



# Assessment of West Dapto Contributions Plan 2020

**Wollongong City Council**

**Final Report  
Local Government**

**May 2020**



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# Contents

<b>Local Government Committee Members</b>	<b>2</b>
<b>1 Executive summary</b>	<b>5</b>
1.1 Our key findings	6
1.2 List of recommendations	7
1.3 Impact on contribution rates	11
<b>2 Context and approach for this assessment</b>	<b>13</b>
2.1 What are contributions plans?	13
2.2 Why has the council submitted its plan to IPART?	13
2.3 What is the aim of our assessment?	14
2.4 What approach did we use for this assessment?	15
2.5 What happens next?	16
<b>3 Overview of the West Dapto Contributions Plan</b>	<b>17</b>
3.1 Status of the West Dapto CP (2020)	17
3.2 Land and development in the West Dapto Urban Release Area	17
3.3 Cost of land and works	21
3.4 Contribution rates in the West Dapto CP (2020)	21
3.5 The council provided updated and additional information during our assessment	23
<b>4 Transport</b>	<b>25</b>
4.1 Overview of transport works in the West Dapto CP (2020)	26
4.2 Criterion 1: Essential works	29
4.3 Criterion 2: Nexus	29
4.4 Criterion 3: Reasonable cost	34
4.5 Criterion 5: Apportionment	41
<b>5 Stormwater management</b>	<b>44</b>
5.1 Overview of stormwater management works in the West Dapto CP (2020)	46
5.2 Criterion 1: Essential works	48
5.3 Criterion 2: Nexus	48
5.4 Criterion 3: Reasonable cost (works only)	50
5.5 Criterion 5: Apportionment	54
<b>6 Open space</b>	<b>56</b>
6.1 Overview of open space in the West Dapto CP 2020	57
6.2 Criterion 1: Essential works	60
6.3 Criterion 2: Nexus	61
6.4 Criterion 3: Reasonable cost	65
6.5 Criterion 5: Apportionment	68
<b>7 Community services</b>	<b>70</b>
7.1 Overview of community services in West Dapto CP (2020)	70

7.2	Criterion 1: Essential works	73
7.3	Criterion 2: Nexus	73
7.4	Criterion 5: Apportionment	73
<b>8</b>	<b>Plan administration</b>	<b>74</b>
8.1	Criterion 1: Essential works	74
8.2	Criterion 2: Nexus	75
8.3	Criterion 3: Reasonable cost	75
8.4	Criterion 5: Apportionment	75
<b>9</b>	<b>Land costs</b>	<b>77</b>
9.1	Overview of land costs in the West Dapto CP (2020)	78
9.2	Land already acquired or already owned by the council	80
9.3	Land yet to be acquired by the council	82
<b>10</b>	<b>Cross category considerations</b>	<b>87</b>
10.1	Criterion 3: Reasonable cost – indexation of contribution rates	87
10.2	Criterion 4: Timing of infrastructure delivery	88
10.3	Criterion 5: Apportionment across stages in the plan	88
10.4	Criterion 5: Apportionment to development exempt from contributions	91
10.5	Criterion 6: Consultation	92
10.6	Criterion 7: Other matters	93
	<b>Appendices</b>	<b>97</b>
<b>A</b>	<b>Terms of reference</b>	<b>99</b>
<b>B</b>	<b>Assessment against information requirements in the EP&amp;A Regulation</b>	<b>101</b>
<b>C</b>	<b>West Dapto CP (2016) – IPART recommendations and Ministerial advice</b>	<b>103</b>
<b>D</b>	<b>List of submissions to our Draft Report</b>	<b>109</b>

# 1 Executive summary

Wollongong City Council (the council) submitted the Draft West Dapto Contributions Plan 2020 (West Dapto CP (2020)) to IPART for review in October 2019 because the contributions for residential development exceed the \$30,000 per dwelling/lot threshold under the Minister for Planning's *Local Infrastructure Contributions Direction 2012*.<sup>1</sup> The West Dapto CP (2020) is a revised plan, which we previously assessed in 2016. The council has updated the plan and made revisions to address outstanding recommendations made by the Minister for Planning (the Minister) in response to our previous assessment of the plan.

The council provided information during our assessment about stormwater and transport land and works that it had omitted from the plan. We found that nexus is established for these items and recommend that their costs are included in the plan. Including these items would increase the cost of transport land and works by \$1.33 million and stormwater land and works by \$19.93 million.

Our recommendations reduce the total cost of land, works and administration in the plan, from \$972.04 million to \$944.31 million. This equates to a decrease in total costs of \$27.73 million, or 2.9%, relative to the plan submitted to us. Our recommendations to reduce the total costs would also reduce the contribution rates in the plan.

This report sets out our findings and recommendations to the Minister on the amendments required to ensure that the plan reflects the reasonable costs of providing the necessary local infrastructure to accommodate the development of the precinct. This is important to ensure that developers do not pay too much for local infrastructure (if costs are too high) and that other parties, such as a council's ratepayers, do not have to subsidise the new development (if costs are too low).

The West Dapto CP is in its early stages, with development in the West Dapto Urban Release Area (WDURA) expected to occur over approximately 50 years to 2060. As development progresses, the council should update the plan to reflect any changes to planning assumptions and infrastructure requirements and ensure any estimated costs are still reasonable, given its experience in delivering other infrastructure in the area.

Our assessment found that the cost of infrastructure needed by residents in Stage 5 of the WDURA is less than the cost of infrastructure needed in other stages.

We received 20 submissions in response to our Draft Report and have addressed stakeholder feedback in the relevant sections throughout our report. Some submissions raised issues that are outside the scope of our assessment, such as the impact of the end of funding under the NSW Government's Local Infrastructure Growth Scheme (LIGS) in June 2020. Stakeholder submissions to our Draft Report can be found on our website.

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<sup>1</sup> Minister for Planning, *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* (last amended January 2019), cl 6(3) and Sch 2(17) (Ministerial Direction).

## 1.1 Our key findings

We have completed this assessment in accordance with the guidance provided by the Department of Planning, Industry and Environment (DPIE) in its 2019 Practice Note (the Practice Note).<sup>2</sup>

While we found that the cost of land and works in the West Dapto CP (2020) are mostly reasonable, we recommend some changes to these costs, which in aggregate reduce costs in the plan.

### **Land costs in the plan are generally reasonable, except for the cost of land for enhanced stormwater storage areas**

The cost of land in the plan is mostly reasonable, except that some estimated costs should be updated with actual costs, which reduces costs by \$603,754, and nexus is established for \$8.0 million of land associated with additional works which were omitted from the plan. We also recommend a reduction of \$9.92 million to the estimated costs of land for enhanced stormwater storage areas, which we found do not reflect the flood constrained nature of the land to be acquired.

### **Our recommendations mostly impact the cost of works, but we also made recommendations to change the council's approach to apportioning costs**

We recommend a reduction in the cost of transport works of \$37.32 million, which includes a reduction of \$27.26 million to the estimated cost of cycleway paths. We recommend an overall increase in stormwater management works costs of \$11.19 million and an increase in open space embellishment costs of \$1.29 million.

We found that the council's approach to apportionment is mostly reasonable, except:

- ▼ Stormwater management costs should not be multiplied by an adjustment factor, meaning that both residential and non-residential development should pay for stormwater infrastructure in proportion to their share of (unadjusted) development area.
- ▼ The apportionment of costs between the five stages of development is not reasonable. The council should apportion transport, stormwater and plan administration costs between two contributions catchments: Stages 1-4, and Stage 5.

### **Regular review of the plan is important and will ensure the scope and cost of infrastructure reflects the needs of the West Dapto development**

While development has progressed in the WDURA the costs for most infrastructure items are based on estimates that are, in some cases, over 10 years old.

We recommend the council review the plan within the next three years and every three to five years thereafter. This will ensure the plan is updated when the council has a better understanding of the scope and cost of infrastructure works.

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<sup>2</sup> See Department of Planning and Environment, *Local Infrastructure Contributions Practice Note*, January 2019 (Practice Note). We also assessed whether the West Dapto CP (2020) contains information required by the *Environmental Planning and Assessment Regulation 2000*.



## 1.2 List of recommendations

Our recommendations (and the page numbers on which they appear) are listed below. All require action by Wollongong City Council.

### Transport

- 1 Remove the cost of transport infrastructure from the plan if grant funding is secured through the NSW Government's Housing Acceleration Fund (HAF) or other sources. 29
- 2 Increase the cost of transport land by \$382,125 by adding the actual cost of land for three transport projects where a land component was not included in the plan. 29
- 3 Increase the cost of transport works by \$944,191 by adding the cost of part of Iredell Road (NR50) and the intersection of Bong Bong Road and Glenlee Drive, which were omitted from the plan. 29
- 4 Reduce the cost of transport works by an estimated \$10,982,422 by updating cost estimates in the plan for actual expenditure incurred. 34
- 5 Reduce the cost of the cycleway network yet to be completed by \$27,255,864, based on a per linear metre unit rate of \$311, which includes a 15% contingency allowance. 34
- 6 Reduce the cost of the five cycleway bridges by \$21,124 to properly account for indexation to the base period of the plan. 34

### Stormwater

- 7 For the next review of the plan, ensure that the scope and location of stormwater management infrastructure is consistent with the revised flood risk management strategy for the WDURA, which the council expects to complete in 2021. 48
- 8 Include land and works in four additional sub-catchments for which nexus is established, increasing the cost of land by \$7,616,765 and the cost of works by \$12,315,430. 48
- 9 Reduce the contingency allowance applied to detention basins (including wetland areas) from 30% to 25%, reducing the cost in the plan by \$1,260,497. 51
- 10 Amend the cost of three gross pollutant traps (GPTs) based on supplier estimates of infrastructure and installation costs, including a 25% contingency on works and 20% contingency on installation, increasing the cost in the plan by \$137,334, comprising: 51
  - A decrease of \$105,472 for the GPT in sub-catchment 6010
  - An increase of \$87,528 for the GPT in sub-catchment 7140
  - An increase of \$155,278 for the GPT in sub-catchment 4060.
- 11 In the next version of the plan, use updated estimates to provide a more accurate basis for estimating the cost of remaining GPT works. 51

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- |    |   |    |
|----|---|----|
| 12 | Apportion stormwater management costs between residential and non-residential development based on each land use's relative share of (unadjusted) net developable area (NDA). | 55 |
|----|---|----|

### Open space

- |    |   |    |
|----|---|----|
| 13 | For the next review of the plan, ensure that the scope and location of open space land and embellishment reflect the progress of development in the release area and ensure that the plan includes: | 62 |
|    | – Sufficient accessible recreation opportunities for all residents.   |    |
|    | – Sufficient formal recreation facilities (sports grounds) for the release area.  |    |
| 14 | For the next review of the plan, update the cost estimates of all parks to be delivered using more recent actual costs or cost estimates for similar parks.   | 66 |
| 15 | Remove the cost of a consultant study for the Darkes Town Centre sporting facility, reducing the cost in the plan by \$30,000.  | 66 |
| 16 | Apportion 100% of the cost of the Cleveland outdoor sports facility (OS13) to development within the WDURA.   | 68 |

### Plan administration

- |    |   |    |
|----|---|----|
| 17 | Calculate the cost of plan administration for West Dapto CP (2020) based on 1.5% of the adjusted cost of works, which would reduce the cost of plan administration by an estimated \$372,422. | 75 |
|----|---|----|

### Cross-category issues (land)

- |    |   |    |
|----|---|----|
| 18 | Amend the plan to include the agreed acquisition cost or dedication value of all land acquired, including through VPAs, as actual costs, indexed to the base year of the plan. This would decrease the cost in the plan by \$603,754, comprising: | 80 |
|    | – An increase of \$288,559 for transport land   |    |
|    | – A decrease of \$892,313 for stormwater land.  | 80 |
| 19 | Update the estimated cost of land for stormwater basins in areas of the WDURA with adopted neighbourhood plans, based on the relevant underlying zoning and any constraint applying to the land.  | 82 |
| 20 | Reduce the cost of land for enhanced stormwater storage areas by \$9,922,500 to reflect the flood constrained nature of the land.   | 82 |

### Cross-category issues (other)

- |    |   |    |
|----|---|----|
| 21 | For the apportionment of costs across stages, create two separate contribution catchments for the apportionment of transport, stormwater management and plan administration costs: Catchment 1 comprising Stages 1-4 of the release area; and Catchment 2 comprising Stage 5 of the release area. | 89 |
|----|---|----|

- 22 Include land for state schools in the residential NDA and apportion costs to residential development on a per person basis. 92
- 23 Comprehensively review the plan within the next three years to ensure assumptions about the scope, cost and apportionment of works reflect the progress of development in the release area. 93
- 24 Amend the plan to provide that secondary dwellings will be levied contributions at the 0-1 bedroom rate. 94

The impact of our recommendations is presented in Table 1.1 and Table 1.2. More detailed tables on the recommended changes are presented in each of the infrastructure category chapters, and summarised in Appendix A.

**Table 1.1 Summary of recommendations – West Dapto CP (2020) land costs (\$Dec2018)**

	Cost in plan	IPART recommended adjustment	IPART assessed reasonable cost
<b>Transport land</b>	<b>36,195,536</b>		
Include land for three transport items for which nexus is established		382,125	
Update estimated costs in the plan with actual expenditure incurred or agreed through VPAs		288,559	
<b>Total transport</b>		<b>670,684</b>	<b>36,866,220</b>
<b>Stormwater management land</b>	<b>29,302,486</b>		
Include land for four additional stormwater basins for which nexus is established		7,616,765	
Update estimated costs in the plan with actual expenditure incurred or agreed		-892,313	
Reduce the cost of land for enhanced storage areas to reflect flooding constraints		-9,922,500	
<b>Total stormwater management</b>		<b>-3,198,048</b>	<b>26,104,438</b>
<b>Open space land</b>	<b>38,517,247</b>		
<b>Total open space</b>		<b>0</b>	<b>38,517,247</b>
<b>Community services land</b>	<b>1,757,500</b>		
<b>Total community services</b>		<b>0</b>	<b>1,757,500</b>
<b>Total land</b>	<b>105,772,769</b>	<b>-2,527,364</b>	<b>103,245,405</b>

Source: West Dapto CP (2020) Works Schedule and IPART analysis.

**Table 1.2 Summary of recommendations – West Dapto CP (2020) works and plan administration (\$Dec2018)**

	Cost in plan	IPART recommended adjustment	IPART assessed reasonable cost
<b>Transport works</b>	<b>724,771,021</b>		
Reduce the cost of roads if grant funding is received		Not costed	
Add additional costs for part of Iredell Road and the intersection of Bong Bong Road and Glenlee Drive		944,191	
Update estimated costs in the plan with actual expenditure incurred		-10,982,422	
Revise the estimate for cycleways		-27,255,864	
Revise the estimate for cycleway bridges		-21,124	
<b>Total transport</b>		<b>-37,315,219</b>	<b>687,455,802</b>
<b>Stormwater management works</b>	<b>93,111,281</b>		
Include works for four additional stormwater basins for which nexus is established		12,315,430	
Apply a 25% contingency allowance for detention basins		-1,260,497	
Adjust GPT costs and contingencies based on supplier estimates		137,334	
<b>Total stormwater</b>		<b>11,192,267</b>	<b>104,303,548</b>
<b>Open space embellishment</b>	<b>35,584,116</b>		
Remove the cost of the consultant study for the city-wide sports park in Darkes Town Centre		-30,000	
Apportion 100% of the Cleveland facility to the plan instead of 50%		1,324,791	
<b>Total open space</b>		<b>1,294,791</b>	<b>36,878,907</b>
<b>Plan administration</b>	<b>12,801,996</b>		
Reduce administration costs to be 1.5% of the revised cost of works		-372,422	
<b>Total plan administration</b>		<b>-372,422</b>	<b>12,429,574</b>
<b>Total works and administration</b>	<b>866,268,414</b>	<b>-25,200,583</b>	<b>841,067,831</b>

Source: West Dapto CP (2020) Works Schedule and IPART analysis.

### 1.3 Impact on contribution rates

Our recommendations to reduce the cost of land and works in the West Dapto CP (2020) would also reduce the residential and non-residential (commercial) contribution rates in the plan. Our recommendation to apportion stormwater costs evenly based on NDA results in an increase for the non-residential (industrial) contribution rate. Our estimates of the impact on contribution rates are shown in Table 1.3, Table 1.4 and Table 1.5. These tables show the impact of our recommendations on the contribution rates in the plan submitted, but do not show the impact of our recommendation to separately apportion costs between Stages 1-4 and Stage 5.

**Table 1.3 Per person contributions by infrastructure category (\$Dec2018)**

Infrastructure category	Residential per person contributions	IPART-adjusted residential per person contributions	Difference (%)
Transport	12,929	12,306	-4.8
Stormwater management	2,080	2,038	-2.0
Open space	1,290	1,313	1.7
Community facilities	31	31	0.0
Plan administration	218	211	2.9
<b>Total</b>	<b>16,547</b>	<b>15,899</b>	<b>-3.9</b>

**Note:** Contribution rates for non-residential development are levied on a per hectare of NDA basis. The estimated contribution rates do not include the impact of separately apportioning costs between Stages 1-4 and Stage 5.

