

Our Ref: IPART Report - West Dapto 7.11 Contributions Plan
2020

Contact: Peter Moy

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Local Government
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**RE: Assessment of West Dapto Contributions Plan 2020 – Wollongong City
Council – Draft Report**

Dear Sir,

Cardno has prepared this submission in response to the IPART Assessment of Wollongong City Council's Draft West Dapto Development Contributions Plan 2020 that is currently on exhibition for public comment.

The commentary in this submission has been informed by a review of the West Dapto Release Area Section 94 Contributions Plan 2017 and the Draft West Dapto Development Contributions Plan 2020. We recognise that this is a review of the existing 2017 Plan, but we believe that Council must go beyond the indexation of costs and updating items to reflect the new Plan and Vision. Instead, Council should use this opportunity to streamline the infrastructure requirements in West Dapto, and incorporate advancements in design and construction methods to improve the outcome for developers and residents.

The key questions raised by this submission relate to Cardno's primary concerns across the main areas below.

Cost of Contributions and Contribution Capping

Residential

Cardno has concerns surrounding the current and future affordability of residential property within the West Dapto Urban Release Area (WDURA). Due to increasing contributions combined with housing price inflation, low to medium income earners will struggle to afford to purchase land in the WDURA if there are no reductions in the total contributions within the 2020 Plan. The neighbouring suburbs located in the Shellharbour LGA, including Calderwood and Albion Park, benefit from a much lower 7.11 Contribution rates for residential development, making it challenging for West Dapto developers to compete in a challenging marketplace.

We recognise that the contributions proposed are less than some imposed by Local Councils in Sydney (eg. Spring Farm, Camden – currently \$67,548 per lot or dwelling). However, the sales price for land in Sydney is much higher than prices in West Dapto, leaving greater margins for developers to absorb this cost in Sydney compared to locally. Cardno contends that it is important for Council to compare rates with other parts of NSW, and the percentage this cost adds to the overall total cost of land.

We recognise that as of 1 July 2020, the contributions cap and Local Infrastructure Growth Scheme (LIGS) funding will be removed, with the current cap (1 July 2019) already sitting at \$45,000. This removal of the contributions cap has significant implications in the affordability of land, impacting on the confidence of development feasibility across the WDURA into the future.

Council notes that *“the apportionment of costs between residential and non-residential land has been based on an adjusted land area for non-residential development to reflect the varying levels of demand on infrastructure and a more equitable distribution of costs.”*

The Draft Plan 2020 also does not affect the “determination, collection or administration of any special infrastructure contributions (SIC) levied under section 7.22 to 7.26 of the EP&A Act”, adding potential SIC levies to development costs. This further compounds the costs to developers and prospective land buyers, impacting on affordability throughout the WDURA. The protracted delays in establishing a West Dapto SIC has led to uncertainty for developers and home purchasers alike. The total costs of 7.11 contributions and SIC need to be transparent so they can be factored into development or purchasing costs.

Should the rate recommended in the IPART Report be approved, developers in West Dapto will be required to pay \$50,953 per lot in addition to any Special Infrastructure Contributions (SIC) and biodiversity conservation contributions. These increased fees have a huge impact on development feasibility, with the increases invariably leading to increased house prices in the area to cover the cost. With the Illawarra already experiencing housing affordability issues and rental stress, this increase in contributions would further exacerbate affordability.

Transport Infrastructure

The total cost for transport in the Draft Plan 2020 is \$829,939,156, with \$760,966,557 apportioned to the Plan. The upgrade to existing roads and the construction of new roads encompasses the majority of this cost, with \$712,979,242 allocated for these uses. Cardno does not agree with the number of new roads contributing to the cost of the Draft Plan 2020 and believes that the majority of the items listed can be removed to reduce the overall cost of new infrastructure in the Plan. The roads (and necessary roundabouts and intersections) could be delivered by the relevant developer(s) as part of their development. The new roads can be constructed at a lesser cost than if Council were to keep these as their responsibility, and removing them from the Plan will reduce the overall cost of contributions. They can be delivered at a lesser cost due to the different delivery models and partnerships that Developers and Contractors have developed over the years. Having some of the roads that are currently in the Plan added to a larger tender package for various stages of a residential development would provide economies of scale that would effectively lower the cost of those roads.

