



IPART Independent
Pricing and Regulatory
Tribunal | NSW

IPART's review of our contributions plan assessment approach and infrastructure benchmarks

Public Workshop, 9 December 2024

Agenda

01 Welcome and overview

02 Session 1: Assessment approach

- IPART presentation
- Discussion

03 Session 2: Infrastructure benchmarks

- IPART presentation
- Discussion

04 Closing remarks



Welcome and Acknowledgement of Country

Carmel Donnelly PSM
Chair

IPART's role in assessing Contributions Plans

- Under a Ministerial Direction, IPART's role is to review Contributions Plans (CPs) where councils seek to levy rates above the cap (\$20,000/dwelling or \$30,000/dwelling in specified greenfield areas)
- Our role is to assess CPs against the 2019 Practice Note, which is to be read in conjunction with the 2005 Practice Note.
- IPART's reviews of CPs are important because they signal the reasonable costs of the essential infrastructure needed to support a new development.
- We make recommendations to the Minister for Planning and Public Spaces. The Minister can then direct councils to make changes to its CP.

Criteria for assessing CPs

- Criteria is set out in the 2019 Practice Note

What do we consider when assessing a contributions plan?

- Are works/services on the **essential works** list?
- Has **nexus** been established?
- Are **costs reasonable**?
- Are **timeframes** reasonable?
- Have costs been **apportioned** between existing and future users, and different development types?
- Has council **consulted** with stakeholders on this plan?
- Other matters IPART considers relevant

We are reviewing our CP process

- We are refining our assessment process including:
 - completing our assessments as efficiently as possible
 - improving our guidance materials
 - enhancing our engagement
 - focusing on key matters for each plan.
- We are updating the local infrastructure benchmarks
 - we have published a Draft Report on benchmark costs for local infrastructure
 - the Draft Report includes aggregate benchmarks for stormwater, transport and open space
 - we are considering whether aggregate benchmarks would be useful to assess reasonable costs.

Session 1



Assessment approach

IPART presentation

Our consultation so far

Between August and October 2024, we engaged councils and developers in a series of informal meetings to get initial feedback on the key issues for our review. We engaged with 16 organisations in total.

- Bayside Council
- Blacktown City Council
- Camden Council
- Lake Macquarie City Council
- Lane Cove Council
- Liverpool City Council
- Maitland Council
- Northern Beaches Council
- Orange City Council
- The Hills Shire Council
- Tweed Shire Council
- Wollongong City Council
- GLN Planning
- Mirvac
- Walker Corporation
- Urban Development Institute of Australia (UDIA)

What we've heard from our stakeholders

Support for updating local infrastructure benchmarks

IPART reviews of CPs take too long and are resource intensive for councils.

Support for more engagement, eg stakeholder forums, inviting submissions on CPs and transparent responses to submissions

Better guidance would help councils understand IPART's requirements and assessment approach.

It's hard to accurately estimate land acquisition costs – LVIs are more accurate than CPI for indexing land costs

Broad support for using aggregate benchmarks to assess reasonable costs (depending on the detail)

Refining our assessment process

1. Completing our assessments as efficiently as possible



2. Providing better guidance



3. Enhancing our engagement



4. Focussing on key matters for each CP



1. Completing our assessments as efficiently as possible

- We know that delays in assessing CPs can have a real financial impact for councils and other stakeholders.
- To avoid delays, councils should provide supporting evidence
 - all items should be on the essential works list
 - provide supporting studies and evidence to demonstrate meeting Practice Note criteria
 - if costs are different to benchmarks, provide explanation and evidence
- Sometimes there are complexities or matters raised by stakeholders that can take time for IPART to consider
- If we have reviewed a CP before, we may be able to assess the CP more quickly.

2. Providing better guidance

- We will update our guidance and develop new guidance and tools for councils.
- We want to hear from you about what guidance or tools you need to support your application to IPART and to understand our assessments.
- Some guidance we're proposing includes:
 - Assessing reasonable cost for land acquisition
 - Population growth
 - Timing and delivery of infrastructure
 - Other relevant matters
- We will also update our forms and website and will consider developing other tools to support councils with the IPART review process.