**Source:** West Dapto CP (2020) p 25 and IPART analysis.

**Table 1.4 Non-residential contributions by infrastructure category (\$Dec2018)**

Infrastructure category	Commercial	IPART-adjusted commercial	Difference – commercial (%)	Industrial	IPART-adjusted industrial	Difference – industrial (%)
Transport	311,899	296,879	-4.8	62,838	59,812	-4.8
Stormwater management	50,174	65,818	31.2	10,108	65,818	551.1
Open space	-	-		-	-	
Community facilities	-	-		-	-	
Plan administration	5,247	5,095	-2.9	1,057	1,026	-2.9
<b>Total</b>	<b>367,320</b>	<b>367,792</b>	<b>-0.1</b>	<b>74,003</b>	<b>126,656</b>	<b>71.1</b>

**Note:** Contribution rates for non-residential development are levied on a per hectare of NDA basis. The estimated contribution rates do not include the impact of separately apportioning costs between Stages 1-4 and Stage 5.

**Source:** West Dapto CP (2020) and IPART analysis.

**Table 1.5 Indicative contributions by dwelling type (\$Dec2018)**

Multi-unit housing	Occupancy rate per dwelling (persons)	Indicative contribution	IPART-adjusted contribution	Difference (\$)	Difference (%)
Subdivision	3.2	52,951	50,876	-2,075	-3.9
Dwelling house, dual occupancy	3.2	52,951	50,876	-2,075	-3.9
Multi-unit housing rate:					
4+ bedroom	2.9	47,987	46,106	-1,880	-3.9
3 bedroom	2.5	41,368	39,747	-1,621	-3.9
2 bedroom	2.2	36,404	34,977	-1,426	-3.9
1 bedroom	1.7	28,130	27,028	-1,102	-3.9

**Source:** West Dapto CP (2020) and IPART analysis.

We asked the council to model the impact of our draft recommendations on apportionment to show the impact on contributions rates in Stage 5 compared with Stages 1-4. The council's analysis, which we have verified against data provided during our assessment, shows the residential contributions rate for Stages 1-4 would increase, whereas the contributions rate for Stage 5 would reduce significantly.<sup>3</sup> This reflects our position that the costs of development are materially different in Stage 5, and that costs should be separately apportioned by stages in the plan.

<sup>3</sup> Wollongong City Council, Submission to Draft Report, 27 March 2020, p 8.

## 2 Context and approach for this assessment

We commenced our assessment of the West Dapto CP (2020) in October 2019. This is the second time we have assessed the West Dapto CP. To provide context for our assessment, the sections below outline:

- ▼ What contributions plans are
- ▼ Why the council submitted the West Dapto CP (2020) for assessment
- ▼ The aim of our assessment
- ▼ Our approach and consultation process for assessment
- ▼ What will happen next.

### 2.1 What are contributions plans?

In NSW, local councils are primarily responsible for providing local or community infrastructure required to meet the additional demand for services and facilities generated by new development in their local government area. Councils can levy developers for local infrastructure contributions to fund the costs of providing this infrastructure.

However, to do so, a council must prepare a contributions plan which sets out:

- ▼ The local infrastructure required to meet the demand associated with development in a specific area
- ▼ The estimated cost of the land, works and administration required to provide this infrastructure
- ▼ The contribution rates for different types of development which the council proposes to levy on developers.<sup>4</sup>

### 2.2 Why has the council submitted its plan to IPART?

IPART assesses contributions plans from councils that propose to levy contributions above \$30,000 per residential lot or dwelling in identified greenfield areas and \$20,000 per residential lot or dwelling in other areas.<sup>5</sup>

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<sup>4</sup> A consent authority may impose a condition under section 7.11 of the *Environmental Planning and Assessment Act 1979* (EP&A Act) only if it is in accordance with a contributions plan (section 7.13). The EP&A Regulation makes provisions for or with respect to the preparation and approval of contributions plans, including the format, structure and subject-matter of plans.

<sup>5</sup> *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012*, as amended.

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Before 1 July 2020, an IPART-reviewed contributions plan entitles the council to levy:

- ▼ For specified transition areas, up to a capped amount (currently \$45,000 in greenfield areas and \$35,000 elsewhere) and apply for Local Infrastructure Growth Scheme (LIGS) funding for the amount of any contribution which is above the cap.
- ▼ For other areas, the full contribution amount.

After 1 July 2020, an IPART-reviewed contributions plan entitles the council to levy the full contribution amount.<sup>6</sup>

The council has submitted the draft plan for IPART's assessment because the contributions for some types of residential development exceed the \$30,000 per lot/dwelling review threshold. The council is currently levying contributions up to the capped amount of \$45,000 for some types of development in the WDURA. From July 2020, the council intends to levy the full amount under the plan.

This is the second time we have assessed the West Dapto CP. In response to our first assessment in 2016 the Minister requested the council amend the plan to address some of our recommendations before adopting it; and requested the council address other recommendations in its next review of the plan.

## **2.3 What is the aim of our assessment?**

Broadly, our assessments are intended to bring greater transparency and accountability to setting local development contributions. More specifically, in conducting the assessment and making our recommendations, we aim to ensure the plan reflects the reasonable costs of providing necessary local infrastructure to support the new development.

If costs in the plan are too high (ie, higher than the reasonable costs of infrastructure with a nexus to the development), developers may pay too much for local infrastructure. On the other hand, if costs in the plan are too low (ie, lower than the reasonable costs of infrastructure with a nexus to the development), then the new development would effectively be subsidised by the council's ratepayers.

Contributions that reflect the reasonable costs of local infrastructure provision are important for reasons of both efficiency and equity. They are necessary to:

- ▼ Signal the costs of developing different areas. This in turn, can assist in ensuring that development occurs where it should (ie, where the benefits of the development are greater than its costs).
- ▼ Ensure that other parties (such as a council's ratepayers) do not have to fund any shortfall between the actual costs of providing local infrastructure and the revenue received from development contributions.

In the case of the West Dapto CP (2020), our assessment recognises that the release area is in the early stages of development, with development planned over a 50-year period. Detailed design and cost estimates for many infrastructure items are not yet available.

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<sup>6</sup> *Environmental Planning and Assessment (Local Infrastructure Contributions) Amendment Direction 2017.*



## 2.4 What approach did we use for this assessment?

In assessing the West Dapto CP (2020) we considered:

- ▼ The criteria set out in the *Local Infrastructure Contributions Practice Note* (Practice Note) issued by DPIE<sup>7</sup>
- ▼ Information and further advice from the council and DPIE on various aspects of the plan.

### 2.4.1 We considered the assessment criteria in the Practice Note

IPART's assessment functions for local infrastructure contributions plans are based on terms of reference (ToR) issued by the Premier under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* (see Appendix A).

As required by these ToR, we have assessed the West Dapto CP (2020) in accordance with the criteria set out in the Practice Note. The criteria require us to assess whether:

1. The public amenities and public services in the plan are on the **essential works list**.
2. The proposed public amenities and public services are reasonable in terms of **nexus**.<sup>8</sup>
3. The proposed development contribution is based on a **reasonable estimate of the cost** of the proposed public amenities and public services.
4. The proposed public amenities and public services can be provided within a **reasonable timeframe**.
5. The proposed development contribution is based on a reasonable **apportionment of costs**.
6. The council has conducted **appropriate community liaison and publicity** in preparing the contributions plan.
7. The plan complies with other matters we consider relevant.

We also assessed whether the plan contains the information required by Clause 27 of the *Environmental Planning and Assessment Regulation 2000*. A summary of our assessment of the West Dapto CP (2020) against these requirements is provided in Appendix B.

### 2.4.2 We considered the Minister's advice on the recommendations from our 2016 assessment of the West Dapto CP (2016)

This is the second time IPART has assessed the West Dapto CP. We completed an assessment of the West Dapto CP (2016) in October 2016, which enabled the council to apply for LIGS funding from the State Government to meet the gap between the contributions cap and the

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<sup>7</sup> Practice Note, January 2019. The January 2019 Practice Note replaces the January 2018 *Practice Note - Local Infrastructure Contributions*. The 2019 revision clarifies the timing of when a council can adopt a contributions plan (particularly where the draft plan proposes a rate above the maximum cap amount in the Direction). The assessment criteria for our review remain the same.

<sup>8</sup> Nexus ensures that there is a connection between the land and facilities in a contributions plan and the demand for them arising from the new development.

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“IPART-assessed” cost of infrastructure in the plan. In September 2017, in response to our 39 recommendations, the Minister requested the council make 31 amendments to the West Dapto CP before the plan was eligible for gap funding, and address eight further recommendations by 30 June 2019 to be eligible to apply for further gap funding after that date.

The West Dapto CP (2020) submitted to IPART for assessment is the first revision of the plan since it came into force in 2017. Our assessment considered how the council has amended the plan to reflect the Minister’s advice.

### **2.4.3 We considered additional information provided by the council**

The West Dapto CP (2020) shows that the council has acquired only a small amount of land and completed very few works in the plan. However, during our assessment, the council provided us with updated actual costs and estimates for land acquisitions and works and identified a small number of transport and stormwater items that it had unintentionally omitted from the plan. We considered this updated information in our assessment.

### **2.4.4 We considered the council’s approach to apportioning costs across the five stages of the WDURA**

The council has apportioned the costs of the plan evenly across the five stages of the WDURA. That is, the council has not distinguished between the five stages of the entire development area when apportioning costs.

In contrast, we have recommended that the plan is separated into two catchments for the purpose of apportioning costs: Stages 1 to 4, and Stage 5. That is, the council should separately apportion costs for transport, stormwater and plan administration to Stage 5.

Our recommendation recognises both the different approach to funding (for stormwater) and the different costs of development between areas within the WDURA (driven by transport costs). It also seeks to balance the ‘impactor’ or beneficiary’ pays principles with the practicalities of implementing differential contribution rates.

The final apportionment of costs within Stage 5 should be based on the location of stormwater infrastructure, and on transport modelling.

Our recommendation to apportion costs separately to Stage 5 would result in a significantly lower contribution rate in Stage 5.

Our consideration of the apportionment of costs across the plan is discussed further in Chapter 10.

## **2.5 What happens next?**

The Minister, or Minister’s delegate will consider our assessments and, if appropriate, request the council to amend the contributions plan. Once the council has made any amendments requested by the Minister, the plan becomes an IPART-reviewed plan and the council may levy contributions in accordance with the adopted plan.

## 3 Overview of the West Dapto Contributions Plan

The West Dapto CP (2020) covers the WDURA, which is located south west of Wollongong, near Lake Illawarra. The WDURA has almost 2,000 hectares of developable land and encompasses an established suburb (Horsley), recently released sub-divisions, re-zoned but undeveloped land and unzoned rural areas.

This chapter provides information about the plan that has been submitted to IPART, including the cost of infrastructure and contribution rates and the proposed development to which the adopted plan will apply. It also summarises updated information submitted by the council during our assessment.

### 3.1 Status of the West Dapto CP (2020)

Wollongong City Council exhibited the draft plan between 29 June 2019 and 2 August 2019. The council has not yet adopted the revised plan. The West Dapto CP (2020), once adopted, will replace the plan that was previously assessed by IPART in 2016 and adopted by the council in 2017.<sup>9</sup>

This revised plan submitted to IPART is intended to address outstanding amendments requested by the Minister in response to our 2016 assessment of the plan.

### 3.2 Land and development in the West Dapto Urban Release Area

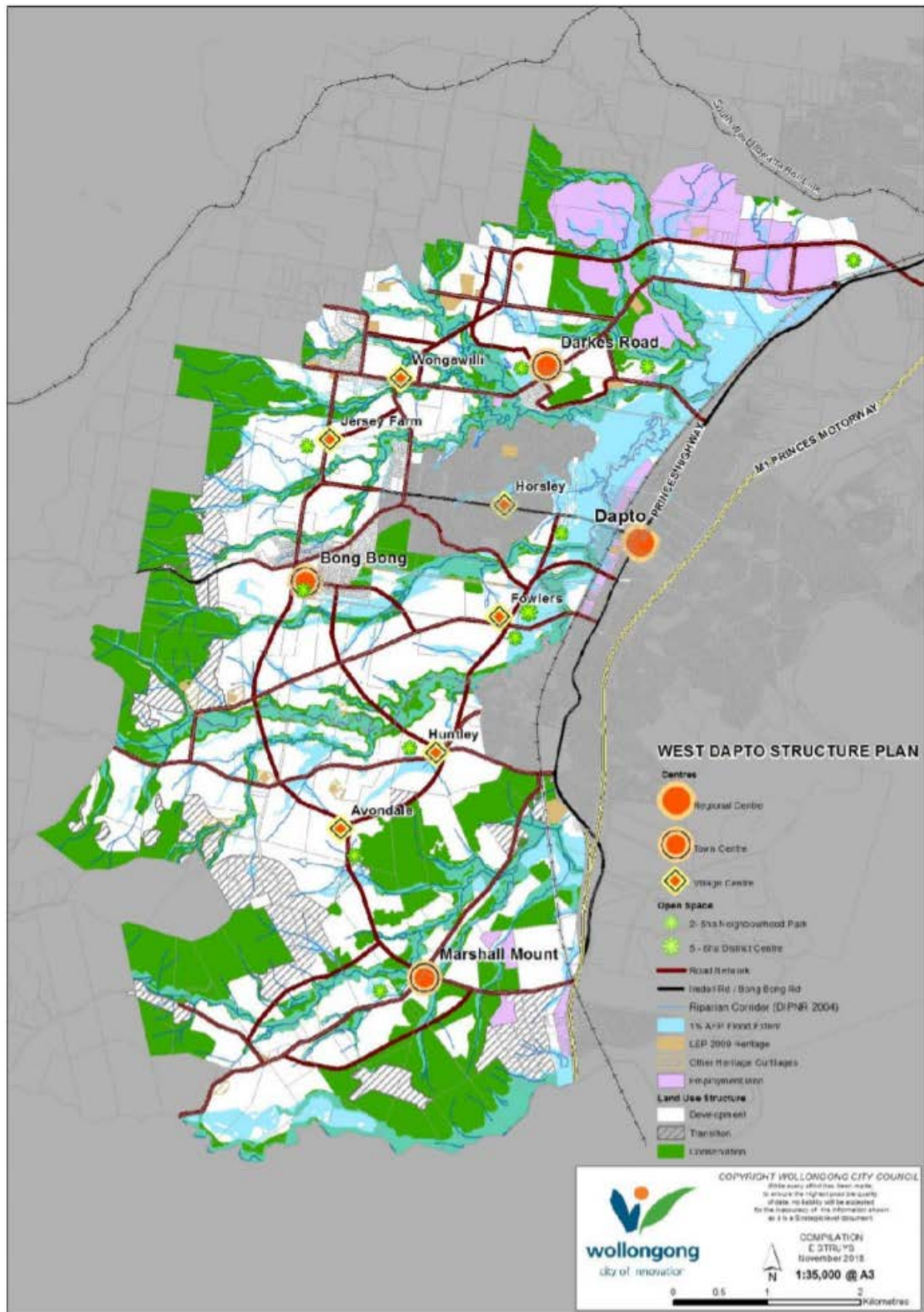
The WDURA is notionally split into five stages, with some parts of Stages 1 and 2 rezoned for urban development in 2010. Some areas covered by the plan are yet to be rezoned.

Figure 3.1 shows the West Dapto Structure Plan, highlighting the existing and planned centres and the locations of open space and road infrastructure. Figure 3.2 shows the boundaries of the WDURA and the area's staging plan.

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<sup>9</sup> The council exhibited and adopted a minor amendment to the plan in 2019 to update wording and legislative references but did not change the scope or cost of works in the plan. This plan was not assessed by IPART.