Only a few of the roads in the West Dapto Release Area should be 7.11 funded roads. The number of roads included in the plan are considered to be beyond reasonable for what is required for Council development, which leads to greater costs levied to developers. If the roads are constructed by developers at the time of the subdivision, developers are likely to engage local contractors to construct the roads, boosting the local economy.

We note that the new roads listed within the Draft Plan 2020 are the following, with the highlighted items in **Table 1** being the roads recommended by Cardno to be removed from the Plan:

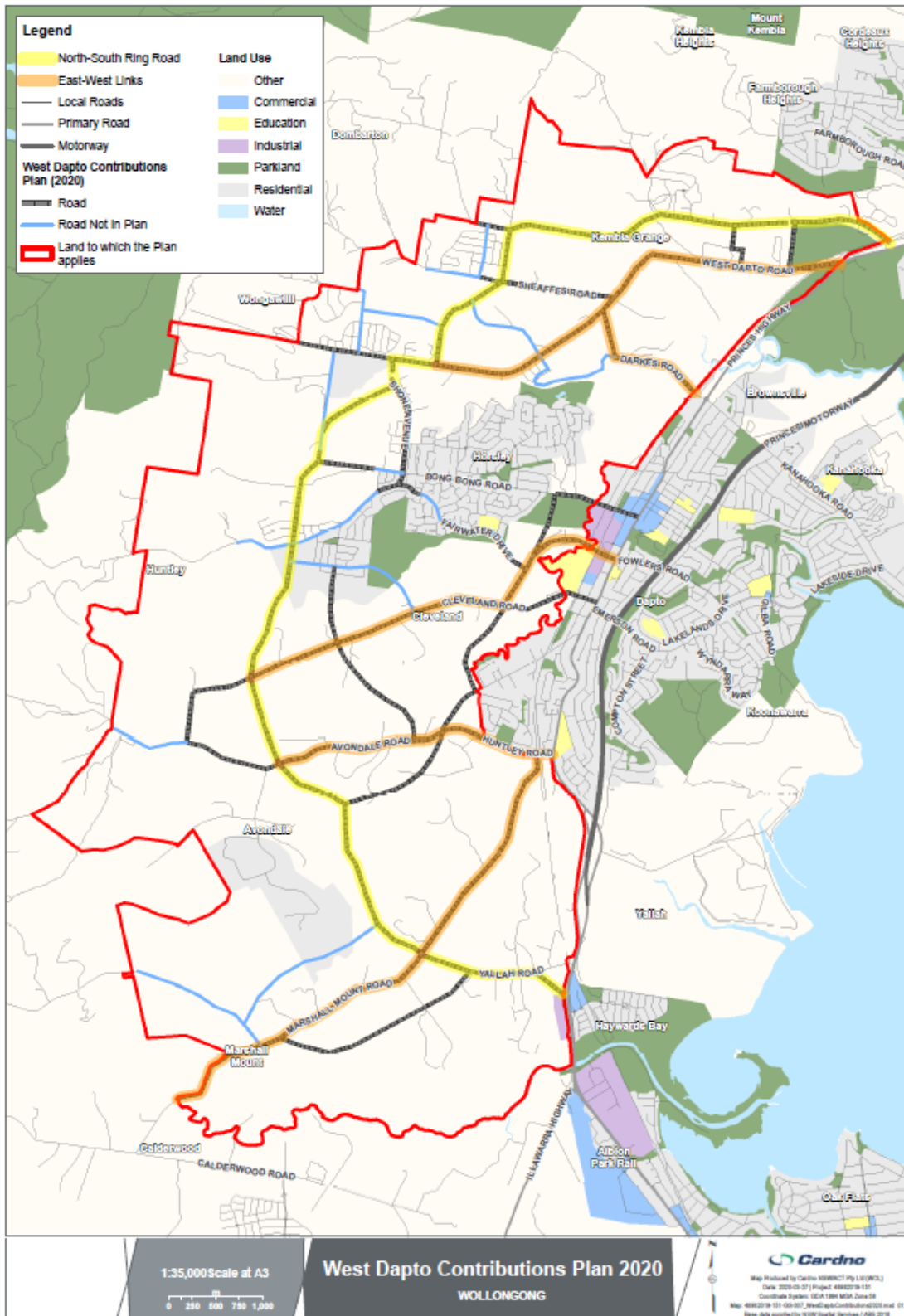
Table 1: Roads recommended for exclusion from the Plan

