

Wollongong City Council's Draft West Dapto Contributions Plan



11 October 2016



WHAT

IPART has reviewed the Draft West Dapto Contributions Plan (CP) applying to the West Dapto Urban Release Area that Wollongong City Council (WCC) submitted in March 2016. West Dapto is expected to have around 56,500 residents and up to 8,500 workers by 2070.

A contributions plan sets out a council's estimate of the cost of infrastructure needed to support new development in a specific area, and how contributions to fund the infrastructure will be assessed and collected.

Cost-related recommendations

IPART's assessment of the Draft West Dapto CP shows there is potential for WCC to achieve significant cost savings in the plan.

Our recommendations could, in the short term, scale back the cost of essential works in the plan from \$1.23 billion to around \$937.4 million (in the order of 24%). The plan IPART assessed is a draft, and the council is still refining infrastructure needs and cost estimates.

Most of the infrastructure in the plan is reasonable in terms of nexus (ie, meets the demand arising from the new development) and cost. We recommend WCC remove items not on the essential works list or where nexus has not been shown, and revise some cost estimates for land and capital works in the plan.

We have calculated the net impact of our recommendations in the short term is a reduction of at least \$291.9 million, made up of:

- ▼ \$204.5m for transport land and works
- ▼ \$46.9m for stormwater management
- ▼ \$19.2m for open space, and
- ▼ \$21.3m for community facilities.

Some recommendations cannot be quantified at this stage.

Other key recommendations

In relation to the apportionment of costs in the plan, we identified two aspects where contribution rates could more equitably reflect

the demand for infrastructure, and recommend that WCC consider revising its approach.

- ▼ The rate for non-residential development is set at 10% of the per hectare rate applying to residential development, when each gives rise to a similar level of demand. Applying the same per hectare rate would reduce residential contributions (by 30%) but increase non-residential (by around 530%).
- ▼ Applying a rate based on the actual cost of infrastructure in each stage of development, rather than equally apportioning costs to development across the five stages, would better reflect actual demand.



WHY

The NSW Government caps the amount of contributions that councils can collect from new residential development (\$30,000 per lot for greenfield areas). For eligible plans, councils can apply for funding from the Government to meet the shortfall between the reasonable costs of infrastructure and the capped amount.

IPART has reviewed this plan because cost estimates resulted in maximum contribution rates above the cap, and WCC intends to apply for funding from the NSW Government through the Local Infrastructure Growth Scheme (LIGS).



HOW

IPART assesses plans against criteria set out in the *Revised Local Development Contributions Practice Note – For the assessment of Local Contributions Plans by IPART (2014)*, which include whether infrastructure and its costs are reasonable, and costs are reasonably apportioned.



WHAT NEXT

We have provided our report to the Minister for Planning, who may request the council to amend the contributions plan. The report is available on IPART's website: <http://www.ipart.nsw.gov.au>.