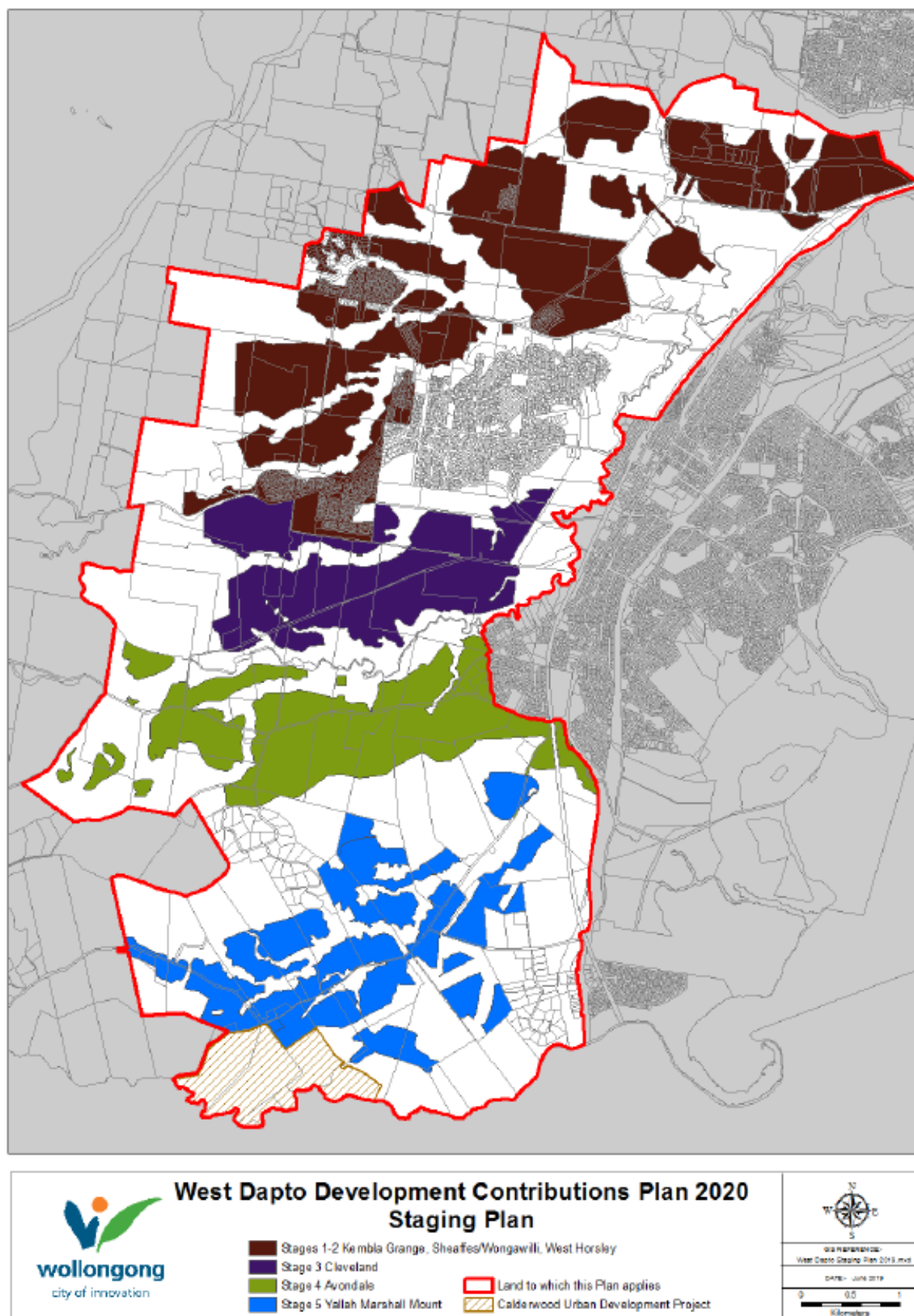
**Figure 3.1 Land to which the West Dapto CP (2020) applies**



**Source:** Wollongong City Council, *Wollongong Development Control Plan 2009* – as amended August 2019.



**Figure 3.2 West Dapto Release Area Staging Plan**



Source: West Dapto CP (2020), p 20.

The WDURA will primarily accommodate low density residential development, typical of a greenfield release area. The council expects 19,794 new dwellings and an additional 57,433 people when the release area is fully developed (Table 3.1).<sup>10</sup> The council expects development will occur over approximately 50 years (between 2010 and 2060). To date, all development has occurred in Stages 1-2. As at July 2019, the council has issued Development Consents for 1,839 individual lots and Subdivision Certificates for 1,517 lots.

**Table 3.1 Expected residential population by stage of development**

Stage	Actual	Forecast				Total
	2010/11 – 2017/18	2018/19 – 2027/28	2028/29 – 2037/38	2038/39 – 2047/48	2049/50 – 2057/58	2010/11 – 2057/58
Stage 1 and 2	3,119	9,450	3,894	1,950	0	18,413
Stage 3	0	4,071	3,772	5,577	589	14,009
Stage 4	0	1,149	3,111	3,525	4,866	12,651
Stage 5	0	1,889	4,120	3,850	2,501	12,360
<b>Total</b>	<b>3,119</b>	<b>16,559</b>	<b>14,902</b>	<b>14,902</b>	<b>7,956</b>	<b>57,433</b>

Source: West Dapto CP (2020), p 16.

The council also expects development in the WDURA to include over 200 hectares of commercial and industrial development. Table 3.2 shows the quantity and location of non-residential land expected to be developed between 2010 and 2060.

**Table 3.2 Non-residential development assumptions – hectares**

Land zone	Stages 1-2	Stage 3	Stage 4	Stage 5	Total
Commercial	9.21	6.20	4.12	3.16	22.69
Industrial & other	174.36	0	0	6.08	180.44
<b>Total</b>	<b>183.57</b>	<b>6.20</b>	<b>4.12</b>	<b>9.24</b>	<b>203.13</b>

Source: West Dapto CP (2020), Table 6, p 17.

The West Dapto CP (2020) applies to the following development within the WDURA:

- ▼ Residential development, including the subdivision of land and/or the construction of any type of residential accommodation
- ▼ Non-residential development, including the subdivision of land and/or the construction of any non-residential development, including for commercial and industrial uses
- ▼ Mixed use development. Where the development includes both a residential and non-residential component, the contribution will be levied based on the individual uses and both a residential and non-residential contribution will apply.<sup>11</sup>

<sup>10</sup> The West Dapto CP (2020) assumes a slightly higher population (57,433) and dwelling yield (19,974) than the West Dapto CP (2017) and council's *West Dapto Vision* document. The latter two documents assumed a population of 56,579 and 19,543 dwellings.

<sup>11</sup> West Dapto CP (2020), section 2.9, p 8.

### 3.3 Cost of land and works

The total cost of land, works and plan administration in the West Dapto CP (2020) is \$972.04 million (\$Dec2018), comprising:

- ▼ \$105.77 million (10.9%) for the acquisition of land for local infrastructure
- ▼ \$853.47 million (87.8%) for local infrastructure works
- ▼ \$12.80 million (1.3%) for plan preparation and administration.<sup>12</sup>

Table 3.3 provides a breakdown of costs in the West Dapto CP (2020) by infrastructure category.

**Table 3.3 Cost of land and works in the plan (\$Dec2018)**

Infrastructure category	Land	Works	Administration	Total
Transport	36,195,536	724,771,021	-	<b>760,966,557</b>
Stormwater management	29,302,486	93,111,281	-	<b>122,413,767</b>
Open space	38,517,247	35,584,116	-	<b>74,101,363</b>
Community facilities	1,757,500	-	-	<b>1,757,500</b>
Plan administration	-	-	12,801,996	<b>12,801,996</b>
<b>Total</b>	<b>105,772,769</b>	<b>853,466,418</b>	<b>12,801,996</b>	<b>972,041,183</b>

Source: West Dapto CP (2020), p 5.

### 3.4 Contribution rates in the West Dapto CP (2020)

Once IPART reviews the contributions plan and the council responds to any changes requested by the Minister, the council can levy residential development:

- ▼ Until 30 June 2020 – up to \$45,000 and apply for Local Infrastructure Growth Scheme (LIGS) funding for the amount of any residential contribution which is above the cap
- ▼ From 1 July 2020 – the full contribution amount.

#### 3.4.1 Contributions are levied on a per person or net developable area basis

The West Dapto CP (2020) calculates contributions for residential development on a per person basis and for non-residential development on a net developable area (NDA) basis.

The council intends to levy non-residential development for a contribution towards transport, stormwater and plan administration costs. To arrive at a contribution rate for non-residential development, the council calculates an 'adjusted land area' by applying 'adjustment factors' which recognise the varied demand or need created for infrastructure by the type of development. The council notes that:

<sup>12</sup> West Dapto CP (2020) Works Schedule.

To recognise the varying levels of land intensification and demand on infrastructure it is considered reasonable to adjust the land area when calculating the apportionment. A rate of 100% for residential 75% for commercial and 15% for industrial has been applied.<sup>13</sup>

Table 3.4 shows how costs are apportioned between residential, commercial and industrial developments based on this approach. The implication of this approach is that residential development, which is expected to represent 89.8% of total land area, bears 97.6% of transport, stormwater and plan administration costs. On the other hand, commercial and industrial land uses are apportioned a smaller share of costs relative to their expected share of land area.

**Table 3.4 Apportionment between residential and non-residential land uses**

Land use	Total land area (ha)	Share of total land area (%)	Adjustment factor	Adjusted land area (ha)	Apportionment of costs (%)
Residential	1,778.22	89.8	1	1,778.22	97.6
Commercial	22.69	1.2	0.75	17.02	0.9
Industrial and other	180.44	9.1	0.15	27.07	1.5
<b>Total</b>	<b>1,981.35</b>	<b>100</b>		<b>1,822.31</b>	<b>100</b>

**Note:** Total may not equal to sum due to rounding.

**Source:** West Dapto CP (2020), Table 7, IPART analysis.

Table 3.5 shows the contribution rates for residential and non-residential development by infrastructure category in the West Dapto CP (2020). The apportionment factors account for the difference in per hectare contribution rates for commercial and industrial land uses.

**Table 3.5 Contribution rates by infrastructure category (\$Dec2018)**

Category	Residential (\$ per person)	Commercial (\$ per ha of NDA)	Industrial (\$ per ha of NDA)
Transport	12,929	311,899	62,838
Stormwater management	2,080	50,174	10,108
Open space	1,290	-	-
Community facilities	31	-	-
Plan administration	217	5,247	1,057
<b>Total</b>	<b>16,547</b>	<b>367,320</b>	<b>74,003</b>

**Source:** West Dapto CP (2020) Works Schedule.

### 3.4.2 Indicative residential contributions

Indicative contributions for residential developments are based on the council's assumed occupancy rates for various sized dwellings. Table 3.6 lists the indicative contributions for the different lot and dwelling types, as set out in the West Dapto CP (2020).

<sup>13</sup> West Dapto CP (2020), p 17.



**Table 3.6 Indicative residential contributions per lot and dwelling (\$Dec2018)**

Type of residential development	Occupants per dwelling (persons)	Indicative contribution
Subdivision	3.2	52,951
Dwelling house, dual occupancy	3.2	52,951
<b>Multi-unit housing:</b>		
4+bedrooms	2.9	47,987
3 bedrooms	2.5	41,368
2 bedrooms	2.2	36,404
0-1 bedrooms	1.7	28,130

**Source:** West Dapto CP (2020), Works Schedule

### 3.4.3 Credits and exemptions

In accordance with the plan, the council intends to provide credit for existing development in limited circumstances. The plan gives the example of a dual occupancy on an existing lot being granted credit (ie, exemption from a contribution) for one, but not both of the dwellings.<sup>14</sup>

## 3.5 The council provided updated and additional information during our assessment

During our assessment we identified a number of instances where the council had completed projects, but had not updated the estimated costs in the plan with actual costs. In December 2019 we placed our assessment on hold awaiting the additional information we needed from the council to complete our assessment.

The council provided us with additional information in late December that included:

- ▼ Updated actual costs for completed and partially completed transport projects
- ▼ Updated actual land costs for transport and stormwater items
- ▼ Actual costs for one additional road segment and one intersection which were not included in the plan
- ▼ Estimated and actual costs of land and works for four additional detention basins (including wetland areas and Gross Pollutant Traps (GPTs)), which were not included in the plan
- ▼ Updated information about council owned operational land.

Our Draft Report published in February 2020 gave stakeholders an opportunity to comment on the council's additional information.

Table 3.7 sets out the total costs in the plan compared with the revised information from the council. In aggregate, the total costs in the plan increase with the additional information.

<sup>14</sup> West Dapto CP (2020), p 11.

**Table 3.7 Comparison of additional information with plan submitted (\$Dec2018)**

	Plan submitted	Plan including additional information		
	Total	Actual costs	Estimated costs	Total
Transport	760,966,557	39,150,924	712,345,156	751,496,079
Stormwater management	122,413,767	242,178	142,568,651	142,810,829
Open space	74,101,363	6,485,059	67,616,304	74,101,363
Community facilities	1,757,500	0	1,757,500	1,757,500
Plan administration	12,801,996	0	12,801,996	12,801,996
<b>Total</b>	<b>972,041,183</b>	<b>45,878,161</b>	<b>955,798,932</b>	<b>982,967,768</b>

**Note:** Actual costs in the plan submitted are \$3,231,146 for transport and \$6,485,059 for open space.

**Source:** West Dapto CP (2020) Works Schedule, Information from Wollongong City Council, 24 December 2019, IPART analysis.

While it is preferable that councils include all relevant infrastructure and up-to-date costing information in the plan that is publicly exhibited and submitted for IPART's assessment, we consider that, in this instance, all the additional information provided by the council is relevant to our assessment. Further analysis of the additional information is provided in relevant chapters in the rest of this report.

## 4 Transport

The total cost of transport land and works in the West Dapto CP (2020) is \$760.97 million (78.3% of total costs), comprising:

- ▼ \$36.20 million for land (34.2% of the total cost of *land*)
- ▼ \$724.77 million for works (84.9% of the total cost of *works*).

Our assessment of the transport land and works in the West Dapto CP (2020) is:

- ▼ **Criterion 1: Essential works** – The land and works are consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – There is nexus between the transport land and works in the plan and development in the WDURA. The council is waiting on confirmation of grant funding for two roads; the value of any grant funding should be deducted from the plan if funding is secured. Further, nexus is established for two transport works items and land for three transport items which the council identified through our assessment process.
- ▼ **Criterion 3: Reasonable cost** – The council's approach to estimating the cost of transport works in the plan is mostly reasonable, except for:
  - Some projects where actual expenditure has been incurred
  - Cycleways
  - Cycleway bridges.
- ▼ **Criterion 5: Apportionment** – The council's approach to apportioning costs for residential development on a per person basis is reasonable; its approach to apportioning costs between residential and non-residential development is also reasonable.

Our assessment of land for transport against **Criterion 3 (Reasonable cost)** is in Chapter 9.

Based on our findings, we recommend adjustments to the plan we estimate would reduce the cost of transport land and works costs by \$37,177,749 (4.9%). Our findings and recommendations are summarised in Table 4.1. This includes our findings and recommended adjustments on land costs.

**Table 4.1 IPART-recommended adjustments for transport (\$Dec2018)**

Criterion	Finding	Recommendation	Land	Works
<b>Total costs in plan</b>			<b>36,195,536</b>	<b>724,771,021</b>
<b>Essential works</b>	All land and works in the plan are consistent with the essential works list			
<b>Nexus</b>	Nexus is established for the land and works in the plan			
	Some roads are being considered for funding through other sources	Remove the cost of grant funding if it is approved before adopting the plan		Not costed
	Additional land acquisitions were required for three transport items which have a works component in the plan	Include land for three transport items for which nexus is established	382,125	
	Some infrastructure items were omitted from the plan	Include costs for part of Iredell Road and the intersection of Bong Bong Road and Glenlee Drive		944,191
<b>Reasonable cost – Land</b>	The cost of land is mostly reasonable			
	Some estimated costs have not been updated with actual expenditure	Update estimated costs with actual expenditure incurred	288,559	
<b>Reasonable cost – Works</b>	The cost of works is mostly reasonable			
	Some estimated costs have not been updated with actual expenditure	Update estimated costs with actual expenditure incurred		-10,982,422
	Cycleway costs based on the IPART benchmark are too high	Revise the estimate for cycleways		-27,255,864
	There is an error in how the council has indexed the costs for cycleway bridges	Revise the estimate for cycleway bridges		-21,124
<b>Apportionment</b>	Approach is reasonable			
<b>Total IPART-recommended cost adjustment</b>			<b>670,684</b>	<b>-37,315,219</b>
<b>Total IPART-assessed reasonable cost</b>			<b>36,866,220</b>	<b>687,455,802</b>

Source: West Dapto CP (2020) Works Schedule, IPART analysis.

## 4.1 Overview of transport works in the West Dapto CP (2020)

The existing transport network in the WDURA comprises mostly rural roads, with the exception of the existing suburb of Horsley which has an urban standard road network.

Development of the WDURA will require new and upgraded roads, bridges and intersections, as well as additional bus stops and an integrated cycleway network. Transport works comprise around 85% of works costs in the West Dapto CP (2020). The high cost of transport works reflects the heavily constrained nature of the release area, with the council proposing elevated roads and bridges for flood-accessible routes.

Table 4.2 shows the cost of transport land and works in the plan, and Figure 4.1 shows the location of transport infrastructure in the WDURA.

**Table 4.2 Transport land and works in the West Dapto CP (2020) (\$Dec2018)**

Item	Cost of land	Cost of works	Total cost
New roads	25,332,527	165,707,842	191,040,369
Upgrades to existing roads	8,737,150	153,286,960	162,024,110
Road bridges	1,810,972	316,539,221	318,350,193
Road intersections <sup>a b</sup>	0	41,564,573	41,564,573
Bus shelters and kiosks	0	5,649,390	5,649,390
Shared paths/cycleways	314,889	40,372,308	40,687,197
Cycleway bridges	0	1,650,729	1,650,729
<b>Total</b>	<b>36,195,536</b>	<b>724,771,021</b>	<b>760,966,557</b>

**a** Intersections include priority controlled intersections, roundabouts and traffic signals.

**b** Intersections are separately costed in the plan, but they do not include a land component as the land acquisition is included with the corresponding road.

