

Independent Pricing and Regulatory Tribunal (IPART)
Electronic submission

Our Ref: ECM 26164414
Date: 18 February 2025

Dear Ms Sandland

REVIEW OF IPART'S APPROACH TO ASSESSING CONTRIBUTIONS PLANS

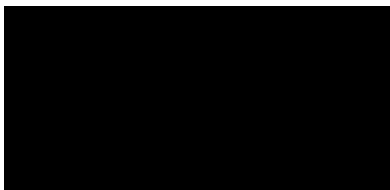
Thank you for providing Council an opportunity to make a submission to the Independent Pricing and Regulatory Tribunal's (IPART) review of Contributions Plan assessments.

Council staff have reviewed IPART's discussion paper and have undertaken a high level review of IPART's draft benchmarks report. Council staff have drawn on our experience from the review of our various contribution plans, particularly the West Dapto Development Contributions Plan, which was recently assessed by IPART during 2024.

Comments for IPART's consideration are provided in Attachment 1.

If you require further information, please do not hesitate to contact [REDACTED]

Yours faithfully



Attachments

Attachment 1

Wollongong City Council Staff Comments: Review of IPART's Approach to Assessing Contributions Plans

Discussion Paper Comments

Council staff have focused on each of the eighteen questions IPART has asked of stakeholders at Section 1.2 of the discussion paper. Our summary response is as follows -

1 What do you think could be improved about how IPART assesses contributions plans?

Figure 2 of IPART's discussion paper presents the steps in the current assessment approach. These steps are still relevant and promotes an efficient and transparent assessment process.

Ongoing liaison with relevant Council staff prior to lodgement, and during assessment, should continue as a practice for all contributions plan assessments.

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 staff support a land value index approach. See Council's draft West Dapto Development Contributions Plan, 2024 and IPART's December 2024 final assessment report available on IPART's website.

Any additional guidance IPART can provide to inform Council staff procurement of land valuations would be beneficial.

3 Do you support IPART using Urban Development Program growth forecasts as the agreed measure for population forecasts when assessing contributions plans?

Solely relying on UDP forecasts may be too generalised for all Contribution Plan (CP) reviews. UDP forecasts could be used as a minimum reference approach. However, IPART should also reasonably consider specific Council proposed forecasts supported by justification and available local data. Profile ID for example are bespoke to the local context situation. Wollongong, amongst many other LGAs, also track Urban Release development (via Planning Proposals, Neighbourhood or Precinct Plans, DAs etc).

4 Do you have any feedback on our proposal to provide guidance to councils on our assessment of reasonable timeframes in CPs?

Providing infrastructure within a reasonable timeframe should be further clarified by IPART. It is only acceptable that a reasonable timeframe should apply from when "reasonable contributions have been collected". Councils should not be expected to rely on borrowings to deliver infrastructure. Population growth milestone triggers rather than an estimate date is more acceptable where population-based calculations can be made.

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'?

IPART's term of reference 'other relevant matters' is very broad. Council staff encourage IPART to explain at the start of all Contribution Plan assessments what 'other relevant matters' are to be considered during each assessment or if there are no other matters of relevance. Councils can then ensure consideration of any specific matter early in the process. An alternative would be to remove 'other relevant matters' as a term of reference.

6 Are there any other areas of IPART's assessment of contributions plans that you would like guidance on?

Two areas that could benefit from additional guidance are -

- a How much certainty is IPART seeking in a Contributions Plan regarding indicative time frames or population threshold milestones for infrastructure delivery? There are many variables that ultimately effect timing of infrastructure including, for example, the housing market.
- b Wollongong Council staff experience identifies a risk of duplication of contribution schemes at a local and State level. Clear guidance on the role of State contributions, via the Housing and Productivity Contribution (and former SIC schedules), compared to the role of local Contribution Plans is required, particularly if there is a risk of real or perceived duplication. It is important that a local infrastructure item does not appear to be funded by both Local Contributions and State Contributions unless there

is a shared contribution funding approach (50% local and 50% state for example). A 'nexus' test should apply to both Council and State contributions.

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?*

Council staff support regular IPART forums. Three types of forums could be considered as an approach. IPART could hold separate Council staff and Developer / applicant forums and also a joint forum. This approach will ensure IPART hears more feedback from all relevant key stakeholders as the Council and Developer specific forums could focus on issues specific to those parties while the joint forums could focus on shared experience issues.

