

28 February 2025
File number: 35/49

Review of approach to assessing contributions plans
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop, Sydney NSW 1240

Dear Sir/Madam

This submission is made on behalf of Maitland City Council in response to the Independent Pricing and Regulatory Tribunal NSW, "Review of our approach to assessing contributions plans" Discussion Paper, November 2024. *This submission is the final submission endorsed at the Ordinary Meeting 25 February 2025.*

GENERAL

Maitland is one of the fastest growing areas in the state and has established a suite of strategic policies and frameworks to facilitate and manage housing and population growth the LGA continues to experience. This includes detailed planning for many greenfield urban release areas intrinsically linked to Council's infrastructure and development contributions planning.

In the years from 1995 to 2020 Maitland Council prepared and implemented six development contributions plans (CPs) with contribution rates ranging from \$600 in 1995 to \$34,000 in 2011, at which time the CPs were capped in Greenfield areas to \$30,000. It is noted that these caps were lifted by Ministerial Direction in 2017 although the \$20,000 and \$30,000 thresholds remain as a trigger above which an IPART review of CPs is required.

Although not included in IPART's remit under the Discussion Paper, Council takes this opportunity to again highlight the financial and resource burden the cap has placed on Councils. Given the significant increases in both construction costs and land values over recent years there is a need to either reset the cap and/or allow for indexation of the maximum amounts set by the *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012*.

On a separate matter also unrelated to the discussion Paper, a distinct Essential Works List should be established for Contributions Plans in identified greenfield areas. This would ensure that appropriate community facilities are provided within residential areas that are geographically isolated from CBD-based amenities. Such an approach would guarantee sufficient space for community health and social interaction services, which are critical to fostering liveable and thriving communities.

Overall Council is supportive of proposals outlined in the Discussion Paper aimed at delivering a more transparent and consistent contributions system. Any measures which will reduce the lengthy timeframes associated with the current review system, ensuring it keeps pace with the latest planning requirements and costs associated with local infrastructure delivery is supported and encouraged by this Council.

1. WHAT DO YOU THINK COULD BE IMPROVED ABOUT HOW IPART ASSESSES CONTRIBUTIONS PLANS?

Maitland Council supports the opportunity for early engagement with IPART at the outset of the contributions plan preparation process. Early collaboration helps to identify the necessary information and ensure supporting documentation and studies align with IPART's requirements prior to submission.

The current timeframe for IPART's assessment of CPs poses significant challenges for councils, particularly in Urban Release Areas that are already under development. Streamlining the process will enhance clarity around the required steps and help reduce assessment timeframes, enabling more efficient preparation and review of CPs.

2. "DO YOU SUPPORT USING A SUITABLE LAND VALUE INDEX TO UPDATE LAND COSTS IN YOUR CP? IS THERE ANY OTHER GUIDANCE ABOUT OUR ASSESSMENT OF LAND ACQUISITION COSTS THAT WOULD SUPPORT YOUR PREPARATION OF CPs?"

Council is generally supportive of a Land Value Index (LVI) which would provide an objective and standardised approach to adjusting land costs reducing disputes over valuations and enhancing trust in the process. However, Council notes that there would be benefits in applying a bespoke index specifically designed to reflect the unique characteristics and trends in a particular area. This would provide a more precise reflection of land value changes reducing the risk of over or under-estimating costs. A bespoke LVI would account for those specific factors influencing land values within an area such as zoning changes, infrastructure development or local economic drivers which may not be reflected in broader indices. By leveraging the specificity of a bespoke LVI, Council could achieve a more effective and fair system for updating land costs while addressing the unique challenges and opportunities of the local context.

3. DO YOU SUPPORT IPART USING URBAN DEVELOPMENT PROGRAM GROWTH FORECASTS AS THE AGREED MEASURE FOR POPULATION FORECASTS WHEN ASSESSING CONTRIBUTION PLANS?

Council does not support the use of population projections derived from the Department of Planning, Housing and Infrastructure's Regional Urban Development Program. The methodology utilised by the Department fails to adequately consider housing typology, density and development pace.

In the last 10 years, Maitland has experienced a significant market shift away from the development of typical single dwellings on residential allotments. Dual occupancy style developments, and in particular attached secondary dwellings, have emerged as dominant typologies in urban release areas. This has resulted in densities, and associated populations, which have significantly exceeded projected growth. The Department's methodology has not factored in this market change. Maitland is one of the fastest growing local government areas in the state, however, does not benefit from the same evidenced based growth methodology applied in Greater Sydney.

Council is developing a Local Urban Development Program to closely monitor development trends in urban release areas. Council has engaged an expert demographics consultancy to develop population forecasting based on accurate supply evidence.

