	Can the proponent deliver this infrastructure for the same value as the Government?
Time	Can the proponent deliver this infrastructure quicker than currently scheduled by the Government?
Completeness	Can the proponent deliver this project in its entirety?

4.2.5 Financial analysis

The Department performs a financial analysis of the proposal, informed by the proponent's development cash-flow forecast. The analysis outlines works-in-kind delivery milestones and accounts for works-in-kind offset balances generated upon milestone completions for the receiving agency. The planned offset of a Housing and Productivity Contribution obligation, if applicable, will have a financial impact on the cash revenue of the Housing and Productivity Fund.

4.2.6 Investment recommendations report

After completing the assessment, the Department prepares an investment recommendations report. The report is reviewed by the Urban Development Program oversight committee as part of their determination of the proposal. Following the committee meeting, the Department will notify the proponent of the next steps. If the proposal is successful, a works-in-kind agreement will be drafted, and terms settled.

5 Settlement and works-in-kind management

Key activities in this phase of the process include:

- negotiating the delivery timing and staging consistent with the assessment outcome
- establishing an agreed value of land and works
- setting security requirements
- requesting project technical specifications from receiving agencies.

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Appendix A – Expression of Interest (Government Planned Development) Draft Mandatory Criteria

The expression of interest process is limited to:

1. All projects must be delivered and completed before **30 June 2029**. This ensures a level of project advancement and shovel readiness in the planning of the projects.
2. Projects must be either land dedication, delivery of state or regional infrastructure, or a mix of both.
3. Infrastructure types classified as;
 - a. State / Regional roads
 - b. Public Transport
 - c. Active Transport
 - d. Emergency Services
 - e. High Schools / Public School (land only)
 - f. Open Space
4. The project must be wholly located within a Housing and Productivity Contribution region.
5. Projects must have a value less than or equal to the present value of the Housing and Productivity Contribution payable in the development consents.
 - a. Project costs less than the present value of the Housing and Productivity Contribution payable, the amount of difference between the present Housing and Productivity Contribution obligation value and project costs will be required as a monetary payment.
 - b. Project costs exceeding the present value of the Housing and Productivity Contribution payable, will require a monetary payment for the excess amount.