**Source:** West Dapto CP (2020) Works Schedule.

Through our assessment we identified a number of transport projects which are complete, or partially complete, where the council had not updated the estimated costs in the plan with actual expenditure. Our analysis of the council's actual expenditure is presented in section 4.4.1.

In updating the plan with actual expenditure for completed projects, the council identified two transport works items, including a road segment and an intersection, which it had excluded from the plan. We discuss nexus for these works further in section 4.3.3.

The council also identified three instances where land was acquired to complete transport projects, but a land component was not identified in the plan. We consider nexus is established for these land acquisitions and discuss this further in section 4.3.3.

[illegible]

**Source:** Wollongong City Council, Wollongong Development Control Plan (DCP) 2009, Chapter D16: West Dapto Release Area, Figure 7.9 Cycleway network p 52 – amended December 2018.



## 4.2 Criterion 1: Essential works

The items of transport infrastructure in the West Dapto CP (2020) are set out in Table 4.3. All land and works for transport in the West Dapto CP (2020) are consistent with the essential works list in the Practice Note.<sup>15</sup>

There are land acquisitions associated with most transport infrastructure items.

**Table 4.3 Transport works items in the West Dapto CP (2020)**

Items on the essential works list	
▼ New and upgraded roads	▼ Bus shelters and kiosk
▼ Road bridges	▼ Cycleways
▼ Cycleway bridges	▼ New and upgraded intersections

## 4.3 Criterion 2: Nexus

Our assessment is that nexus is established for all transport land and works in the plan.

We note, however, that most stakeholder submissions to our Draft Report call for an independent review of nexus for the transport network in the West Dapto CP (2020).

The council has outstanding grant funding applications for two roads. If the council's applications are successful before finalising the plan, it should remove those costs from the plan.

During our assessment the council identified additional transport items that have been delivered by developers who have received credit for the works through planning agreements. We consider nexus is established for these additional transport works.

The council also identified three instances where land was acquired to complete transport projects that are identified in the plan, but do not include an estimated cost for the land. We consider nexus is established for these additional land acquisitions.

### Recommendations

- 1 Remove the cost of transport infrastructure from the plan if grant funding is secured through the NSW Government's Housing Acceleration Fund (HAF) or other sources.
- 2 Increase the cost of transport land by \$382,125 by adding the actual cost of land for three transport projects where a land component was not included in the plan.
- 3 Increase the cost of transport works by \$944,191 by adding the cost of part of Iredell Road (NR50) and the intersection of Bong Bong Road and Glenlee Drive, which were omitted from the plan.

<sup>15</sup> Department of Planning & Environment, *Local Infrastructure Contributions Practice Note*, January 2019.

### 4.3.1 Technical studies that establish nexus are unchanged from our last assessment of the plan

The technical studies relied upon by the council to establish nexus for transport infrastructure are unchanged from those used in the West Dapto CP (2016). For our assessment of the West Dapto CP (2016) we engaged transport consultants ARRB Group Ltd (ARRB) to review nexus for transport infrastructure. ARRB found that nexus was established for most transport works based on the studies listed in Table 4.4.

**Table 4.4 Technical studies for transport works in the West Dapto CP (2020)**

Author	Title	Date
GHD	<i>Infrastructure &amp; Financial / Economic Assessment Report</i>	April 2006
Kellogg Brown & Root	<i>Transport Management and Access Plan, Stage 2 Study - Final Report</i>	March 2007
Connell Wagner	<i>West Dapto T-Map Extension Study</i>	October 2008
Urbanhorizon	<i>West Dapto Masterplan Traffic &amp; Transport Review, Final Report</i>	November 2008
Cardno	West Dapto Release Area Access Review, Investigation of Alternative Transport Access Options	November 2008
Urbanhorizon	<i>Peer Review – Traffic &amp; Transport Report, Northrop</i>	November 2008
Cardno	<i>West Dapto Transport Link Review, Review and Cost Estimates for Alternative, Low Cost Options</i>	November 2009
GHD	<i>Road Infrastructure (Section 94) Estimates Review</i>	February 2010
AECOM	<i>West Dapto Urban Release Area – Integrated Transport Plan</i>	October 2010
Wollongong City Council	<i>West Dapto Urban Release Area Stages 1 &amp; 2 – Road Network Infrastructure Needs Study – Traffic Modelling &amp; Analysis</i>	October 2010
Wollongong City Council	<i>Yallah-Marshall Mount Precinct Structure Plan and Draft Planning Proposal</i>	March 2015
SMEC	<i>Marshall Mount and Yallah Road Upgrade – Strategic Concept Design</i>	August 2015
Wollongong City Council	<i>TRACKS Land Use/Transport models</i>	

**Note:** Most of the technical studies were commissioned by Wollongong City Council, with some of the earlier studies commissioned by the Growth Centres Commission.

**Source:** Wollongong City Council, Application to IPART, August 2019.

The contributions plan also relies on the council's LGA-wide traffic model, which was used to establish the required road hierarchy to service the future population of West Dapto and adjoining release areas.<sup>16</sup> This model also informs nexus and apportionment of costs for transport infrastructure in the plan.

Since our 2016 assessment, the council has updated some transport items to reflect the revised Structure Plan and West Dapto Vision 2018 document. It has also:

- ▼ Revised the number of bus shelters in the plan from 214 to 218

<sup>16</sup> The council uses a transport planning program called TRACKS which is a third-party transport planning package used to assist the analysis and interpretation of land use and transport planning problems.



- ▼ Included five additional cycleway bridges.<sup>17</sup>

We consider our 2016 assessment findings, which were based on ARRB's advice, are still relevant given the location and scope of works remain largely unchanged. Where changes have been made, they reflect the progress of planning for the release area.

#### **4.3.2 Nexus is established for transport infrastructure where the scope changed**

Since our 2016 assessment, the council has updated some transport items to reflect the revised Structure Plan and the West Dapto Vision 2018 document. Changes include:

- ▼ Extension of Northcliffe Drive along existing Reddalls Road to connect with West Dapto Road just east of the intersection with Shone Avenue.
- ▼ Removal of North-South Link Road, between Darkes Road and Bong Bong Road (West Dapto CP (2020) road sections NR19 and NR20).
- ▼ Realignment of Hayes Land / Jersey Farm Road Link to the north-east to join Shone Avenue.
- ▼ Realignment of the proposed new road between Cleveland Road and Brooks Reach Road.<sup>18</sup>

The West Dapto Vision 2018 explains that these refinements reflect further analysis by the council and consideration of new neighbourhood plans and development applications, as well as the consolidation of town and village centres.<sup>19</sup> In aggregate, the changes appear to slightly reduce the total cost of transport infrastructure in the plan.<sup>20</sup>

We consider nexus is established for these changes as they appear to be consistent with the progress of development in the release area. We also note that the council consulted stakeholders on the proposed changes through the exhibition of the West Dapto CP (2020) and the West Dapto Vision 2018 document.

#### **4.3.3 The council is seeking grant funding for two roads**

The council has applied for partial funding of two roads in the plan through the NSW Government's Housing Acceleration Fund (HAF). The roads are:

- ▼ West Dapto Road Upgrade (HAF amount sought: \$25,500,000)
- ▼ Cleveland Road Upgrade (HAF amount sought: \$20,000,000).

The council intends to remove the partial cost of these roads from the plan if and when the grant funding is received. DPIE, which administers the fund, has advised that both roads are still being considered for funding. A decision on the upgrade of West Dapto Road may be finalised before the council adopts its revised plan.<sup>21</sup>

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<sup>17</sup> West Dapto CP (2020), Works Schedule and West Dapto CP (2020), p 31.

<sup>18</sup> Wollongong City Council, Business Papers, 24 September 2019, p 101.

<sup>19</sup> Wollongong City Council, *West Dapto Vision Document*, December 2018, p 11.

<sup>20</sup> West Dapto CP (2020) Works Schedule.

<sup>21</sup> Information from DPIE, 28 October 2019 & 22 January 2020.

We recommend the council removes the value of any grant (HAF) funding for these roads from the plan if the council is successful in its application.

We have not included the impact of this recommendation in our calculations of total costs or contributions rates.

#### 4.3.4 Inclusion of additional transport land and works identified by the council is reasonable

During our assessment, the council identified additional transport works that were unintentionally omitted from the plan (see Table 4.5). There is no land associated with these works.

**Table 4.5 Transport items omitted from the plan (\$Dec2018)**

Road transport item	Actual cost of works
Intersection of Bong Bong Road and Glenlee Drive <sup>a</sup>	745,865
Iredell Road (NR50) <sup>b</sup>	198,326
<b>Total Cost</b>	<b>944,191</b>

<sup>a</sup> Delivered through works in kind agreement (Stockland's Planning Agreement dated 30/6/17)

<sup>b</sup> Delivered through works in kind agreement (Alkira Planning Agreement dated 30/6/2016)

**Note:** Works costs have been indexed to the base period of the plan

**Source:** Information from Wollongong City Council, 16 January 2020

We consider nexus is established for these works:

- ▼ We assessed nexus for the road segment NR50 on Iredell Road during our 2016 assessment
- ▼ The upgrade of the intersection of Bong Bong Road and Glenlee Drive is necessary for the upgrade of Bong Bong Road, which is identified in the technical studies.

The council also provided additional information about land costs associated with three transport items listed in Table 4.6. Each transport item was included in the plan with a works component only, but the council advised that land acquisitions were required to deliver the works.

**Table 4.6 Land for transport items omitted from the plan (\$Dec2018)**

Road transport item	Actual cost of land
West Dapto Road Rail Crossing (Int 11)	6,175
Intersection (Int 25) on Shone Avenue	28,774
Road (F3), bridge (B38) and Intersection (Int 32) works on Fairwater Drive	347,177
<b>Total</b>	<b>382,125</b>

**Note:** Costs have been indexed to the base period of the plan

**Source:** Information from Wollongong City Council, 16 January 2020 and 14 February 2020

We consider nexus is established for these additional land acquisitions because they are required to facilitate transport projects which were identified in the technical studies.

#### **4.3.5 Increased number of bus shelters is reasonable**

The council has revised the number of bus shelters required for the WDURA. In our 2016 assessment we recommended:

- 10 WCC review the number of bus stops needed for unidirectional services with a view to reducing the number and costs in the Draft West Dapto CP.

In response to our recommendation, the council has reviewed the number of bus stops required and identified a need to increase the number from 214 to 218.<sup>22</sup>

The proposed number of bus stops reflects a spacing of around 400 metres between stops, which is consistent with NSW Government guidance for greenfield developments.<sup>23</sup> We consider the council's proposal for 218 bus shelters is reasonable.

#### **4.3.6 Inclusion of cycleway bridges is reasonable**

The council has included five cycleway bridges in the plan, which it has identified as necessary to deliver the region's integrated cycleway network.

The cycleway bridges are not included in the technical/demand studies, but the council considers they are necessary and that their provision reflects the principles outlined in the West Dapto Vision 2018 document.

We consider nexus is established for the five cycleway bridges in the plan.

#### **4.3.7 Some of the council's technical studies are over ten years old**

Planning for the release area's transport needs predates the first West Dapto CP, which was adopted in 2010. The council led planning for the region, with the then NSW Growth Centres Commission reviewing the council's planning and technical documents in 2008, before rezoning occurred. The West Dapto CP (2020) relies on a number of studies commissioned by the council and the NSW Growth Centres Commission that are now more than 10 years old.

We consider these technical studies are still relevant for establishing nexus, despite the time that has elapsed since planning for the region began. The council appears to be proactive in updating and internally reviewing the transport needs of the region and reflecting changes through the Structure Plan and Development Control Plan when new information is available. We consider the council's approach to transport planning in the WDURA is reasonable.

#### **4.3.8 Many stakeholders called for an independent review of the transport network**

Many stakeholder submissions in response to our Draft Report call for the council to engage an independent consultant to review nexus for transport works in the plan.<sup>24</sup>

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<sup>22</sup> West Dapto CP (2020), p 31.

<sup>23</sup> Transport for NSW, *Guidelines for Public Transport Capable Infrastructure in Greenfield Sites*, July 2018.

<sup>24</sup> All submissions from landowners/individuals, developers and industry groups called for this recommendation.

Stakeholders raised concerns with the scope and number of transport projects in the plan, including for roads,<sup>25</sup> bridges<sup>26</sup> and signalised intersections.<sup>27</sup> For example, Cardno provided detailed information about bridge lengths in Yallah-Marshall Mount (Stage 5). Stakeholders raised similar concerns through the public exhibition of the plan. We considered all information in stakeholder submissions and the council's responses to some of the detailed comments made by stakeholders, but have not made an additional recommendation.

We consider the transport network has already been independently assessed and that nexus is established by the technical studies. In addition, we engaged ARRB to conduct an independent assessment of nexus and cost for transport land and works in the plan for our 2016 review.

In preparing the contributions plan, the council considered the road network layout (including bridges and intersections) in the context of proposed and delivered neighbourhood plans, and made minor changes to the layout as required.

While we found that nexus is established for the transport works in the plan, the council should still pursue opportunities to minimise costs and seek efficient ways to deliver infrastructure in the WDURA. The council should consider how it can engage with developers and other stakeholders over the life of the plan to identify opportunities to reduce costs. Ideally, councils should release all non-commercially sensitive planning and technical studies which inform the scope and cost of infrastructure in the plan. Access to this information would allow stakeholders to better engage with the plan.

#### 4.4 Criterion 3: Reasonable cost

The total cost of transport works in the West Dapto CP (2020) is \$724.77 million (84.9% of the total cost of works).

We found that the transport works costs in the plan are mostly reasonable, with the exception of the cost of cycleway/shared paths and cycleway bridges. We also identified a number of instances where cost estimates in the plan should be updated to reflect actual expenditure.

##### Recommendations

- 4 Reduce the cost of transport works by an estimated \$10,982,422 by updating cost estimates in the plan for actual expenditure incurred.
- 5 Reduce the cost of the cycleway network yet to be completed by \$27,255,864, based on a per linear metre unit rate of \$311, which includes a 15% contingency allowance.
- 6 Reduce the cost of the five cycleway bridges by \$21,124 to properly account for indexation to the base period of the plan.

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<sup>25</sup> Multiple submissions including: Malcom Group, Submission to Draft Report, 24 March 2020; M. Thomas, Submission to Draft Report, 25 March 2020.

<sup>26</sup> Cardno, Submission to Draft Report, 27 March 2020.

<sup>27</sup> Multiple submissions including: UDIA, Submission to Draft Report, 27 March 2020; Fountaindale Group, Submission to Draft Report, 17 March 2020.

#### 4.4.1 The council's approaches to estimating costs of transport works are mostly reasonable

For our 2016 review of the plan we engaged transport consultants ARRB to review the reasonable cost of transport infrastructure. ARRB identified a number of issues with the council's approach to estimating the cost of infrastructure, which resulted in recommended cost reductions for:

- ▼ Existing road upgrades, due to lower recommended unit rates and a lower contingency allowance for Fowlers Road.
- ▼ Bridge costs, where the council had based estimates on a four lane instead of a two lane bridge.
- ▼ Design and project management fees and contingency allowances.<sup>28</sup>

We also recommended the council update the plan with the actual cost of completed transport projects. Although the Minister asked the council to make this change, the council had not updated the costs in the West Dapto CP (2020).

In December 2019 we placed our assessment of the plan on hold while the council comprehensively reviewed and updated cost estimates in the plan for completed transport projects. The council provided updated information for a number of projects, which is outlined in section 4.4.2 and is summarised in Table 4.8. In aggregate, the updated actual cost information from the council reduces works costs in the plan by \$10,796,794 (1.5% of transport works costs).

The costs of transport works in the West Dapto CP (2020) are the same as those recommended by ARRB for IPART's assessment of the West Dapto CP (2016), other than:

- ▼ Indexation of the estimates to the base period of the plan (all items)
- ▼ Cycleways, for which the council now uses the IPART benchmark plus a contingency allowance
- ▼ The addition of costs for cycleway bridges
- ▼ Where the council has updated estimated costs to reflect actual costs for works completed or partially completed. The council has provided updated actual costs for roads, intersections, bridges and cycleway paths.

Table 4.7 shows the council's approaches to estimating the cost of each type of transport infrastructure where construction is yet to occur.

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<sup>28</sup> IPART, *Assessment of Wollongong City Council's Draft West Dapto Section 94 Development Contributions Plan – Final Report*, October 2016, Table 3.9, p 73.