4. DO YOU HAVE ANY FEEDBACK ON OUR PROPOSAL TO PROVIDE GUIDANCE TO COUNCILS ON OUR ASSESSMENT OF REASONABLE TIMEFRAMES IN CPS?

Logical sequencing of infrastructure is crucial to ensure facilities are delivered at planned intervals throughout the lifespan of a CP.

Council is challenged in Greenfield areas where the “lead in” infrastructure is required to be delivered in the initial stages of a CP. The provision of items such as large intersections and stormwater management facilities are often required to be delivered before sufficient funds have been collected resulting in a significant cost burden to Council. This might require internal borrowing between or across CPs or loan borrowing.

It is acknowledged that infrastructure delivery should align with the pace of growth. However, adjustments to timeframes must be accommodated to respond to emerging subdivision patterns in larger developments. Flexibility in the timing specified within the CP is essential without the requirement for re-submission to IPART.

5. DO YOU HAVE ANY FEEDBACK ON OUR PROPOSAL TO DEVELOP GUIDANCE ON HOW WE IDENTIFY AND ASSESS THE PRACTICE NOTE CRITERION OTHER RELEVANT MATTERS’?

If IPART has identified consistencies in the reviewed CPs to date, providing these in a guidance document would be highly beneficial. This information could be incorporated during early consultations with IPART as the CP is being developed, prior to stakeholder engagement and throughout the preparation of supporting studies.

6. ARE THERE ANY OTHER AREAS OF IPART’S ASSESSMENT OF CONTRIBUTIONS PLANS THAT YOU WOULD LIKE GUIDANCE ON?

A guidance document on the consultation process would be beneficial. In particular, identification of issues that IPART will take into consideration in the process. This would assist stakeholders in providing submissions which align with IPART requirements.

7. “DO YOU SUPPORT OUR PROPOSAL FOR IPART TO CONVENE REGULAR FORUMS ABOUT OUR CP ASSESSMENT PROCESS? SHOULD THESE BE SEPARATE FORUMS FOR COUNCILS AND DEVELOPERS?”

The proposal to hold regular forums on the assessment process is supported. Based on Council’s experience, joint forums involving councils and developers are valuable for ensuring the developers are informed about the process and not surprised by sudden increases in contribution rates. However, it is equally important to have council-only forums to address more technical aspects of the IPART review process in detail.

8. WOULD YOU SUPPORT IPART HOLDING A STAKEHOLDER WORKSHOP ON THE CP WHEN WE RECEIVE THE COUNCIL’S PLAN FOR ASSESSMENT?

Council engages with stakeholders early in the CP preparation process and throughout the development of the CP. As indicated in point 7 above, we believe the stakeholder forums proposed to be held prior to submission of the CP to IPART would be beneficial. A further stakeholder workshop post submission seems to duplicate this undertaking and may prolong IPART’s review process.

9. WOULD YOU SUPPORT IPART INVITING SUBMISSIONS ON THE CP AS SOON AS WE RECEIVE THE COUNCIL'S PLAN FOR ASSESSMENT IN ADDITION TO SUBMISSIONS ON OUR DRAFT REPORTS?

Council actively engages with stakeholders throughout the CP preparation process, ensuring they are well-informed about the CP inclusions. Council's primary concern with inviting submissions at CP lodgement stage in addition to inviting submissions on the draft report would be the extended timeframe for the overall assessment of CPs.

10. DO YOU SUPPORT A PERFORMANCE-BASED APPROACH TO ASSESS NEXUS FOR OPEN SPACE, CONSISTENT WITH THE DRAFT GREENER PLACES DESIGN GUIDE?

Council supports a performance-based approach for assessing the nexus for open space, in line with the Draft Greener Places Design Guide. However, it would be preferable that the Guide be endorsed by the Department of Planning, Housing and Infrastructure first, with any proposed changes communicated to and considered by Council prior to adoption and implementation.

Council supports an approach that provides quality of open space that is better situated and more usable, however provision of suitable open space for the population forecast should not be overlooked. A quantitative nexus for open space can result in sub-optimal locations or co-location of open space items in undesirable locations ie. in a drainage reserve or co-located with pump stations. Ideally, an assessment process consistent with the Draft Greener Places Design Guide will result in open space that is more usable for communities. Assessment would also need to consider Council's adopted Open Space & Recreation Strategies to ensure that a 'one-size-fits-all' approach is not adopted.

11. DO YOU HAVE ANY FEEDBACK ABOUT THE LIST OF LOCAL INFRASTRUCTURE BENCHMARKS? ARE THERE ANY OTHER INFRASTRUCTURE ITEMS THAT YOU THINK SHOULD BE INCLUDED?

The list of local infrastructure benchmarks is comprehensive and will be helpful in informing any CP for IPART review. Council's detailed comments in relation to benchmarks are provided below.