Existing Road Item	Cost to Plan
West Dapto Road	\$53,303,608
West Dapto Road Rail Crossing	\$1,763,926
Sheaffes Road	\$12,118,546
Paynes Road	\$7,799,289
Smiths Lane	\$3,435,188
Wongawilli Road	\$944,334
Darkes Road	\$21,198,833
Shone Avenue	\$15,390,775
Bong Bong Road Rail Crossing	\$42,863,454
Bong Bong Road	\$12,860,099
Reddalls Road	\$3,705,515
Wylie Road	\$3,429,972
Cleveland Road	\$52,131,002
Avondale Road	\$32,127,189
Huntley Road	\$22,133,668
Yallah Road	\$21,846,721
Marshall Mount Road	\$33,434,479
New Road Item	Cost to Plan
Northcliffe Drive extension (Prince Highway to Paynes Road)	\$69,746,207
Northcliffe Drive extension (Sheaffes Road to West Dapto Road)	\$12,868,563
Iredell Road	\$10,238,866
Brooks Reach to Cleveland (East)	\$8,478,534
Fairwater Drive	\$11,114,900
Fowlers Road extension	\$58,551,269
Eastern Link Road (Bong Bong to Fowlers Road)	\$9,287,898
Western Ring Road (Shone Avenue to Yallah Road)	\$120,823,642
Brooks Reach to Huntley Link	\$32,662,923
Eastern Link Road (Fairwater Drive to Avondale Road)	\$13,712,934
Eastern Spine Road (Western Ring Road to Huntley Road)	\$18,495,506
Marshall Mount Town Centre Bypass (Marshall Mount Road to Yallah Road)	\$6,511,402
<i>Grand Total</i>	<i>\$712,979,242</i>
<i>Total (excluding the highlighted item)</i>	<i>\$503,634,622</i>
SAVINGS	\$209,344,620

For additional clarity, Cardno has prepared a GIS Map of the roads they consider necessary to retain in the Plan. These roads have been highlighted in the map in **Figure 1** below, and include Northcliffe Drive extension, West Dapto Road, Cleveland Road, Avondale Road and Marshall Mount Road. This will give residents access to a north-south ring road, and a number of east-west connector roads, allowing easy access to/from the M1 Motorway or Princes Highway. Whilst the remainder of the roads as listed in the Plan are necessary roads which require upgrades, these could be delivered by the developers at a lower cost. Council has not shown sufficient need demonstrating the requirements of such local roads, and where these roads only access individual sites, they should not be included in the Plan. It is unreasonable to include these costs in area-wide contributions levied.

The Plan has proposed 37 signalled intersections, which come at a high cost, despite the low levels of traffic currently generated in the region. This cost should be reviewed, and a Traffic Impact Assessment with traffic modelling provided to quantify the levels of traffic predicted for the area.

Figure 1: Proposed 7.11 Contribution Roads



Cardno notes that the total costs for Transport Infrastructure have decreased by \$96,072,970 from the Section 94 Contributions Plan 2017 to the Draft Development Contributions Plan 2020 (i.e. from \$926,012,126 to \$829,939,156), however the costs to the plan have increased by \$7,739,847 (i.e. from \$753,226,710 to \$760,966,557).

This increase in contributions is not proportional to the increase in cost in other sectors such as Open Space and Recreation and Community Facilities and there has not been sufficient information or an adequate breakdown of cost presented to justify these contributions. Cardno requests further information to support the substantial and unreasonable Transport Infrastructure contributions increase.

We also request clarity on how Council determined the indicative timing for the delivery of new roads as listed in the Plan. Notably, many new roads have an indicative commencement as late as 2047 (Eastern Link Road - Bong Bong to Fowlers Road and Fairwater Drive to Avondale Road) and an indicative completion as late as 2056 (Brooks Reach to Huntley Link). Delays in the delivery of new infrastructure within WDURA to this extent will inevitably cause delays for Sydney Water and other service providers that rely on road corridors for lead-ins to support new development. Delays in the delivery of key transport infrastructure will also impact on the delivery timeframe of new housing in particular areas. These are critical issues which need to be addressed in tandem with the consultation of stakeholders, otherwise the timing and sequence of development relative to services and road design timing will not be coordinated. Without certainty in the road development, developers will be reluctant to invest in areas where delivery programs do not align with their acquisition proposals.

Works in Kind

Within Section 2.12 of the Draft Plan, Council's works in kind considerations to assess proposals includes the following point: the amount of full or partial offset being sought (noting that the amount of any offset will be limited to the cost of the Infrastructure Item as stated in this Plan).