**Table 4.7 The council's approaches for estimating transport works costs**


Item	Costing approach	Contingency
Road infrastructure Stages 1-4	ARRB recommended costs based on its review of unit rates from GHD (2010), indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales (except for the specific cost for Fowlers Road extension)</i>	20%
Fowlers Road extension	ARRB recommended cost based on its review of the concept design and cost estimate prepared by R O'Sullivan, indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	20%
Road infrastructure Stage 5	ARRB recommended costs based on its review of SMEC specific costs, indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	15%
Bus shelters	ARRB recommended cost based on IPART benchmark report, indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	0%
Bus kiosks	ARRB recommended cost based on internal council estimate, reviewed by GHD (2010), indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	0%
Cycleway paths	IPART benchmark cost, indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	15%
Cycleway bridges	Internal council estimate, indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	15%

**Source:** West Dapto CP (2020) Works Schedule, IPART analysis.

We found that:

- ▼ The costs for new roads, existing roads, intersections and bridges are reasonable. They reflect ARRB's recommended costs, based on its review of the technical studies and consultant advice used to inform the cost estimated in the West Dapto CP (2016).
- ▼ Cost estimates should be updated to reflect actual expenditure when transport projects are complete or partially complete. We recommend the council update transport costs in the plan based on the additional information about actual expenditure it provided during our assessment.
- ▼ The council's use of the IPART benchmark cost for bus shelters is reasonable, and the estimated cost of bus kiosks is reasonable.
- ▼ The council's use of the IPART benchmark cost for cycleways is not reasonable. The estimated cost of cycleways should be based on the internal council estimate that we assessed as reasonable in 2016.
- ▼ The council has incorrectly indexed the estimated cost for cycleway bridges.

To calculate contingency allowances in the plan, the council has adopted the IPART benchmark rate of 20% for road infrastructure cost estimates in Stages 1-4. We found in our previous assessment of the plan that this approach is reasonable for cost estimates provided at the strategic planning stage. For other costs, the council applies a contingency allowance equal to 15% of the base cost. We consider the council's contingency allowances are reasonable.



We note that where estimates of transport works have been replaced by actual costs, the actual costs are generally lower. In its next review of the plan, the council should consider how the cost of completed works can inform the cost estimate for similar incomplete projects.

Further information on these findings and recommendations is outlined below.

#### **4.4.2 Some transport projects are complete, or partially complete and should be updated with actual expenditure**

The West Dapto CP (2020) includes actual costs for one bridge, one single-lane roundabout and small sections of the cycleway network. However, we were aware of a number of additional transport projects which are complete or partially complete but the estimated costs in the plan for these projects had not been updated.

In December 2019 we placed our assessment of the plan on hold while the council comprehensively reviewed and updated cost estimates in the plan for completed transport projects. Table 4.8 outlines the updated information on actual costs provided by the council.

We recommend the council update the estimated costs in the plan with the actual costs for completed projects. Where a project is partially complete, the council should identify the parts of the project which are complete and the remainder which is based on an estimate of the outstanding work.



**Table 4.8 Updated actual transport cost information compared with transport works costs in the plan submitted (\$Dec2018)**

Transport Item	Works cost in the plan	Revised actual cost	Revised estimated cost	Revised total cost	Difference
	A			B	A – B
Intersection at West Dapto Road Rail Crossing <sup>a</sup>	1,145,289	1,790,415	0	1,790,415	645,126
Smiths Lane Bridge <sup>b</sup>	3,435,188	3,542,826	0	3,542,826	107,638
Shone Avenue (various works) <sup>c</sup>	11,983,768	3,893,509	0	3,893,509	-8,090,260
Bong Bong Road (section BB6)	1,112,004	674,822	0	674,822	-437,182
Cleveland Road (bridge and other works)	8,787,557	6,239,586	0	6,239,586	-2,547,971
Fairwater Drive (intersection and road works)	2,414,789	2,471,886	0	2,471,886	57,097
Western Ring Road (road segments and intersection)	3,791,405	1,477,582	2,313,823	3,791,405	0
Cycleways (part) (Stages 1&2) <sup>d</sup>	695,474	220,888	0	220,888	-474,586
Cycleways (part) (Stage 3)	342,402	100,117	0	100,117	-242,285
<b>Total</b>	<b>33,707,877</b>	<b>20,411,631</b>	<b>2,313,823</b>	<b>22,725,455</b>	<b>-10,982,442</b>

**a** The council provided an update to the cost of the West Dapto Road Rail Crossing. The total cost of the intersection is \$3,493,179. The council considers that a more reasonable apportionment of the actual costs to the plan would be 50% of the upwardly revised total works cost of \$1,790,415. The plan submitted apportioned 100% of the estimated costs to the plan. The council's change to apportionment reflects small grants and general revenue that was used to partially pay for the works. The remaining estimated cost is for a small section of road that has not been completed.

**b** The cost in the plan is the same as the credit given to a developer under a planning agreement. The bridge has been delivered by the developer.

**c** The total estimated cost of Shone Avenue was \$28.69 million. The total cost to the plan was \$15.39 million after deducting the cost of grants received by the council. The works cost in the plan column deducts for grants received by the council.

**d** The actual cost of cycleway upgrades is based on works in kind agreements with developers. The specific land value associated with the 210m cycleway referred to in the 2016 Alkira Planning Agreement is not separately listed. The value in the table includes the total project value which includes a value associated with land dedication.

**Source:** Information from Wollongong City Council, 24 December 2019, IPART analysis.



#### 4.4.3 The council should consider how actual costs of completed works could inform the cost estimates for similar projects

The council's actual costs for transport land and works in the plan are on average lower than the estimated costs they replaced.

The Urban Development Institute of Australia (UDIA) called for the actual costs of completed projects to inform or replace the cost estimates for similar projects in the plan.<sup>29</sup> While in aggregate the actual cost of transport projects is lower than the estimated costs, most of the difference is explained by one project – the upgrade of Shone Avenue. The actual costs for some projects are similar or higher than the estimated costs in the plan.

We consider the sample is too small to make a recommendation to apply the actual costs of completed projects to other estimates in the plan at this stage.

For its next review of the plan, the council should consider opportunities to review the estimated costs if they are materially different to actual costs for similar projects in the plan.

#### 4.4.4 The council's revised cost of cycleways is not reasonable

The total cost of works for the cycleway network in the West Dapto CP (2020) is \$42,023,037, comprising:

- ▼ \$40,372,308 for 41.99km of shared use cycle pathway
- ▼ \$1,650,729 for five shared use cycle pathway bridges.

Table 4.9 provides a breakdown of the length and cost of cycleway paths by stage. Most of the cycleway network is expected to be delivered in Stages 1-2.

**Table 4.9 Cycleway network in the WDURA – length and cost (\$Dec2018)**

Stage	Total length (km)	Cost of works
Stages 1-2 <sup>a</sup>	18.33	17,422,631
Stage 3	9.51	9,221,580
Stage 4	9.51	9,221,580
Stage 5	4.65	4,506,517
<b>Total</b>	<b>41.99</b>	<b>40,372,308</b>

<sup>a</sup> Stages 1-2 include \$223,952 of actual works costs for cycleways completed through WIK agreements.

**Source:** West Dapto CP (2020) Works Schedule.

The council has estimated cycleway costs using a unit rate of \$843 per linear metre, which is based on IPART's Benchmark Report, and applied it to the estimated length of the cycleways.<sup>30</sup> The council adds a 15% contingency allowance to the IPART estimate, and indexes the cost to the base period of the plan.

<sup>29</sup> UDIA, Submission to Draft Report, 27 March 2020.

<sup>30</sup> IPART, *Local Infrastructure Benchmark Costs – Final Report*, April 2014 (IPART's Benchmark Report).

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The IPART benchmark rate for cycleways is higher than cycleway unit rates in other plans we have recently assessed, and higher than the rate the council previously used in the plan. The council had previously used an estimated rate of \$250 per linear metre, which was based on an internal council estimate, and is what we proposed in our Draft Report.

In response to our Draft Report, the council provided additional information on the cost of cycleways it has delivered elsewhere in the LGA to justify a higher estimated cost. The council provided a sample of three recent projects where costs averaged \$679 per linear metre.<sup>31</sup>

We asked the council for more information to support the higher cost, given the actual costs in the plan are based on Works In Kind (WIK) agreements with developers. The council confirmed that most of the cycleway network is likely to be delivered by developers and will be required as conditions of development consent.<sup>32</sup> Delivering cycleways in this way is likely to reduce the cost as it allows developers to deliver the infrastructure as they are constructing local roads.

The council may need to deliver some parts of the network independent of development, such as in areas that connect proposed development sites. These parts of the network may cost more than other cycleways delivered by developers. We have considered the additional information from the council, but maintain our recommendation because the council has entered a number of agreements with developers to deliver cycleways at a similar cost to the rate we have proposed.

For its next review of the plan, the council could consider which parts of the cycleway network it is likely to deliver and propose a higher cost for these sections.

We consider the council's previous estimate for cycleways (\$250 per linear metre), indexed to the base year of the plan, is a better costing source than the IPART benchmark, or the council's revised cost estimate, as it is similar to the cost the council has experienced to date in providing cycleways in the WDURA. We consider the council's estimated contingency allowance of 15% is reasonable.

The plan submitted by the council indicated that only a small segment of the cycleway network had been completed. However, in updating actual costs, the council identified an additional 1,070 metres of cycleways that have been provided through works in kind agreements.<sup>33</sup> The updated cycleway costs are shown in Table 4.8.

Our recommendation to update for actual costs in the plan includes cycleways delivered through works in kind agreements.

For the remaining cycleway network, which is based on estimated costs, our recommendation to apply a revised unit rate of \$311 per linear metre (\$250 indexed to the base period, plus a 15% contingency allowance) would reduce cycleway costs by \$27,255,864 to \$13,116,444.

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<sup>31</sup> Wollongong City Council, Submission to Draft Report, 27 March 2020.

<sup>32</sup> Information from Wollongong City Council, 16 April 2020.

<sup>33</sup> Includes works in kind agreements for 210m in the Alkira Planning Agreement (30/6/2016), 507m in development application DA-2017/1053, and 353m in development application DA-2017/1054.

#### **4.4.5 The council's estimated cost of cycleway bridges is reasonable, except for its indexation of the cost to the base period of the plan**

The West Dapto CP (2020) includes \$1,650,729 for five cycleway bridges, at a cost of \$330,146 per bridge.<sup>34</sup> The cost is based on a 2016 quantity surveyor estimate for a 16 metre span pedestrian bridge in the Wollongong suburb of Figtree.<sup>35</sup> The council applies a 15% contingency allowance the base cost of the bridge, and indexes the cost to the base period of the plan.

We consider the base estimate is reasonable in the short term, except that the council incorrectly applies indexation from 2014 instead of 2016. Correcting for this issue reduces the cost of the five cycleway bridges by \$21,124.

In its next review of the plan the council should undertake further planning and design for the required cycleway bridges and update its cost estimates.

### **4.5 Criterion 5: Apportionment**

In assessing whether the council's apportionment of transport costs is reasonable, we considered the council's approach to apportioning costs:

- ▼ Between existing and new development
- ▼ Within and outside the WDURA
- ▼ Between residential and non-residential development
- ▼ Across stages of development.

The council apportions all transport costs in the West Dapto CP (2020) to new development in the WDURA, except for some roads in Stage 5 which are partially apportioned to the adjoining Calderwood development. We consider the council's approach is reasonable.

To apportion costs between residential and non-residential development, the council applies adjustment factors that result in non-residential land uses being apportioned a smaller share of costs relative to their share of land. We consider this approach is reasonable for apportioning transport costs.

Our assessment of the council's apportionment of transport management costs across stages is discussed in section 10.3 as a cross category issue.

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<sup>34</sup> West Dapto CP (2020), p 31 and West Dapto CP (2020) Works Schedule.

<sup>35</sup> Information from Wollongong City Council, 26 October 2019.

#### 4.5.1 The council's approach to apportioning transport costs between Calderwood and West Dapto is reasonable

The council uses a transport model called TRACKS to inform apportionment of transport infrastructure in Yallah-Marshall Mount (Stage 5) to the Calderwood development. The model estimates the likely future percentage of traffic on roads in Stage 5 that would come to and from Calderwood to access the M1 Pacific Motorway.<sup>36</sup> Table 4.10 shows the roads and percentage of total cost apportioned to the West Dapto CP (2020).

**Table 4.10 Roads partially apportioned to the West Dapto CP (2020) (\$Dec2018)**

Road	Total cost	Apportionment to plan (%)	Cost to plan
Yallah Road	28,838,951	75.75%	21,846,721
Marshall Mount Road	75,519,962	44.27%	33,434,479
Centre Bypass	26,406,287	24.66%	6,511,402

**Note:** Centre Bypass (TR29) is a proposed road that will link Marshall Mount Road and Yallah Road.

**Source:** West Dapto CP (2020) Works Schedule.

We asked the council for further information about the model and methodology used to inform apportionment. The council explained that the model isolates the likely peak period trips generated by Calderwood to estimate a demand-driven approach to apportionment. It advised that the methodology has been reviewed by Traffic Design Group to verify the approach.<sup>37</sup> <sup>38</sup> We did not review the council's model as part of our assessment.

We consider the council's approach to apportioning costs between Calderwood and the West Dapto CP (2020) is reasonable.

#### 4.5.2 The approach to apportioning transport costs between residential and non-residential development is reasonable

Total transport costs are apportioned between residential, industrial and commercial development on an adjusted NDA basis. The area for industrial and commercial development is adjusted "to recognise the varying levels of land intensification and demand on infrastructure".<sup>39</sup>

Once costs are apportioned to each land use type, they are then apportioned within each land use type. Transport costs are apportioned across new residential development on a per person basis, while contributions for commercial and industrial development are levied on a per hectare basis.

To arrive at its estimate of adjusted NDA, the council applies apportionment factors of 1.0 for residential, 0.75 for commercial, and 0.15 for industrial development.<sup>40</sup> The implication of this approach is that residential development, which represents 89.8% of total land area, bears

<sup>36</sup> As a point of comparison, the Calderwood Valley Area is expected to accommodate approximately 7,700 lots when developed. Yallah-Marshall Mount (Stage 5) is expected to have 4,260 lots when developed.

<sup>37</sup> Information from Wollongong City Council, 2 October 2019.

<sup>38</sup> Traffic Design Group is a specialist traffic engineering and planning consultancy. It developed the transport model used by the council.

<sup>39</sup> West Dapto CP (2020), p 17.

<sup>40</sup> West Dapto CP (2020), p 17.

97.6% of transport costs, while commercial and industrial land uses are apportioned a smaller share of costs relative to their share of land area. Table 4.11 shows the impact of the adjustment factors on transport costs apportioned to the different types of development.

**Table 4.11 Apportionment of transport costs between residential and non-residential land uses**

Land use	Total land area (ha)	Adjustment factor	Adjusted land area (ha)	Apportionment of costs (\$)
Residential	1,778.22 (89.7%)	1	1,778.22	742,551,166 (97.6%)
Commercial	22.69 (1.1%)	0.75	17.02	7,076,989 (0.9%)
Industrial & other	180.44 (9.1%)	0.15	27.07	11,338,402 (1.5%)
<b>Total</b>	<b>1,981.35</b>		<b>1,822.31</b>	<b>760,966,557</b>

Source: West Dapto CP (2020) p 17, IPART analysis.

Apportionment between residential and non-residential development should ideally be based on transport modelling. Where this is not available, we note that NDA is an imperfect measure of demand, and adjustment factors can be applied to better reflect the demand arising from different types of development.

During our assessment the council presented transport modelling to justify its approach to apportioning costs between residential and non-residential development. The council's modelling shows a lower demand for transport infrastructure within the WDURA from industrial land. The council's argument for a lower rate (per NDA) for industrial development appears broadly reasonable, based on the position of industrial land and its proximity to the M1 Motorway.

The council has not provided transport modelling or other convincing evidence for the use of the adjustment factor of 0.75 to apportion transport infrastructure costs to commercial development. However, as commercial development only accounts for 1.1% of total NDA, the adjustment factor has a very small impact on contribution rates.

We consider the council's approach to apportioning transport costs between residential and non-residential land uses is reasonable.

## 5 Stormwater management

The total cost of stormwater management land and works in the West Dapto CP (2020) is \$122.41 million (12.6% of total costs), comprising:

- ▼ \$29.30 million for land (27.7% of the total cost of *land*),
- ▼ \$93.11 million for works (10.9% of the total cost of *works*).

Our assessment of the stormwater management land and works in the West Dapto CP (2020) is as follows:

- ▼ **Criterion 1: Essential works** – The land and works are consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – There is nexus between the stormwater management land and works in the plan and development in the WDURA.
- ▼ **Criterion 3: Reasonable cost**
  - The base costs for detention basins (including wetland areas), enhanced storage areas and trunk drainage are based on existing technical studies; we consider they are reasonable.
  - The council's application of a 30% contingency allowance for detention basins (including wetland areas) is not reasonable given previous use of a 25% contingency allowance.
  - The base costs for gross pollutant traps (GPTs) use an IPART benchmark, which we consider is reasonable.
  - Where the council has supplier estimates, these should be used in place of previous estimates or benchmark costs.
- ▼ **Criterion 5: Apportionment** – The apportionment of costs is reasonable except for the apportionment between residential and non-residential development and apportionment across stages of development. We consider apportionment across stages of development as a cross-category issue in Chapter 10.