Open Space should have an item for site regrading and drainage for proposed sporting fields, especially in Greenfield areas and flood -prone land. These items do not seem to be covered in "Site Clearance" although it is acknowledged that it could be an "adjustment factor" on specific sites that require more preliminary work.

Maitland is a unique LGA with a strong heritage conservation zone, flood plains and a balance between rural and city development. Some flexibility in relation to CP Work Schedule Item Costings considering region-specific cost adjustments is required.

12. DO YOU HAVE ANY FEEDBACK ABOUT THE UPDATED DRAFT INDIVIDUAL INFRASTRUCTURE BENCHMARKS?

The draft individual benchmarks do not align with Council's project costs or estimates. Whilst it is noted that Council's project costs are inclusive of a range of works and costs, differences of note include:

- Footpath and shared paths – Should this be \$220 per m²? The benchmark cost states a unit rate of (m) but does not clarify widths. Councils benchmark rate for estimating footpath projects costs are approximately \$450/m² of path.

- Rural road construction – Proposed benchmark cost seems high at approximately \$2,500/m. Council recently completed a significantly constrained project that was approximately \$1,000/m.
- Roundabouts - \$50,000 and \$75,000 for single and dual lane roundabouts is excessively undervalued. It is acknowledged that such works are limited to key roundabout features including the centre island, annulus and splitter islands however the costs ignore the complexities associated with contributing pavements, pedestrian crossing points and traffic control in the case of infill development.
- Traffic Control Signals – Up to \$1M is not sufficient to allow for the construction of a TCS intersection. Whilst acknowledging other funding may be applied through roads, etc.; the application of TCS is often for infill development and therefore traffic control is a significant cost that should be incorporated into the works. Two recent projects in the Maitland LGA came in at \$26M and \$35M (noting this included service location, etc).
- Contingency & Council On-Costs – In Council’s experience the contingencies listed in Table 4.6 do not provide enough allowance, particularly for the construction stage of larger infrastructure projects. The upper limit for on-costs for larger projects would also quickly reach and exceed the upper limit particularly for urban release areas that require a staged approach. In this regard, the assignment of on-costs and contingency would be better assessed on an individual project basis.

13. DO YOU HAVE ANY FEEDBACK ON OUR PROPOSAL TO ADOPT THE UPDATED DRAFT BENCHMARKS FOR INDIVIDUAL LOCAL INFRASTRUCTURE ITEMS?

Despite the concerns over the appropriateness of pricing, the application of benchmarked rates early in the process would help inform Council as to whether a CP would require an IPART review. This would allow Councils to appropriately time and plan for delivery of the CP. Once again, a one-size-fits-all approach cannot be applied due to the complexities and constraints of specific local government areas.

14. WOULD OUR UPDATED INDIVIDUAL INFRASTRUCTURE BENCHMARKS BE USEFUL TO YOU IN PREPARING YOUR CONTRIBUTIONS PLAN, PARTICULARLY AT AN EARLY STAGE?

More clarity is required to identify how multiple items can be considered as part of the benchmarking costs. Intersection upgrades such as traffic control signals (TCS) and roundabouts appear to be significantly underpriced because they exclude pavements and other aspects that are more likely to be aligned with a road construction, for example. However, these two aspects do not simply overlay each other. More guidance on the establishment of benchmark rates using combinations of infrastructure is required. Is this simply an addition of components or is there an acknowledgement that there is complexity involved that may require the application of a multiplication factor.

15. DO YOU HAVE ANY FEEDBACK ABOUT THE DRAFT AGGREGATE BENCHMARKS?

16. DO YOU HAVE ANY FEEDBACK ON USING THE DRAFT AGGREGATE BENCHMARKS TO ASSESS REASONABLE COSTS IN A CP?

17. DO YOU HAVE FEEDBACK ON THE METHODOLOGY USED TO DEVELOP THE DRAFT AGGREGATE BENCHMARKS?

As noted and demonstrated, there is significant variation across the potential contribution amount per person. The functional use of aggregate benchmarks is queried given the high variability in costs across a range of assessed URA's. This could be improved if Councils provide work schedules to increase databases and provide a broader background on cost variability.

18. WOULD YOU BE WILLING TO PROVIDE WORK SCHEDULES OR OTHER RELEVANT INFORMATION TO US TO SUPPORT THE DEVELOPMENT OF OUR AGGREGATE BENCHMARKS?

Maitland Council would be willing to provide work schedules to support the process. However, we are currently reviewing all development contributions plans which will result in an IPART review of the plans. Due to contributions caps, the current work schedules are not reflective of actual costs and therefore would be of little use at this stage.

Yours sincerely,