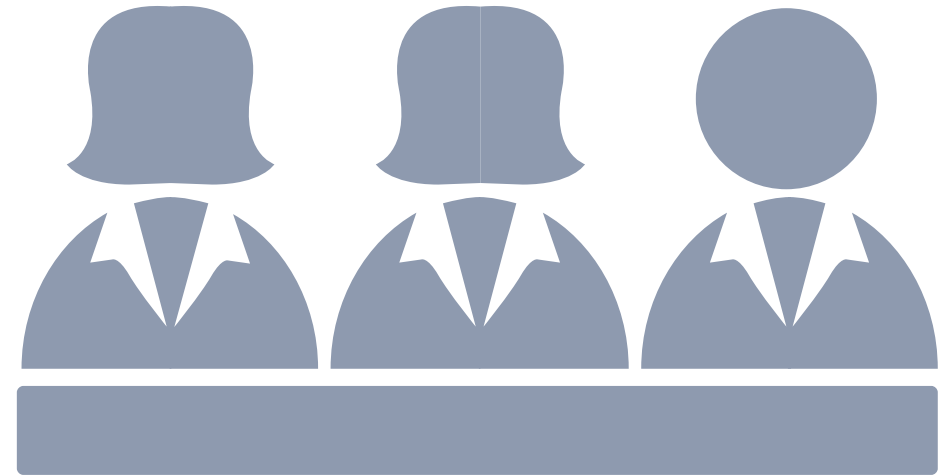
3. Enhancing our engagement

- Under our Terms of Reference, we must consult with DPHI, councils and other relevant stakeholders
- We encourage councils to contact us before submitting a CP for review and throughout the review process
- We will be proactive in consulting with relevant developers and other stakeholders
- We are proposing to chair regular online stakeholder forums to provide more opportunities to engage with IPART
- So we can understand stakeholder concerns early, we are proposing to invite submissions on CPs when we receive a plan for review
- Submissions on our draft reports will continue and we will respond to public submissions in our final reports

4. Focussing on key matters for each CP

- Sometimes stakeholders ask us to consider matters like infrastructure design, zoning and other planning decisions.
- We consider that these are matters for the council and planning to determine.
- We understand that the quantity of open space is one of these matters.
- In our assessment of nexus for open space we will focus on a performance-based approach, consistent with the Draft Greener Places Design Guide and evidence provided by council, rather than quantity of land

Questions and comments



Session 2



Infrastructure benchmarks

IPART presentation

We are updating our local infrastructure benchmarks

- We engaged Genus Advisory to provide advice on our local infrastructure benchmarks:
 - to make sure the individual items are still relevant
 - to update the costs of individual items
- They used either a 'top-down' or 'bottom-up' approach to determine costs
- They have also developed costing methodologies to account for site specific factors and constraints, on-costs, and contingency allowances
- We want your feedback on the draft local infrastructure benchmarks.

Infrastructure items for benchmarking

32 Transport items



Vehicle and pedestrian transport:

- Roads and road upgrades
- Intersections
- Roundabouts
- Crossings and bridges
- Pathways/footpaths
- Bus shelters
- Street lighting

17 Stormwater items



Urban stormwater management:

- Drainage network (pipes, pits)
- Conveyance (channels, culverts)
- Flow and quality control (basins, filters, raingardens)

33 Open space items



Open space embellishment:

- Landscaping
- Sports courts/fields
- Picnic and playground facilities
- Amenities
- Carparks
- Lighting
- Seating