Cardno has concerns with how Council proposes to measure works in kind. The current Section 94 Contributions Plan 2017 plan process states "the amount of the offset will be as agreed by Council and will not exceed the cost allocation for the works included in the Contributions Plan." For the purposes of the Draft Plan, if a developer undertakes works in kind for a Bridge Infrastructure Item listed in the Draft Plan with a total cost of \$5,000,000, and construction can be undertaken for \$3,000,000, then will the developer still be able to seek the full \$5,000,000 or will Council only be amenable to providing the \$3,000,000?

Clarification of this point would provide confidence in the works in kind process and encourage more non-cash contributions if the full amount as listed in the Draft Plan is allowed for by Council. Detailed costings and scope of works are key to this 7.11 Plan, with a review by the development industry necessary for a reasonableness check. If the items are delivered at a lower cost, then it is imperative that the Plan rates be reduced, otherwise there is a direct incentive by Council to use the highest specifications with large contingencies, as the developer will not receive the benefit if any cost savings, leaving Council to retain the difference.

Costs and Contingencies

Council has applied 20% contingency for Open Space & Recreation and Transport items and 30% for Stormwater Management, with a further allowance of 5% for Design and 5% for Project Management. Council notes that the construction costs for each item were 'derived from either the actual construction costs, the services of a qualified surveyor, expertise of Council staff or the IPART Local Infrastructure Benchmark Costs (Final Report 2014)'. No detailed costs estimates have been produced to accompany the Plan for exhibition.

The road standards proposed by the Plan are excessive and will lead to roads that are over engineered and overly costly. These RMS standard roads proposed for West Dapto are not required, with less costly roads designed and constructed to local standards would be sufficient and appropriate for the area.

Council also states that contingency rates have been applied in accordance with (or less than) IPART recommendations where, if an item has been constructed and therefore the actual costs is known, then no contingency has been included. There is no clarification as to whether this has also been applied to items

currently in the process of detailed design, during which a more accurate cost estimate can be developed and the contingency for that item reduced or eliminated.

With no appropriate cost breakdown for each item, Cardno believes that there is no way to reasonably know whether the rates used for each item have been estimated appropriately and fairly, in which case the contingencies listed by Council would be considered unreasonable. We believe there should be rigour in the production of the rates and that a peer review panel as suggested below would be of invaluable input.

It is recommended that a panel be established, and all costings reviewed prior to the endorsement of the Contributions Plan.

Stormwater Management – Enhanced storage areas

General:

- The notes on plan 100 state the upgrade of Wongawilli Road (Item TR06) has been completed and the cost updated to reflect construction costs. This needs to be revised as the upgrade of Wongawilli Road has not actually been completed as of 14/8/2019
- Council has completed concept designs of some road upgrades including Cleveland Road and Avondale/Huntly Road. Bridge lengths from those projects should be incorporated into the S94 plan.
- Bridge B28, on Smiths Lane is shown as being 93m long. This bridge has been constructed and is actually 25m long. The costs should be updated to reflect the actual span of the bridge. It is also evident that the bridge span was significantly overestimated in the S94 plan.

Bridges

Yallah Marshall Mount Bridge Lengths

In 2017, Cardno reviewed the bridge lengths at nine watercourse crossings within the Yallah/Marshall Mount area as part of a review of the Calderwood S94 Plan 2017. The analysis was based on Councils Duck Creek flood model and bridge/culverts were optimised to achieve 100 year ARI immunity and to minimise 100 year ARI impacts. This assessment accounts for the actual flow rates at each structure, not just the width of flow. This was prepared on consultation with Council on 24 February and presented to Council on 27 March 2017. Some bridges in the currently proposed draft plan are too short and some are too long. We recommend that the bridge lengths be revised to the values shown below which reflect this work from 2017. Below, is a table included in previous report and minutes.

Bridge ID	Calderwood S94 Plan Bridge ID	Length in Current plan	Length Presented to Council 2017
B61	B30A	63m	18m
B62	B30B	75m	54m
B63	B20A	50m	15m
B64	B20B	16m	64m
B65	B19	63m	8.1m
B66	B18B	125m	56m
B67	B18A	63m	6m
B68	B46	12m	7.2m
B69	B47	45m	21.6m

Bridge lengths have generally increased substantially. It is Cardno's position that these lengths could be reduced, when road embankments are included in the design for a portion of the span. Generally, embankments have the potential to make up two thirds of the total length, with the bridge portion only making up one third of the total length. From our experience, road embankments can be constructed at a much lesser cost, costing approximately 15 times less than a bridge. Significant savings can be made through clever, forward thinking design, without compromising the safety or functionality of the bridges.