8 *Would you support IPART holding a stakeholder workshop on the CP when we receive the council's plan for assessment?*

Council staff support IPART ensuring adequate opportunity for stakeholder feedback and input. However, Council staff question the benefit of IPART holding stakeholder workshops early in the assessment process. Council staff experience is that submissions tend to be focused on individual submitter issues. It is reasonable that individual interests have the opportunity to make submissions on Contributions Plans relevant to their interest. However, an IPART stakeholder workshop early in the CP assessment process may benefit from industry / representative bodies representation and not individuals which may encourage discussion on broader issues relevant to the Contribution Plan. Councils should also be required to provide IPART with any individual submissions received during preparation of their draft Contributions Plans. That way IPART understands individual and industry group issues. Ultimately the approach would be up to IPART as the independent review body.

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 draft reports?*

Council staff support IPART ensuring adequate opportunity for stakeholder feedback and input. However, it is not clear what value-add would be achieved from IPART inviting submissions at the start of their Contributions Plan review. A more efficient approach would be for IPART to require Council to provide IPART with all exhibition submissions. There are already two opportunities for submissions through the current Contribution Plan preparation and IPART review process which is sufficient. The first opportunity is provided during Council's draft Contribution Plan exhibition and the second is in response to IPART's draft review exhibition.

10 *Do you support a performance-based approach to assess nexus for open space, consistent with the Draft Greener Places Design Guide?*

Council staff would generally support this approach. However, where a contemporary, context specific, informing study is available from the Council that should be relied on.

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 construction of Community Facilities is an essential need of new communities and requires reliable funding sources and guidance. This would go hand in hand with current community facility "land" considerations in Section 7.11 Contributions Plans. There is clear nexus between new development, new population growth and demand for community facilities. Council staff appreciate that IPART assessments are guided by the Essential Works List. However, this aspect of local infrastructure is crucial to community and placemaking and warrants further consideration.

12 *Do you have any feedback about the draft individual infrastructure benchmarks?*

Wollongong Council staff have considered IPART's draft infrastructure benchmarks in further detail below.

13 *Do you have any feedback on our proposal to adopt the updated draft benchmarks for individual local infrastructure items?*

Council staff would support use of infrastructure benchmarks only where reasonable, contemporary, local cost estimates are not available.

14 Would our updated individual infrastructure benchmarks be useful to you in preparing your contributions plan, particularly at an early stage?

Yes. Benchmarks are useful as a reference point. Council staff support IPART developing benchmarks and regular review of the benchmarks to ensure they continue to reflect contemporary settings.

15 Do you have any feedback about the draft aggregate benchmarks?

Wollongong Council staff have considered IPART's draft infrastructure benchmarks in further detail below.

The general aggregate benchmarks concept seems to have merit. The proposed approach may allow IPART assessments to be more efficient by focusing the assessment on those infrastructure items that are outside of the benchmarks. It would be important to review benchmarks regularly, annually ideally, if they are to remain relevant to the assessment process.

16 Do you have any feedback on using the draft aggregate benchmarks to assess reasonable costs in a CP?

Wollongong Council staff have considered IPART's draft infrastructure benchmarks in further detail below.

17 Do you have feedback on the methodology used to develop the draft aggregate benchmarks?

Wollongong Council staff have considered IPART's draft infrastructure benchmarks in further detail below.

18 Would you be willing to provide work schedules or other relevant information to us to support the development of our aggregate benchmarks?

Yes. Wollongong Council staff support IPART referring to Council's draft West Dapto Development Contributions Plan, 2024 as a reference point for developing aggregate benchmarks. Please note that detailed costings that informed Council's draft Contributions remain commercial in confidence.

Wollongong Council staff have additional general comments on the discussion paper for IPART consideration -

- A \$30,000 per lot greenfield cap is outdated. The cap/s are within IPART Terms of Reference as IPART is required to assess reasonable cost. \$30,000 as a cap is not a reflection of the cost required to deliver local essential infrastructure to greenfield development areas. IPART should formerly recommend that the Minister revise and increase the cap/s through Ministerial Direction.
- Council staff are supportive of a 3-5 year Contribution Plan review timeframe at the discretion of Council.
- 6-9 months is a reasonable timeframe for IPART assessments given the complexity of some greenfield contexts.
- Council staff's general experience when negotiating Works in Kind credit with applicant's is that the applicant considers our Contributions Plan infrastructure value to be too low and does not reflect the cost to the applicant when delivering the infrastructure. This experience does not support the 'gold plating' comment at Section 2.4.7 of the IPART discussion paper.
- Table 4.5 – Council On-Costs – our experience has been that for larger projects (>\$5M), approximately 10% should be allowed for design, with a further 5% to be allowed for project management, therefore suggest increasing this allowance