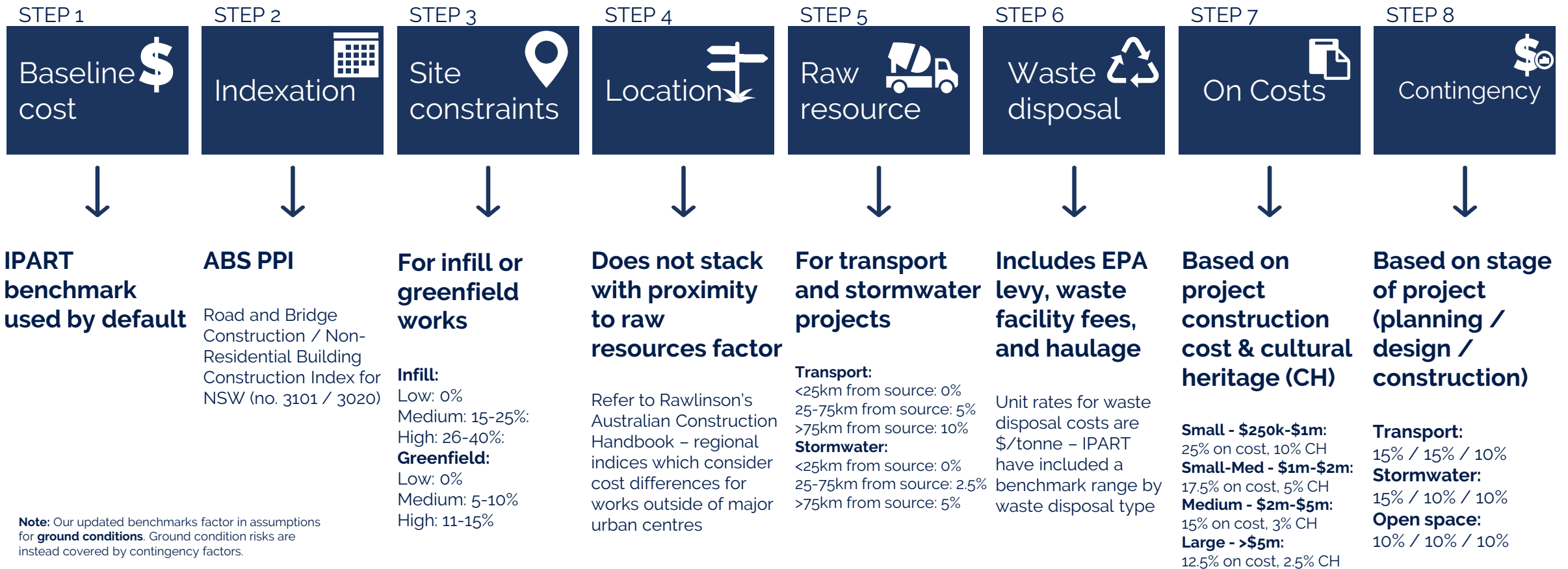


Typical scopes
(inclusions and exclusions, risks, standards)



Base costs (FY24/25 and FY25/26)