Our assessment of land for stormwater management against **Criterion 3 (Reasonable cost)** is in Chapter 9.

Based on our findings, we recommend adjustments to the plan that would increase the cost of stormwater land and works by \$7,994,219 (6.5%). Our findings and recommendations are summarised in Table 5.1. This includes our findings and recommended adjustments on land costs.

**Table 5.1 IPART-recommended adjustments for stormwater management (\$Dec2018)**

Criterion	Finding	Recommendation	Land	Works
<b>Total costs in plan</b>			<b>29,302,486</b>	<b>93,111,281</b>
<b>Essential works</b>	All land and works in the plan are consistent with the essential works list.			
<b>Nexus</b>	Nexus is established for all land and works in the plan.			
	Infrastructure items were omitted from the plan	Include land and works (including detention basins, wetland areas and gross pollutant traps) in four additional sub-catchments	7,616,765	12,315,430
<b>Reasonable cost - Land</b>	The cost of land is reasonable except:			
	Cost estimates for enhanced storage areas do not reflect flooding constraints	Amend cost estimates using the average value of flood constrained land	-9,922,500	
	Actual costs for two detention basins were omitted from the plan	Update estimated costs with actual expenditure for two sub-catchments	-892,313	
<b>Reasonable cost - Works</b>	Cost of works are reasonable except:			
	The application of 30% contingency allowance for detention basins is high	Revise the contingency allowance to 25%		-1,260,497
	Updated estimates are available for GPT costs in three sub-catchments	Adjust costs and contingencies based on supplier estimates		137,334
<b>Apportionment</b>	Approach to apportionment is not reasonable	Apportion costs between residential and non-residential development based on unadjusted NDA	Impacts contribution rate only	
		Calculate separate contribution rates for Stages 1-4 and Stage 5 (see Chapter 10)	Impacts contribution rate only	
<b>Total IPART-recommended cost adjustment</b>			<b>-3,198,048</b>	<b>11,192,267</b>
<b>Total IPART-assessed reasonable cost</b>			<b>26,104,438</b>	<b>104,303,548</b>

Source: West Dapto CP (2020) Works schedule, IPART analysis.



## 5.1 Overview of stormwater management works in the West Dapto CP (2020)

The WDURA is primarily a greenfield area, dissected by a series of watercourses which can experience intense floods of short duration. The WDURA has two separate catchments, one including Forest, Robins, Reed and Mullet Creeks (located in Stages 1-4), and the other encompassing Duck Creek (located in Stage 5). The residential areas of West Dapto have been designed to be above the 1% Annual Exceedance Probability (AEP) flood level.<sup>41</sup>

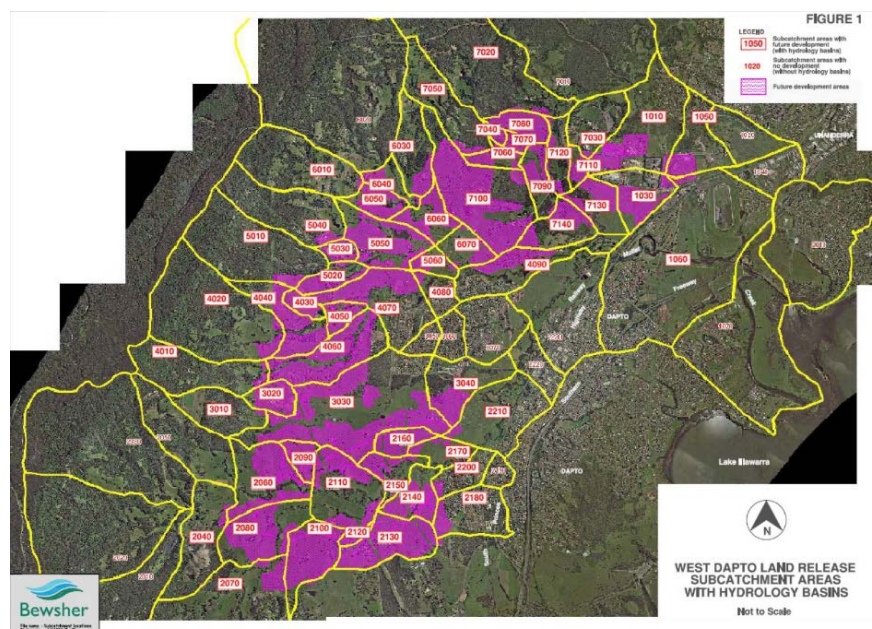
Stormwater management works proposed for the WDURA comprise:

- ▼ 54 detention basins (including wetland areas and GPTs)
- ▼ Five enhanced storage areas
- ▼ Trunk drainage.<sup>42</sup>

The detention basins in the plan are located in Stages 1-4, and the plan does not include any detention basins for Stage 5. The council intends to require developers to deliver detention basins in Stage 5 as a condition of development consent, and so these costs are not included in the plan.<sup>43</sup> There is one enhanced storage area associated with each of the five creeks, and trunk drainage is expected to service both catchments.

Figure 5.1 and Figure 5.2 show the location of detention basins and enhanced storage areas. The exact location of trunk drainage is not yet known and will be determined through detailed planning and development application processes.

**Figure 5.1 Location of sub-catchment areas identified for detention basins**



Source: West Dapto CP (2020), p 50.

<sup>41</sup> Wollongong City Council, *Wollongong Development Control Plan 2009, Chapter D16 – West Dapto Urban Release Area*, updated December 2018, p 41.

<sup>42</sup> West Dapto CP (2020), p 49.

<sup>43</sup> Information from Wollongong City Council, 1 November 2019.



**West Dapto Development Contributions Plan 2020  
Stormwater Management**

Legend:

- Enhanced Storage Area
- Land to which this Plan applies
- Calderwood Urban Development Project

Scale: 0 0.5 1 Kilometers

DATE: June 2019

File: D:\GIS\Projects\West Dapto\Stormwater\_2019.mxd

Assessment of West Dapto Contributions Plan 2020 IPART 47

Table 5.2 shows the cost of stormwater land and works in the plan.

**Table 5.2 Stormwater land and works items in the West Dapto CP (2020) (\$Dec2018)**

Item	Land	Works
54 detention basins (including wetland areas and gross pollutant traps)	17,444,986	41,789,406
5 enhanced storage areas	11,857,500	24,585,129
Trunk drainage	-	26,585,129
<b>Total</b>	<b>29,302,486</b>	<b>93,111,281</b>

Source: West Dapto CP (2020).

## 5.2 Criterion 1: Essential works

The items of stormwater infrastructure in the West Dapto CP (2020) are set out in Table 5.3. All land and works for stormwater in the West Dapto CP (2020) are consistent with the essential works list in the Practice Note.<sup>44</sup>

**Table 5.3 Stormwater management works items in the West Dapto CP (2020)**

Items on the essential works list	
▼ Detention basis (including wetland areas)	▼ Enhanced storage areas
▼ Gross pollutant traps (GPTs)	▼ Trunk drainage

## 5.3 Criterion 2: Nexus

We found that nexus is established for all stormwater management land and works in the plan and for some additional land and works identified by the council during our assessment.

### Recommendations

- 7 For the next review of the plan, ensure that the scope and location of stormwater management infrastructure is consistent with the revised flood risk management strategy for the WDURA, which the council expects to complete in 2021.
- 8 Include land and works in four additional sub-catchments for which nexus is established, increasing the cost of land by \$7,616,765 and the cost of works by \$12,315,430.

### 5.3.1 Nexus is established for all stormwater management land and works

The technical studies relied upon by the council to establish nexus for stormwater infrastructure are unchanged from those used in the West Dapto CP (2016). The key documents, such as URS (2004) and Bewsher (2008 and 2009), precede the 2010 version of the contributions plan. These studies are listed in Table 5.4.

<sup>44</sup> Department of Planning and Environment, *Local Infrastructure Contributions Practice Note*, January 2019.

**Table 5.4 Technical studies for stormwater works in the West Dapto CP (2020)**

Author	Title	Date
URS	<i>West Dapto Release Area Local Environment Study, Water Cycle Management Study</i>	December 2004
Bewsher Consulting Pty Ltd	<i>West Dapto Review – Flooding and stormwater strategy</i>	November 2008
Molino Stewart	<i>Flood Event Access Strategy for West Dapto</i>	December 2008
Bewsher Consulting Pty Ltd	<i>West Dapto Development Area Mullet Creek Flood Modelling</i>	December 2009
BMT WBM Pty Ltd	<i>Mullet &amp; Brooks Creeks Flood Study</i>	February 2010
Bewsher Consulting Pty Ltd	<i>Mullet &amp; Brooks Creeks Floodplain Risk Management Study &amp; Plan</i>	February 2010
Bewsher Consulting Pty Ltd	<i>Mullet Creek, West Dapto Extension of flood model, Hydrologic and hydraulic modelling report</i>	December 2011
BMT WBM Pty Ltd	<i>Duck Creek Flood Study</i>	February 2012

**Note** The technical studies were commissioned by Wollongong City Council and the Growth Centres Commission.

**Source:** Wollongong City Council, Application to IPART, August 2019, p 7.

Since our last assessment, the council has commissioned a flood model update and flood mapping compendium (both completed in April 2018) and a Duck Creek Flood Study (completed in 2019), which improve the accuracy and reliability of information on flood levels and flood behaviour data in the Duck Creek catchment. The council has advised that the additional work does not suggest any changes to the proposed stormwater management infrastructure in the West Dapto CP (2020).<sup>45</sup>

The council expects its revised flood risk management strategy for the WDURA will be completed in 2021.<sup>46</sup> It is likely that will inform the scope of stormwater management infrastructure in the council's next comprehensive review of the plan.

There are no changes to the number of stormwater works items in the West Dapto CP (2020) except where the council has addressed the recommendations from our assessment of the West Dapto CP (2016). We consider our 2016 assessment findings are still relevant and that there is nexus for the stormwater management land and works that remain in the West Dapto CP (2020).

During our assessment, the council identified that land and works for stormwater infrastructure (detention basins, including wetlands and GPTs) in four sub-catchments (2130, 3030, 4070 and 7100) had been unintentionally omitted from the plan.<sup>47</sup> We consider that the 2009 Bewsher Consulting study establishes nexus for these items and that stormwater management works in the WDURA would be inadequate without them. Therefore, the land and works costs associated with the omitted stormwater infrastructure should be included in the West Dapto CP (2020).

<sup>45</sup> Information from Wollongong City Council, 2 October 2019.

<sup>46</sup> Information from Wollongong City Council, 2 October 2019.

<sup>47</sup> Information from Wollongong City Council, 15 January 2020. However, we note that in 2016 the council provided contrasting advice that these same works items had been duplicated in the West Dapto CP (2016) and should be removed (Information from Wollongong City Council, 22 July 2016).

On enhanced storage areas, Cardno provided a submission to our Draft Report which suggests that enhanced storage areas should be removed from the plan. Cardno's reasons included:

- ▼ Enhanced storage areas are not required to mitigate the impacts of increased riparian vegetation - these impacts are managed through conditions of development consent. The enhanced storage areas may in fact attenuate flow within the watercourse.
- ▼ Enhanced storage areas may create a "dam break risk", which may outweigh the benefits of attenuation that the enhanced storage areas may provide
- ▼ Ongoing maintenance costs will be a burden on ratepayers.<sup>48</sup>

We consider that the 2008 Bewsher Consulting study establishes nexus for the enhanced storage areas and have not recommended removing them from the plan. It is reasonable for the council to rely on this study until its revised flood risk management strategy for the WDURA is completed in 2021.

## 5.4 Criterion 3: Reasonable cost (works only)

The council notes that existing development in the WDURA provides site-specific stormwater solutions, but that these solutions do not have the capacity to meet the demand from increased impervious surfaces as part of the proposed new development.<sup>49</sup> Some temporary stormwater works have also been constructed as part of development since 2010, but do not contribute to strategic demand and the council has not estimated contribution offsets for these works.<sup>50</sup>

The council intends to invest in a new, comprehensive water cycle management system to cater for the increase in impervious surfaces that will occur as part of development in the WDURA. The stormwater infrastructure in the West Dapto CP (2020) will help to minimise the impact of development on the water cycle, reducing the impact of flooding and managing water quality.<sup>51</sup>

We found that:

- ▼ The base costs for detention basins, enhanced storage areas and trunk drainage works are based on the same technical studies and consultant advice used to inform the cost estimates in the West Dapto CP (2016), which we consider is reasonable.
- ▼ The application of IPART's benchmark contingency allowance to the base costs for detention basins is not reasonable in this context.
- ▼ The use of costs from IPART's Benchmark Report<sup>52</sup> and contingency allowances for GPTs is reasonable.
- ▼ The costs for GPTs are reasonable, except for where the council has obtained updated costs based on temporary works or supplier estimates.

<sup>48</sup> Cardno (NSW/ACT), Submission to Draft Report, 27 March 2020.

<sup>49</sup> West Dapto CP (2020), p 47.

<sup>50</sup> Information from Wollongong City Council, 2 October 2019.

<sup>51</sup> West Dapto CP (2020), p 47.

<sup>52</sup> IPART's Benchmark Report, April 2014.

We consider that the stormwater management works costs in the plan are reasonable, with the exception of the application of contingency allowances for some items. We consider the use of IPART's benchmark contingency allowance for stormwater works items is generally reasonable at this stage of the plan. However, where updated site-specific estimates and contingencies are available, or where we have previously assessed a lower contingency allowance is reasonable and no information has been provided to suggest risks have changed, we have recommended other rates be used. Given most estimates are based on benchmarks or advice provided over five years ago, we note that the accuracy of costs in the plan could be improved through updated advice.

### Recommendations

- 9 Reduce the contingency allowance applied to detention basins (including wetland areas) from 30% to 25%, reducing the cost in the plan by \$1,260,497.
- 10 Amend the cost of three gross pollutant traps (GPTs) based on supplier estimates of infrastructure and installation costs, including a 25% contingency on works and 20% contingency on installation, increasing the cost in the plan by \$137,334, comprising:
  - A decrease of \$105,472 for the GPT in sub-catchment 6010
  - An increase of \$87,528 for the GPT in sub-catchment 7140
  - An increase of \$155,278 for the GPT in sub-catchment 4060.
- 11 In the next version of the plan, use updated estimates to provide a more accurate basis for estimating the cost of remaining GPT works.

#### 5.4.1 The cost of basins, enhanced storage areas and trunk drainage in the plan is mostly reasonable

There are no completed basins, enhanced storage areas and trunk drainage from which to obtain actual costs. The approach to estimating costs for detention basins (including wetland areas), enhanced storage areas and trunk drainage are unchanged from the West Dapto CP (2016) other than:

- ▼ Indexation of the estimates to the base period of the plan (all items)
- ▼ An increase in the contingency allowance for detention basins (including wetland areas) from 25% to 30% of the base cost.

In the absence of updated information, we consider our 2016 assessment findings are still relevant, and the approach to estimating costs of these stormwater management items is reasonable, except for the council's application of a 30% contingency allowance.

The council applied a 25% contingency allowance in the West Dapto CP (2016) for detention basins (including wetland areas), which we found to be high but reasonable. While a 30% contingency allowance for detention basins is consistent with IPART's benchmark for stormwater at the Strategic Review stage,<sup>53</sup> the council has not provided any evidence of increased risks. We consider that our 2016 assessment findings are still relevant and a 25% contingency allowance is reasonable.

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<sup>53</sup> IPART's Benchmark Report, April 2014, p 51.



#### 5.4.2 Cost estimates for GPTs are mostly reasonable

There are no completed GPTs from which to obtain actual costs. To estimate GPT costs in the West Dapto CP (2020), the council has indexed the IPART 2014 benchmark cost of \$118,560 for a proprietary GPT system with design flow of 370L/s,<sup>54</sup> included the benchmark 30% contingency allowance, and used this as its estimate of the per unit cost of GPTs in the WDURA, at a rate of one GPT per sub-catchment.

The council conducted a review of temporary GPTs installed in some sub-catchments in Stages 1-2, which found that up to seven GPTs have been installed in some sub-catchments (see Figure 5.3), with capacity to treat flows of up to 470L/s. The council identified the IPART benchmark costs associated with these capacities,<sup>55</sup> as justification for its use of an average cost of \$118,560 for each GPT in the plan. The council has not included these temporary works in the plan.