Benchmark Reports Comments

- Tables 2 & 3 – Site Constraints Factors -
 - Following an analysis of available Quantity Surveyor (QS) reports, indexed using AIQS indices to December-2024; For upgrades of existing roads utility costs equalled to 24% (i.e. a 32% factor should be applied to costs excluding this) and for new roads this equalled to 15.5% (i.e. a 18% factor should be applied to costs excluding this).
 - The allowance of utilities alone would place all transport projects in the "high" likelihood of impact or constraint for infill works to allow for other considerations as listed in the description of Table 2 below to be factored in. This places the value above the greenfield works range listed. Additional allowances therefore should be made to capture the remaining risk items.
 - Further guidance is required on how an appropriate factor is to be selected for each project.

- Section 5.2.8 – Council on costs – On-costs for large scale projects appears to be low, with 15-20% more likely required.
- Section 5.2.9 – Contingency – Supportive of the approach to allow for ranges of contingency over the varying project stages, subject to guidance on how contingency can be applied over the lifespan of the project.
- Section 7.2.1 – Range of Construction Costs – Inclusion of an additional category, which captures major upgrades of existing roads including earthworks, traffic control and site considerations is required to reflect the types of projects in West Dapto. This will have benefit to other Councils across NSW where major upgrades to existing roads is required to support growth.
- Appendix B -
 - General inclusions in Appendix B – typically reflect the Wollongong City Council (WCC) road cross sections, with key differences in street tree planting frequency. Minor variation in road reserve width for Collector Road (T-1.03/ Wollongong City Council (WCC) Type 3 Road. WCC Type 3 Road cross section detail is available in Chapter B2, Wollongong DCP 2009).
- Earthworks – Earthworks are assumed in the Benchmark report (T-1.03 at 0.5m cut/ fill which equates to 10m³/m of road for a 20m wide road reserve). No allowance is listed in T1-05. Further clarification is required on what has been allowed for within this rate, if it includes only bulk earthworks, topsoil movement, shaping of batters etc. The following earthworks volumes have been extracted from available Qs in West Dapto –

WCC Road Type	Benchmark Report Closest Equivalent	Lowest Earthworks (m ³ /m of road)	Highest Earthworks (m ³ /m of road)	Average Earthworks (m ³ /m of road)
Type 1	N/A	15.5	71.8	51.7
Type 2/2a	T-1.05	17.3	84.9	43.8
Type 3	T-1.03	13.6	70.6	45.2
Type 4	T-1.03	12.0	35.1	20.1
All Roads	N/A	12.0	84.9	41.7

***Note:** These volumes include topsoil stripping, general earthworks, imported or borrowed material, selected zone material and stockpiling, excess or unsuitable material disposal.

- Guard rails and fencing – have been excluded in the benchmark report. A review of available Qs, indexed to Dec-24 using AIQS indices indicates the following costs for barriers and fences in West Dapto. WCC staff recommend IPART include allowance for barriers and fences.

WCC Road Type	Barriers and Fences (\$/m road)
Type 1	\$109.4
Type 2/2a	\$75.3
Type 3	\$44.3
Type 4	\$129.6
All Roads	\$79.1

- Traffic control – minor traffic control allowance allowed for in benchmark report, whereas work on live roads with extensive service relocations and earthworks attracts additional costs. Understand that this is intended to be captured in the “Site Constraint Factors”, however may exceed this allowance given existing traffic volumes and requirements.
- Comparing West Dapto QS rates indexed to Dec-24 using AIQS indices to “new road” rates from Appendix B of the IPART Benchmark Report -

WCC Road Type	Benchmark Report Closest Equivalent	IPART Rate*	Average Cost (\$/m) from Council QSs Indexed to Dec-24 using AIQS Indices		
			Excluding Bridge Costs	Excluding Bridge & Utility Cost	Excluding, Bridge, Utility & Earthworks Costs
Type 1	N/A		\$21,590	\$20,191	\$18,707
Type 2/2a	T-1.05	\$6,870	\$16,262	\$12,126	\$9,876
Type 3	T-1.03	\$4,990	\$11,445	\$8,689	\$7,344
Type 4	T-1.03	\$4,990	\$8,349	\$6,388	\$5,808
All Roads	N/A		\$14,379	\$11,360	\$9,736

*Note: Includes allowance for 10m³/m of earthworks, whereas the final column excludes all earthworks costs.

The results indicate that there are significant discrepancies between the benchmark rates and available QSs for projects in West Dapto. Further clarification would be required on the inclusions and costs apportioned to each item