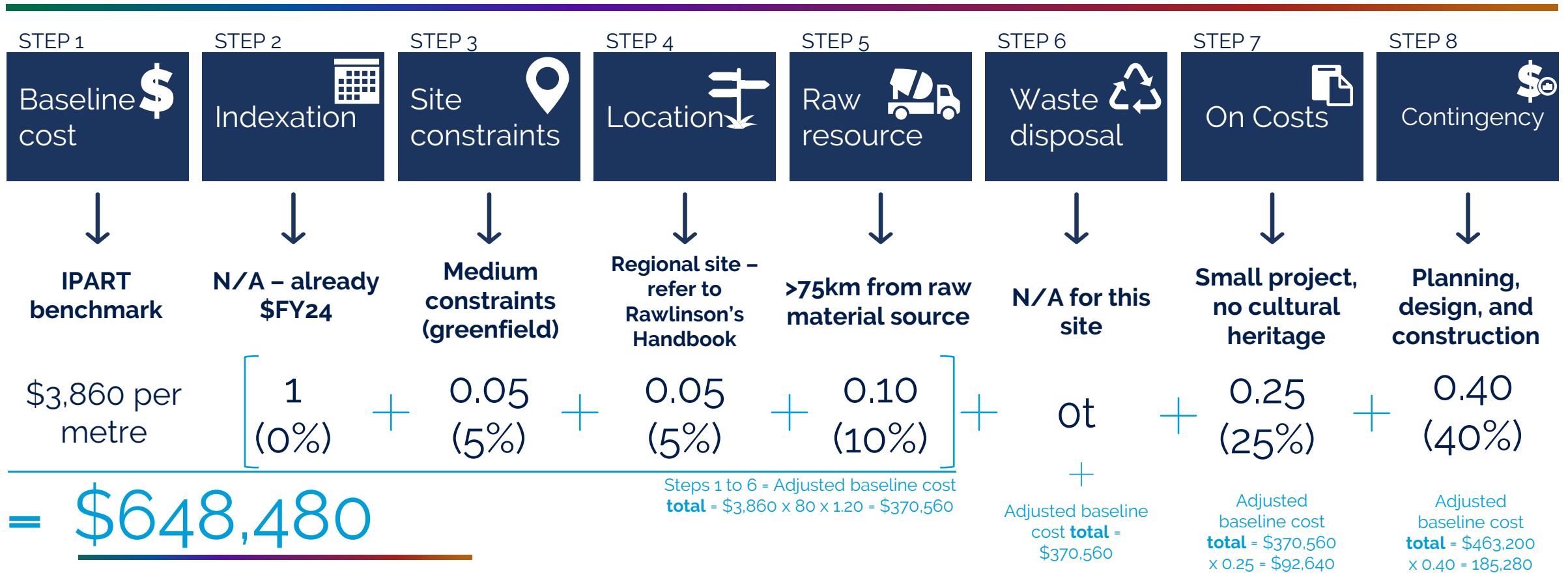
Conditions for use of adjustment factors



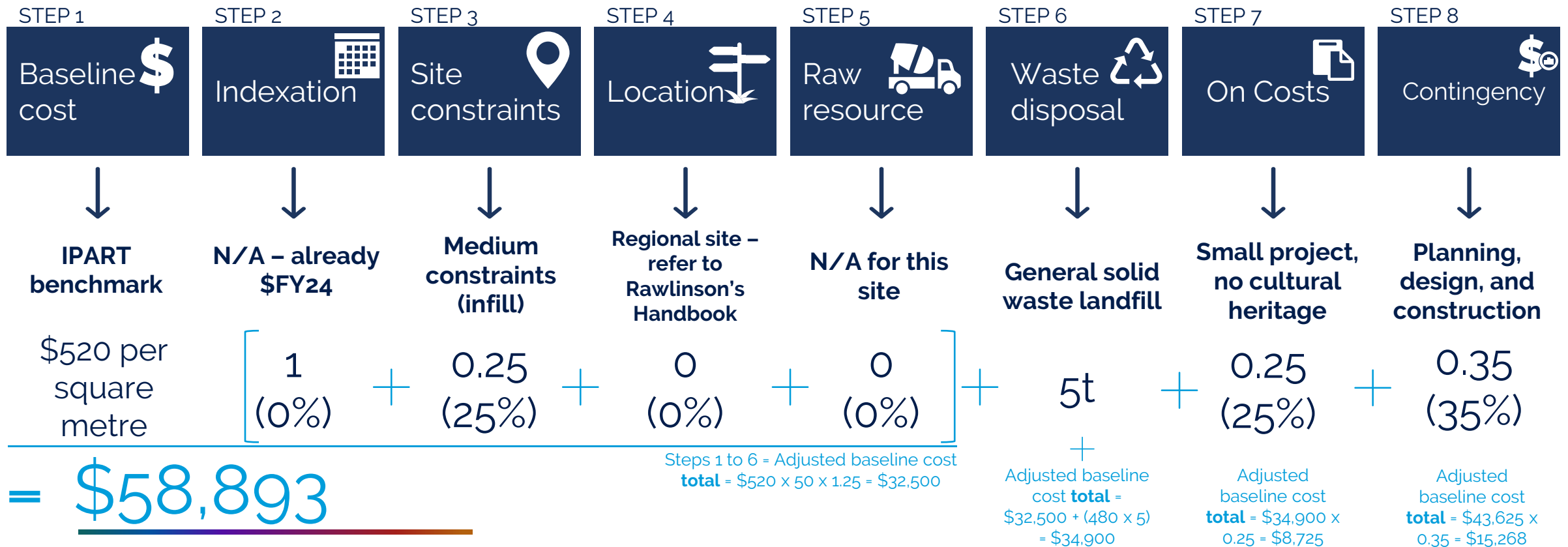
Note: Our updated benchmarks factor in assumptions for **ground conditions**. Ground condition risks are instead covered by contingency factors.