Bridges, like roads, have been over engineered, and incorporate costly and unnecessary refinements which are excessive. The Plan proposed 41 bridges, with lengths of up to 127 metres and widths of up to 44 metres.

The traffic and watercourse data has not been provided with the Plan and no evidence has been provided by Council as to why simple, more cost effective culverts could not replace some or all of the bridges in the Plan.

Enhanced Storage Areas

The enhanced storage areas have been carried over from the West Dapto S94 Plan 2011. The design rationale is:

“The detention basins mitigate the increased runoff due to increases in hard surfaces in the urban area. To offset the increases in flood impacts due to increase roughness in the riparian corridors, five Enhanced Storage Areas (ESAs) are proposed. The ESAs would be located along the creek and would involve embankments across the floodplain to the tops of the banks of the existing low flow channels.”

The enhanced storage areas should not be constructed and should be removed from the plan because:

- The storage areas are not required to mitigate impacts of increased riparian vegetation
 - The impacts of increased riparian vegetation is being contained within each development site as DA's are approved. DA's in West Dapto have been approved on the basis that each DA results in no upstream and downstream impacts as a result of the development accounting for the effects of riparian revegetation.
 - Increased riparian vegetation increases flood levels at the location where the revegetation is provided but the impacts do not normally propagate further downstream. If anything, increased roughness actually slows water down effectively increasing the attenuation of flow within the watercourse.
 - If riparian vegetation within a certain development results in impacts it should just be mitigated by that development
- The five extended storage areas have volumes between 100,000m³ and 180,000m³ storage and are likely to be prescribed by the NSW Dams Safety Committee
 - The Dam Break Risk of five extended storage area does not appear to have been considered to date. Such large basins are likely to result in a dam break risk to current and future downstream residents which may outweigh the benefits of any attenuation they provide
 - Prescribed Dams are a burden to local Councils and required regular inspections and maintenance to comply with the NSW Dams Safety Committee
 - It is noted that Shellharbour City Council is actively trying to reduce the number of prescribed Dams in their LGA due to this maintained burden.
- The storage areas are not good value for rate payers and future residents as they mitigate an issue that does not exist
 - Capital costs of \$36m are being levied on developers which will be passed on to purchasers of land
 - Maintenance costs into perpetuity of five prescribed dams will have to be borne by Council and passed on to rate payers

Final Recommendations

We strongly urge that IPART recommend Council form and implement a panel for the current and future Draft West Dapto Development Contributions Plans to allow peer review of estimated infrastructure costs. A peer review panel consisting of developers, consultants and contractors who have experience in the Illawarra region and specifically within West Dapto, would provide benefits such as reviewing actual costs that have been provided through recent tender processes on projects of similar scale across the Illawarra (including a more reasonable contingency in line with IPART guidelines). The costs should be reviewed and endorsed by the Panel before these draft amendments are adopted.

Council primarily need to review the Draft Development Contributions Plan 2020 and re-evaluate the levy and fixed rates imbedded in the Plan. These rates are likely to decrease buyer interest in the area and increase housing prices in the West Dapto region making it unaffordable for medium to low income earners.

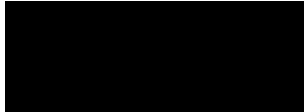
Council should investigate the need for bridges throughout West Dapto, where more cost-effective culverts may suffice for some of the proposed bridges.

Council specifically can remove arterial roads from the Plan and make this the developer's responsibility, work on more proportionately increasing contributions in accordance with necessary infrastructure and services, and revise the total costs for transport infrastructure. Arterial roads should be built to local standards rather than RMS standards, with traffic modelling required to show anticipated traffic levels. The uncapping of developer contributions means that contribution prices and rates can continue to gradually incline. Developers have the potential to lose interest in the West Dapto urban release area, refocusing their attention to a location with less demanding contributions. If caps are not properly managed, this has the potential to impact on development feasibility.

Cardno recommends the Draft Plan 2020 be amended to address the issues as discussed within this letter prior to submission to the Minister.

We would be happy to meet with you to discuss the above submission in further detail.

Yours faithfully,



Peter Moy
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CPENG/NPER

for Cardno (NSW/ACT) Pty Ltd