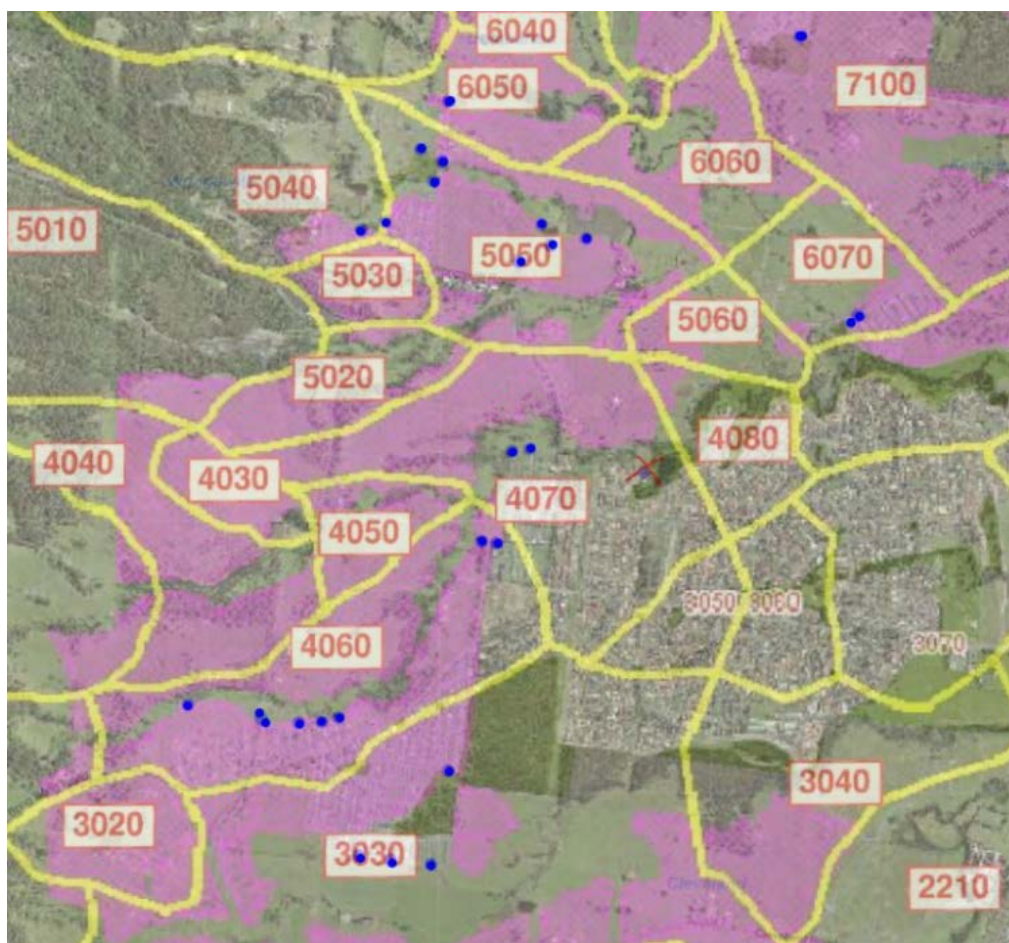
Although the council's review identified sub-catchments with more than one temporary GPT, the council has not increased the number of GPTs per sub-catchment in the West Dapto CP (2020). It notes that the number of GPTs in the plan may therefore be underestimated.<sup>56</sup>

<sup>54</sup> IPART's Benchmark Report, April 2014, Local Infrastructure Benchmark Datasheets Item 2.1.4.

<sup>55</sup> Wollongong City Council, *Information Request 1 – GPTs*, 29 October 2019.

<sup>56</sup> Wollongong City Council, *Information Request 1 – GPTs*, 29 October 2019.

**Figure 5.3** Location of existing GPTs in sub-catchment areas



**Source:** Wollongong City Council, *Information Request 1 – GPTs*, 29 October 2019.

The council also received supplier quotations on GPT costs in three sub-catchments. The quotations are based on a number of assumptions, including the average smallest, midsize and largest sub-catchments, with the council noting this could enable a potential cost comparison across the total catchment.<sup>57</sup>

We consider that the council should use supplier estimates of works costs and contingencies for three sub-catchments (6010, 7140 and 4060), and that the use of the IPART benchmark costs for GPTs in the remaining 51 sub-catchments is reasonable because no additional information is available.

In the next version of the plan, the council should use updated estimates where appropriate to provide a more accurate basis for estimating the cost of remaining GPT works across the catchment.

<sup>57</sup> Wollongong City Council, *Information Request 1 – West Dapto CP 2020 additional information in response to question 14 with 2 of 4 attachments*, 29 October 2019.



### 5.4.3 Additional costs for works in four sub-catchments are mostly reasonable

As noted in section 5.3, stormwater management works in four sub-catchments were omitted from the plan. The council's approach to estimating the cost of these detention basins, wetland areas and GPTs is consistent with its approach for costing these works items in the other sub-catchments in the plan, which we have found is mostly reasonable.

We note that the council's proposed works costs for the four sub-catchments are higher than the average already in the plan, particularly for works in sub-catchments 3030 and 7100. The council has noted that the works costs are directly proportional to the development area within the sub-catchment, which impacts basin volume and the cost of works.<sup>58</sup>

For detention basins, including wetland areas, estimates of cost are based on site-specific cost estimates in technical studies. We consider this approach is reasonable, except for the use of a 30% contingency allowance. Consistent with our analysis in section 5.4.1, we consider that a 25% contingency allowance should be applied.

Costs for GPTs in the four sub-catchments are estimated based on the relevant IPART benchmark cost and contingency allowance. We consider this is reasonable.

The inclusion of detention basins (including wetland areas and GPTs) in the four sub-catchments increases the costs in the plan by \$12.32 million.

## 5.5 Criterion 5: Apportionment

In assessing whether the council's apportionment of stormwater management costs is reasonable, we considered the council's approach to apportioning costs:

- ▼ Between existing and new development
- ▼ Within and outside the WDURA
- ▼ Between residential and non-residential development
- ▼ Across stages of development (considered as a cross-category issue in Chapter 10).

The council apportions all stormwater management costs in the West Dapto CP (2020) to new development in the WDURA.<sup>59</sup> The council does not apportion stormwater costs to development in Calderwood that is within the WDURA because the stormwater works in Stage 5 are designed to meet the needs of the WDURA rather than development in Calderwood. We also note that contributions from Calderwood are separately collected under a Planning Agreement, and so do not need to be levied as part of the West Dapto CP (2020). We consider this is reasonable.

To apportion costs between residential and non-residential development, the council applies adjustment factors that result in non-residential land uses being apportioned a smaller share of costs relative to their share of land. We consider this approach is not reasonable for apportioning stormwater management costs.

<sup>58</sup> Information from Wollongong City Council, 15 January 2020.

<sup>59</sup> Existing development in Horsley is excluded from NDA, but contributions are expected to be levied for new development in Horsley.

Our assessment of the council's apportionment of stormwater management costs across stages is discussed in section 10.3 as a cross category issue.

## Recommendation

- 12 Apportion stormwater management costs between residential and non-residential development based on each land use's relative share of (unadjusted) net developable area (NDA).

### 5.5.1 The approach to apportioning stormwater management costs between residential and non-residential development is not reasonable

The council apportions total stormwater management costs between residential, industrial and commercial development on an adjusted NDA basis. The area for industrial and commercial development is adjusted "to recognise the varying levels of land intensification and demand on infrastructure".<sup>60</sup>

The council applies a rate of 100% for residential, 75% for commercial, and 15% for industrial development.<sup>61</sup> The implication of this approach is that residential development, which represents 89.7% of total land area, bears 97.6% of stormwater costs, while commercial and industrial land uses are apportioned a smaller share of costs relative to their share of land area. Table 5.5 shows the impact of the adjustment factors on stormwater costs apportioned to different types of development.

**Table 5.5 Apportionment of stormwater costs between residential and non-residential land uses**

Land use	Total land area (ha)	Adjustment factor	Adjusted land area (ha)	Apportionment of costs (\$)
Residential	1,778.22 (89.7%)	1	1,778.22	90,857,988 (97.6%)
Commercial	22.69 (1.1%)	0.75	17.02	865,935 (0.9%)
Industrial & other	180.44 (9.1%)	0.15	27.07	1,387,358 (1.5%)
<b>Total</b>	<b>1,981.35</b>		<b>1,822.31</b>	<b>93,111,281</b>

**Source:** West Dapto CP (2020) p17, IPART analysis

Once costs are apportioned to each land use type, they are then apportioned within each land use type. Stormwater management costs are apportioned across new residential development on a per person basis, and to commercial and industrial development on a per hectare basis.

We note that impervious surface area is the main driver of the demand (or need) for stormwater infrastructure, and that, per NDA, there is no reason to suggest that non-residential development will have less impervious surface area than residential development. Hence, we consider that total, unadjusted NDA is the appropriate measure for apportioning stormwater costs between residential and non-residential land uses – rather than adjusted land area, as proposed by the council.

<sup>60</sup> West Dapto CP (2020), p 17.

<sup>61</sup> West Dapto CP (2020), p 17.

## 6 Open space

The total cost of open space in the West Dapto CP (2020) is \$74.10 million (7.6% of total costs), comprising:

- ▼ \$38.52 million for land (36.4% of the total cost of *land*),
- ▼ \$35.58 million for works (4.2% of the total cost of *works*).

Our assessment is that:

- ▼ **Essential works** – All open space land and works are consistent with the essential works criterion.
- ▼ **Nexus** – There is nexus for the land and works in the plan and development in the WDURA. However, the open space provision is low and the location, size and type of embellishments are indicative only.
- ▼ **Reasonable cost** – To date, we have found the cost of open space works is reasonable but low compared with other plans. Further, we find the additional study costs for open space items should be covered by the provision for plan administration costs. These costs should not be included with cost estimates for specific parks.
- ▼ **Apportionment** – The apportionment of open space costs in the plan is reasonable. The council apportions open space costs in the West Dapto CP (2020) on a per person basis to new residential development in the WDURA. We also consider the council's proposal, made since it submitted the plan to IPART for assessment, to apportion 100% of the cost of the outdoor sports facilities at the Community Recreation and Leisure Centre in Cleveland (Stage 3) to the plan is reasonable.

We recommend the council:

- ▼ For the next review of the plan, ensure that the scope and location of open space land and embellishment reflect the progress of development in the release area and that there are sufficient facilities for development in the area.
- ▼ Update the cost estimates for parks based on actual costs or cost estimates for similar parks at the next review of the plan.
- ▼ Remove the cost of a consultant study for the Darkes Town Centre sporting facility, reducing the costs in the plan by \$30,000.
- ▼ Apportion 100% of the cost of the Cleveland sports facility to the plan, which increases costs in the plan by \$1,324,791.

Our assessment of land for open space against **Criterion 3 (Reasonable cost)** is in Chapter 9.

Based on our findings, we recommend adjustments to the plan that would increase the cost of open space land and works by \$1,294,791 (1.7%). Our findings and recommended adjustments are summarised in Table 6.1. This table also includes our findings and recommended adjustments on land costs. Our assessment of land costs is presented in Chapter 9.

**Table 6.1 IPART-recommended adjustments for open space (\$Dec2018)**

Criterion	Finding	Recommendation	Land	Works
<b>Total cost in plan</b>			<b>38,517,247</b>	<b>35,584,116</b>
<b>Essential works</b>	All land and works in the plan are consistent with the essential works list			
<b>Nexus</b>	Nexus is established for all land and works in the plan but open space provision is low	Increase open space provision at next review		
<b>Reasonable cost - Land</b>	The cost of land is reasonable except:			
	Cost estimates, instead of the market value at the time of rezoning, are used for council-owned operational land for some open space	Revise cost of land for OS07 and council-owned part of OS01 based on market value at rezoning, indexed to base period	2,314,598	
<b>Reasonable cost - Works</b>	Costs are reasonable except the costs appear to be low, and	Update embellishment costs at next review		
	The cost of additional studies should fall within the scope of plan administration costs	Remove the cost of the consultant study for the city-wide sports park in Darkes Town Centre		-30,000
<b>Apportionment</b>	Approach is reasonable. It is also reasonable to apportion the Cleveland sports facility to the plan	Apportion 100% of the Cleveland facility to the plan instead of 50%		1,324,791
<b>Total IPART-recommended cost adjustment</b>			<b>2,314,598</b>	<b>1,294,791</b>
<b>Total IPART-assessed reasonable cost</b>			<b>40,831,845</b>	<b>36,878,907</b>

Source: West Dapto CP (2020) Works Schedule, IPART analysis

## 6.1 Overview of open space in the West Dapto CP 2020

The West Dapto CP (2020) includes 77.53 hectares of open space, comprising two city-wide sports parks, seven neighbourhood parks and 16 local parks. These are located across all stages of the WDURA. Another 50.35 hectares of existing open space in Horsley is available to residents of the release area.<sup>62</sup>

The council expects the district-wide facilities proposed in the plan will serve the whole release area and the local/neighbourhood parks will serve the recreational needs of the respective stages they are located within.

The council has not yet determined the exact location and size of many local and neighbourhood parks. To estimate the size of parks, the council uses a typical size for a local and neighbourhood park recommended in a 2007 technical study.<sup>63</sup> To estimate the costs for these parks, the council uses its own estimates derived in 2010, which it has reviewed against recent plan costs.

<sup>62</sup> Information from Wollongong City Council, 30 October 2019.

<sup>63</sup> Elton Consulting, *Social, Cultural and Recreation Needs Study*, July 2007.

Table 6.2 outlines the types of parks and associated costs in the West Dapto CP (2020).

**Table 6.2 Open space costs in the West Dapto CP (2020) (\$Dec2018)**

Item	Area (ha) <sup>a</sup>	Land <sup>b</sup>	Works <sup>b</sup>
<b>Stages 1-2</b>			
1 city-wide sports park (Darkes Town Centre)	9.40 (50% of costs apportioned to plan, sharing with a school)	874,200	2,677,096
3 neighbourhood parks	11.00	7,650,000	7,902,050
8 local parks (including 10.23ha for Ridge Park)	24.63	13,218,047	7,968,393
<b>Stage 3</b>			
1 city-wide sports facility (within Cleveland community facility)	2.00 (50% of costs apportioned to plan)	-	1,324,791
1 neighbourhood park	4.00	2,200,000	1,920,124
4 local parks	6.50	3,575,000	3,600,233
<b>Stage 4</b>			
2 neighbourhood parks	8.00	4,400,000	3,840,248
2 local parks	4.00	2,200,000	2,215,528
<b>Stage 5</b>			
1 neighbourhood park	4.00	2,200,000	1,920,124
2 local parks	4.00	2,200,000	2,215,528
<b>Total</b>	<b>77.53</b>	<b>38,517,247</b>	<b>35,584,116</b>

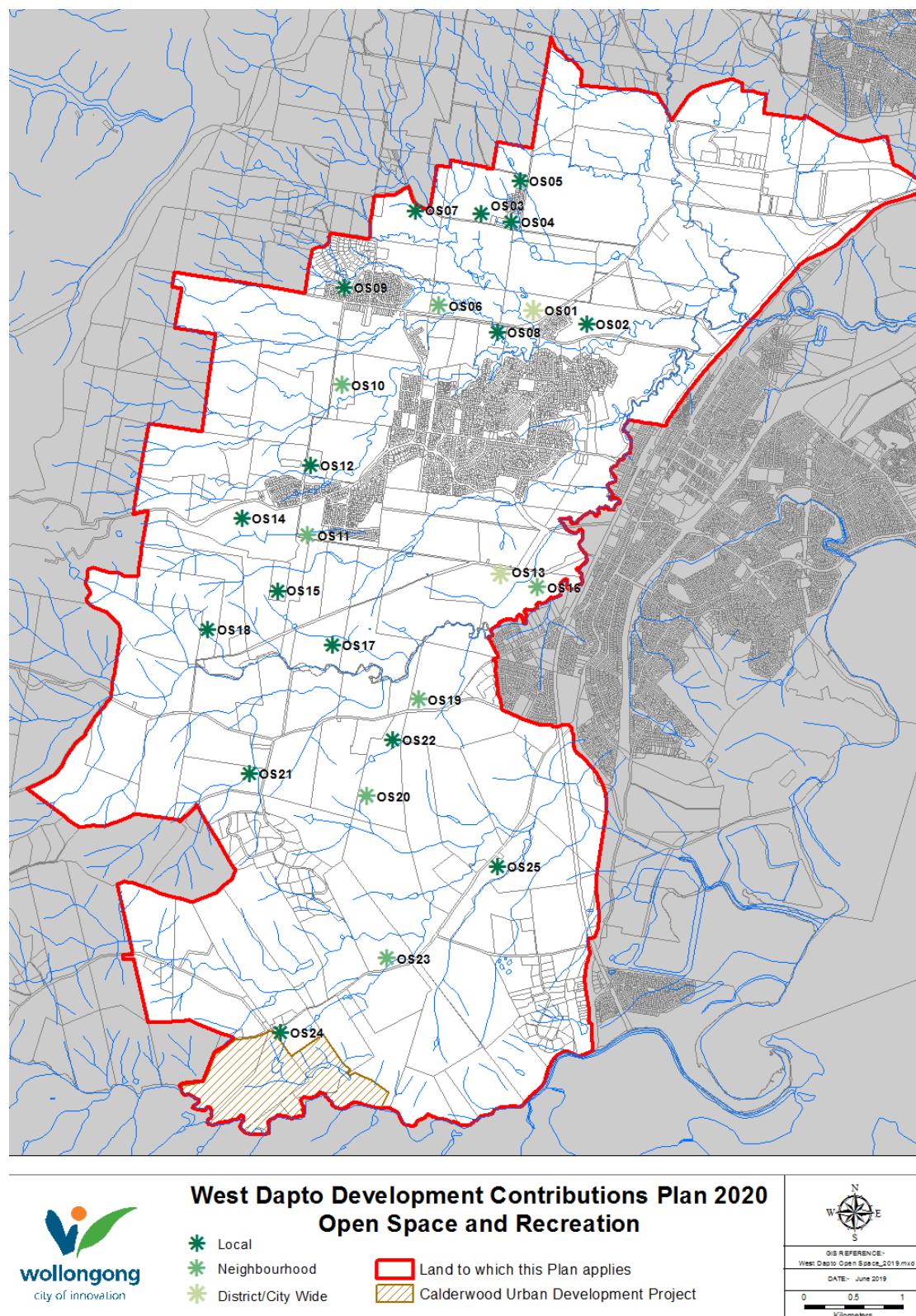
**a** Land area is the total land area before apportionment. The council has not included 2.0 hectares for the city-wide sports facility in Stage 3-Cleveland in its land area calculations because the land is already owned by the council.