Known ground conditions that fall outside of benchmark assumptions should be dealt with as a non-standard item due to scope variance.

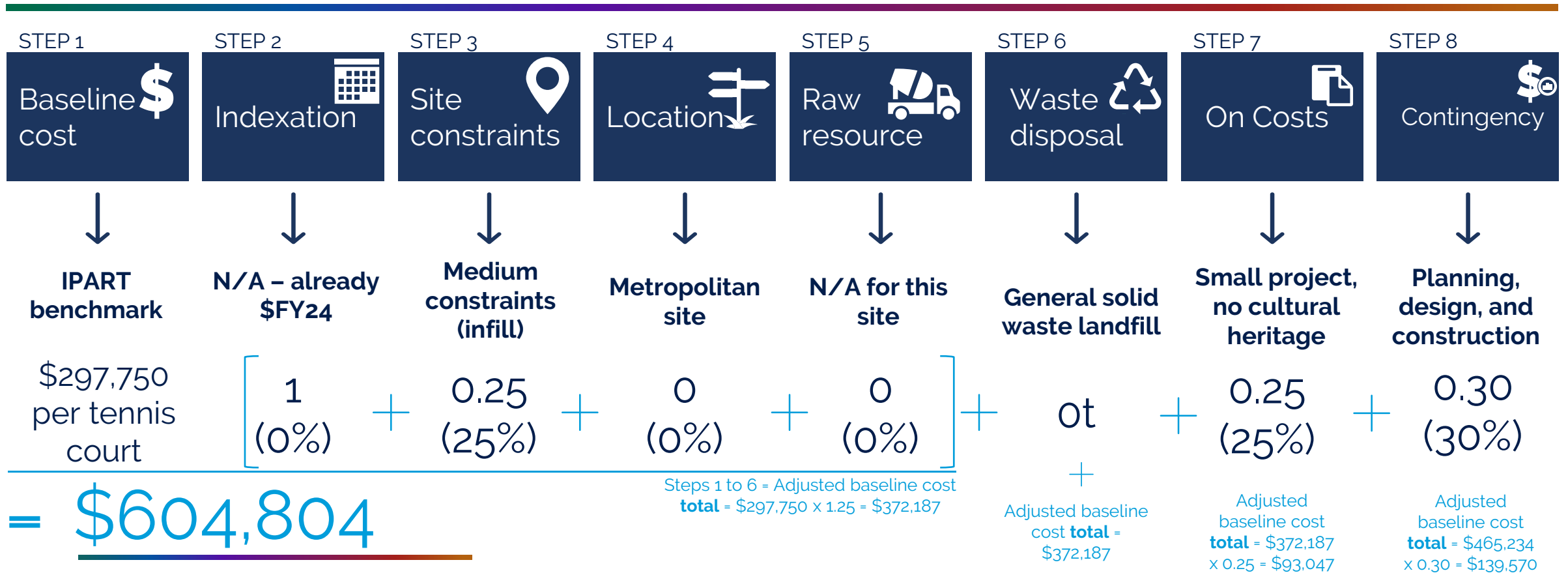
1. Worked example: calculating benchmark costs for a new local road (80 metres)



2. Worked example: calculating benchmark costs for a combined basin and raingarden facility (50 square metres)



3. Worked example: calculating benchmark costs for a tennis court



IPART benchmarks in practice

Reviewing the benchmarks



To maintain currency with industry, IPART will re-evaluate the infrastructure list every 2 years to determine if items are to be added or omitted and to incorporate feedback from local councils. We also intend to capture industry movements through indexation, escalating unit rates based on industry data.

Alternative costing approaches



Benchmarks may not be appropriate in all circumstances. As an alternative, costs for non-standard items can be prepared by an appropriately qualified quantity surveyor via a bottom-up or top-down approach.

We're considering aggregate benchmarks

- We also asked Genus Advisory to provide advice on establishing aggregate benchmarks for stormwater, transport and open space
- They used the aggregate construction costs for each infrastructure category from 2018-2024 contributions plans we have assessed, indexed by ABS PPIs to 2024-25 FY.
- They have provided per person and per net developable area ranges for each category.
- We are considering whether aggregate benchmarks could be used to assess reasonable costs in a CP rather than assessing the costs of individual infrastructure items.
- We welcome feedback on whether this would be useful.

Aggregate construction cost ranges

Based on NDA (\$/square metre)

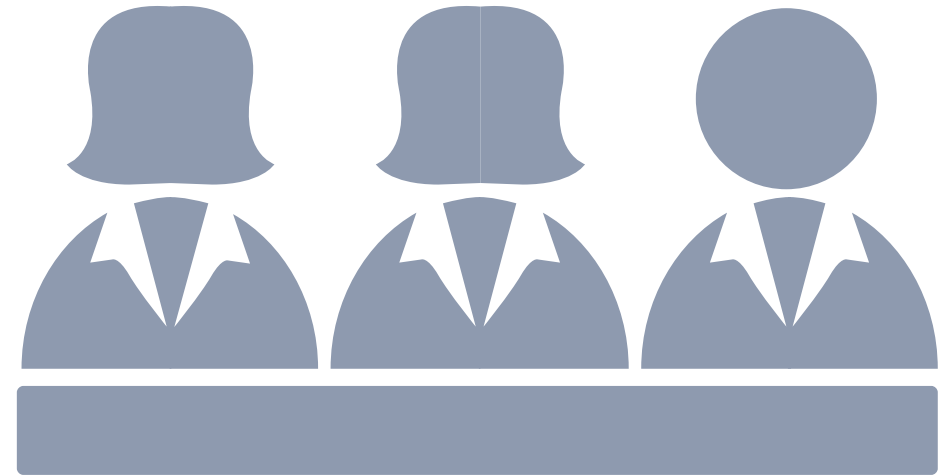
Type	FY 2024/2025		FY 2025/2026	
	Lower	Upper	Lower	Upper
Transport	\$14.50	\$41.50	\$15.50	\$43.50
Stormwater	\$8.50	\$16.00	\$9.00	\$17.00
Open space	\$10.50	\$20.00	\$11.00	\$21.00

Based on population (\$/person)

Type	FY 2024/2025		FY 2025/2026	
	Lower	Upper	Lower	Upper
Transport	\$3,350	\$6,685	\$3,520	\$7,020
Stormwater	\$2,020	\$4,180	\$2,120	\$4,390
Open space	\$2,255	\$3,745	\$2,370	\$3,930

These ranges apply to base construction costs, excluding on-costs, contingency, or other factors. This applies to works for greenfield developments only.

Questions and comments





Closing remarks

Carmel Donnelly PSM

Chair

Timeline of our review

Have your say

Submissions due by 7 February



Informal consultation
October – November 2024



Discussion Paper & Benchmarks Draft Report
25 November 2024



Public Workshop
9 December 2024



Final Report
March 2025

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Visit our website

[IPART's review of Contribution Plans assessment approach and infrastructure benchmarks](#)