**b** Land and works costs represent costs apportioned to the plan.

**Source:** West Dapto CP (2020) Works Schedule.

Figure 6.1 shows the location, or indicative location of open space facilities in the plan.

**Figure 6.1 Location of open space land and works in the West Dapto CP (2020)**



Source: West Dapto CP (2020) p 25.



## 6.2 Criterion 1: Essential works

We found that all land and works for open space in the plan are consistent with the essential works list. Some open space land has zonings other than RE1 – Public Recreation. The proposed embellishments are indicative only as the council does not have any detailed designs for parks.

### 6.2.1 All open space land in the plan meets the essential works criterion although some land is not zoned for public recreation

Most parks in the plan are either zoned or intended to be zoned RE1- Public Recreation. We consider the land for these parks is consistent with the essential works list. The plan also includes land for parks with zonings other than RE1:

- ▼ Ridge Park – a 10.23 hectare local park is zoned E2 – Environmental Conservation
- ▼ One local park of 1.79 hectares is zoned E3 – Environmental Management
- ▼ Three local parks and one neighbourhood park are zoned R2 (10.0 hectares in total) – Low Density Residential.

Although these parks are not zoned RE1, we consider their inclusion in the West Dapto CP (2020) is consistent with the essential works criterion because:

- ▼ The council intends to provide accessible open space on the land
- ▼ The current zonings allow for ‘recreation’ as a permitted use
- ▼ The council has indicated that it will own the land as community land for open space.<sup>64</sup>

### 6.2.2 The types of embellishment proposed are consistent with essential works

The council does not have any detailed designs for parks and therefore the embellishments are indicative only. We consider the items provide base level embellishments and therefore meet the essential works criterion. The works items are set out in Table 6.3.

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<sup>64</sup> Classification as community land reflects the importance of the land to the community because of its use or special features. Generally, it is land intended for public access and use, or whether other restrictions applying to the land create some obligation to maintain public access. Community Land cannot be sold, leased or licensed for more than 21 years and must have plans of management prepared for it. (Department of Local Government, Practice Note1: Public Land Management)



**Table 6.3 Open space embellishment items expected to be delivered in West Dapto**

Items consistent with the essential works list
<b>Local parks</b> Site regrading, seating, paths, utilities servicing, bubblers, bike rack, timber barriers, maintenance access gates, turfing and playground.
<b>Neighbourhood parks</b> Site regrading, seating, park furniture, picnic shelters, bin enclosure, paths, connection to utilities, equal access bubbler, bike rack, timber barriers, maintenance access gates, basketball half-court or similar, turfing and playground.
<b>Town centre park (neighbourhood park adjacent to Bong Bong Town Centre)</b> Turfing, seating, picnic shelters, landscaping, pathways, at-grade car parking, tree planting, playground, irrigation and drainage management, security lighting, basketball half-court or similar, toilets, outdoor exercise equipment.
<b>Ridge Park</b> Site regrading, utilities servicing, pedestrian path network, local playground, regeneration planting, entry feature wall, seating, fencing/bollard, signage, sandstone wall to deal with slope and drainage management.
<b>City-wide sports park (Darkes Town Centre)</b> Site regrading, utilities servicing, two sporting fields catering for competition and training, cricket training facilities, amenities buildings, floodlighting, playground, at-grade car parking, outdoor exercise equipment, internal path network, tree planting, signage, public toilets, drainage and irrigation.
<b>Sports facilities within community and recreation centre (Cleveland Sports Facility)</b> Eight tennis courts, four hotshot courts, 12 netball courts, flood lighting, at grade car parking and public toilets.

**Source:** Information from Wollongong City Council, 30 October 2019, West Dapto CP (2020) Works Schedule.

We have considered whether the regeneration planting and entry feature wall proposed for Ridge Park are consistent with the essential works list. In our assessment of Hawkesbury City Council's Vineyard Contributions Plan, we found that regeneration planting was essential works to 'bring the open space up to a level where the site is secure and suitable for passive or active recreation'<sup>65,66</sup>. Based on the same principle, we consider regeneration planting within Ridge Park meets the essential works criterion.

In our view, a feature wall would not generally be categorised as base level embellishment. However, given the relatively low cost of embellishing Ridge Park (\$12.27 per square metre), we consider the inclusion of its costs are reasonable at this stage. As detailed designs are developed for the park and full embellishment costs become clear, this may no longer be the case. The council should review the inclusion of the feature wall in the preparation of these detailed designs.

### 6.3 Criterion 2: Nexus

We found that nexus is established for the open space land and works in the plan, however:

<sup>65</sup> IPART, *Assessment of Vineyard Contributions Plan, Final Report*, November 2019, Chapter 6, p 65.

<sup>66</sup> Definition of base level embellishment (essential works) in Practice Note, January 2019.

- ▼ The rate of provision is low, particularly in Stages 3, 4 and 5.
- ▼ The location and size of most parks and the embellishments are indicative only and do not provide sufficient certainty considering the planned timelines for delivery.

### Recommendation

- 13 For the next review of the plan, ensure that the scope and location of open space land and embellishment reflect the progress of development in the release area and ensure that the plan includes:
- Sufficient accessible recreation opportunities for all residents.
  - Sufficient formal recreation facilities (sports grounds) for the release area.

#### 6.3.1 The technical study and associated information establish nexus for open space in the plan

In assessing whether there is nexus between open space works in the West Dapto CP (2020) and the development in the WDURA, we considered:

- ▼ The technical study, plan and vision statement which the council relied on to establish nexus for open space works (see Table 6.4).
- ▼ The findings from IPART's assessment of the West Dapto CP (2016) and the Minister's recommendations.<sup>67</sup>
- ▼ The impact of lower than assumed existing open space in Horsley on the overall provision of open space for the WDURA.

**Table 6.4 Technical study and plans for open space works in the West Dapto CP (2020)**

Author	Title	Date
Elton Consulting	Social, Cultural and Recreation Needs Study	July 2007
Department of Planning and Environment	Illawarra-Shoalhaven Regional Plan	November 2015
Wollongong City Council	West Dapto Vision 2018	December 2018

**Note:** The technical study by Elton Consulting was commissioned by Wollongong City Council.

**Source:** Wollongong City Council, Application to IPART, August 2019, p 7.

#### 6.3.2 The level of open space provision for the WDURA is lower than we assumed in our 2016 assessment

Our assessment of open space land and works in the West Dapto CP (2016) was based on the recommendations made by Elton Consulting in its Social, Cultural and Recreation Needs Study (Elton Study) in July 2007 and the information in the 2016 plan. The Elton Study recommended the council provide 68.0 hectares of new open space facilities within the WDURA, in addition to the existing open space provisions in the Horsley Area. The 2016 plan

<sup>67</sup> Minister for Planning, letter to Wollongong City Council, 21 September 2017. The Minister recommended that the council address some of recommendations before applying for LIGS funding and rest as part of the next review of the plan.

stated there was 176.20 hectares of open space in Horsley and the wider West Dapto area. Based on this information, we assessed that there was an oversupply of open space facilities and recommended that the council remove a total of 15.56 hectares of open space and associated embellishment from the plan.

The council partially addressed our recommendation in the West Dapto CP (2020).<sup>68</sup> It also made changes to the location and mix of local/neighbourhood parks. In doing so, it had regard to the West Dapto Vision 2018, which identifies principles of functionality, accessibility, connectivity, value and amenity that should be considered in providing open space.<sup>69</sup>

The council advised that it continues to refine the open space provisions to meet the principles identified in its Vision 2018 document. The contribution plan states, “the exact quantum, location and design of open space will be subject to detailed planning and design through the Planning Proposal, Neighbourhood Plan and Development Application processes.”<sup>70</sup>

To inform our current assessment of the open space land and works in the West Dapto CP (2020), we sought further information from the council on population estimates, the open space provisions included in the plan and the existing facilities. We looked in more detail at the composition of open space in the WDURA and the distribution of open space across all stages.

Based on information provided by the council, we found that of the 176.20 hectares of existing open space in Horsley, only 70.20 hectares provide formal open space and recreation facilities. Of the 70.20 hectares of formal open space and recreation facilities, 50.35 hectares are excess to the needs of Horsley residents and therefore available to residents in the WDURA. The remaining 106.20 hectares of existing open space facilities are natural areas that do not provide accessible open space. As a result, the open space available to the West Dapto community is lower than we assumed in our previous assessment.

### **6.3.3 The overall provision of open space for West Dapto residents is low**

Table 6.5 shows the total amount of open space available to residents of the WDURA based on location, including the 50.35 hectares of excess existing open space in Horsley. The overall provision is 2.23 hectares per 1,000 persons, which is below the commonly referred to benchmark of 2.83 hectares per 1,000 people.

<sup>68</sup> The council removed a sports park and a playground (9.56 hectares \$2.41 million), IPART, *Assessment of Wollongong City Council's Draft West Dapto Section 94 Development Contributions Plan – Final Report*, October 2016, p 7.

<sup>69</sup> Wollongong City Council, *West Dapto Vision Document*, December 2018. Note: The West Dapto Vision 2018 does not specify the level of open space provision (total area or the mix of parks) for the release area.

<sup>70</sup> West Dapto 2020 CP, p 22.

**Table 6.5 Location of open space in the WDURA – hectares**

	Stages 1-2	Stages 3	Stages 4	Stages 5	Total
Existing open space <sup>a</sup> (excluding natural areas)	50.35	-	-	-	50.35
Open space in the plan – local and neighbourhood parks	35.63	10.50	12.00	8.00	66.13
City-wide sports park – Darkes Town Centre	9.40	-	-	-	9.40
City-wide sport facility – Cleveland (outdoor courts)	-	2.00	-	-	2.00
<b>Total open space</b>	<b>95.38</b>	<b>12.50</b>	<b>12.00</b>	<b>8.00</b>	<b>127.88</b>
<b>Total open space hectares per 1000 people</b>					<b>2.23</b>

<sup>a</sup> The existing facilities in Horsley are within the geographical area of Stages 1-2. Of the 70.2 hectares, the council estimates 19.9 hectares will serve the existing population in Horsley, leaving 50.35 hectares for the WDURA

**Source:** West Dapto CP (2020) Works Schedule, Information from the council, 31 October 2019, IPART analysis.

The location of existing open space in Horsley makes it accessible for some areas within Stages 1, 2 and 3 of the WDURA. However, the provision of accessible open space for residents in some areas of Stage 3 and in Stages 4 and 5 appears low.

#### 6.3.4 The proposed sports facilities are not sufficient to meet the demand of the WDURA

The West Dapto CP (2020) includes two sports facilities for the estimated population of the WDURA (57,433 people). Some of these facilities will be shared with development outside the WDURA. Additionally, the community has access to the Reed Park sporting facility in Horsley. Reed Park is the only active open space facility providing structured sports for the Horsley area. As a result, it has a limited capacity to serve the future expected population in the WDURA. The overall provision of sporting facilities available for the WDURA is 0.24 hectares per 1,000 persons, compared with the NSW Government Architect's (GANSW) benchmark of 1.20 hectares of active open space per 1,000 people.<sup>71</sup>

In our 2016 assessment we recommended the council remove a sporting facility, based on the 2007 Elton Study that proposed only an eight hectare park for the whole WDURA and because the council had made provision for three facilities. However, based on further analysis of the provision of passive and active recreation spaces, we now consider the current provisions may not be sufficient to serve the residents of the WDURA.

The sporting facilities available for the West Dapto community are listed in Table 6.6.

<sup>71</sup> Government Architect NSW, Open Space for Recreation Guide, 2018, p 52.

**Table 6.6 Sporting facilities available for the WDURA**

Facility	Sporting facilities available	Our previous recommendation and council's position
City-wide sports park – Darkes Town Centre Located within Stages 1-2 (50% apportioned to plan, sports centre shared with a school) (9.4ha)	Two fields catering for competition and training for senior and junior cricket and AFL	We recommended 25.0% be apportioned to the plan. The council considers 50.0% should be apportioned as it is the only formal active open space proposed with AFL and cricket-specific facilities.
Sporting facilities available in community leisure and recreation centre in Cleveland, Stage 3 (2ha)	12 netball courts, 8 tennis courts	We recommended 50.0% be apportioned to the plan instead of 67.5%. The council has asked IPART to consider apportioning 100% to West Dapto because demand arises solely from the WDURA.
Reed Park – Existing facility in Horsley (10.54ha)	4 cricket fields/ rugby league fields, 3 tennis courts	N/A

**Source:** West Dapto CP (2020) Works Schedule, Information from the council, 30 October 2019.

We note that the neighbourhood parks in the plan include a half basketball court (or similar) for active open space.<sup>72</sup> Nevertheless, we consider the level of open space proposed for formal training/structured sports may be insufficient. We recommend the council review the provision of active open space to ensure it is sufficient to meet the needs of WDURA residents.

### 6.3.5 The indicative locations and areas for some parks do not provide sufficient certainty

Only eight of the 25 parks in the plan have identified locations. The council has provided indicative locations and land areas for the remainder of the parks. The council advised the remaining open space embellishments are indicative only and subject to refinement, as noted in section 6.2.2.<sup>73</sup>

We consider that the level of detail available for some parks is insufficient, given the council is planning to deliver some parks between 2021 and 2026.<sup>74</sup> The council should progress the planning for these parks to provide more certainty by identifying exact locations, sizes and embellishments.

## 6.4 Criterion 3: Reasonable cost

Based on the available information, we consider that the open space works costs in the plan are reasonable but low compared with the costs in other plans we have assessed. Further, we consider the additional study cost identified in the plan should be covered by the plan administration allowance.

<sup>72</sup> Information from Wollongong City Council, 30 October 2019.

<sup>73</sup> Information from Wollongong City Council, 30 October 2019.

<sup>74</sup> For example, the council's works schedule indicates a neighbourhood parks (OS06) is to be delivered by 2020/21 period. The size of the park is still an estimate at 4.0 hectares and the works cost estimate for the park is still based on a 2010 council estimate.

## Recommendations

- 14 For the next review of the plan, update the cost estimates of all parks to be delivered using more recent actual costs or cost estimates for similar parks.
- 15 Remove the cost of a consultant study for the Darkes Town Centre sporting facility, reducing the cost in the plan by \$30,000.

### 6.4.1 The council's approach to estimating open space costs is reasonable

The council's approaches to estimating open space costs are shown in Table 6.7, which are similar to the approaches adopted in the West Dapto CP (2016). Except for four parks where the council uses costs from VPA agreements, the council uses its cost estimates from 2010 and indexes them to the plan's revised base period. The council explained that it reviewed the estimates against recent council projects and found they are reasonable.<sup>75</sup>

**Table 6.7 The council's approach for estimating open space works costs**

Item	Costing approach	Contingency
<b>Parks in VPAs</b>		
▼ Four local parks including playgrounds	Cost agreed in VPA	N/A
<b>All other parks not in VPAs</b>		
▼ Local parks (2 ha) including playground	Council's cost estimates from 2010 indexed to the base period (Dec 2018) by <i>ABS Non-residential building construction New South Wales</i> ; reviewed against recent council projects	20%
▼ Neighbourhood parks (4 ha) including playground		
▼ City-wide sports park – Darkes Town Centre including playground		
▼ Cleveland sports facility (tennis/netball courts)		
▼ Ridge Park		

Source: West Dapto CP (2020) Works Schedule.

### 6.4.2 The costs in the plan are reasonable but low compared with other plans

The council's cost estimates for a typical local park, neighbourhood park and for some specific parks in the WDURA are listed in Table 6.8 below. These are low compared with the costs we have assessed as reasonable in other plans.

<sup>75</sup> Information from Wollongong City Council, 30 October 2019.

**Table 6.8 Open space works costs (\$Dec2018)**

Item <sup>a</sup>	Cost estimate	Cost/sqm
Local parks (2 ha) including playground	1,107,764	55.39
Neighbourhood parks (4 ha) including playground	1,920,124	48.00
City-wide sports park – Darkes Town Centre including playground	5,354,193 <sup>b</sup>	56.96
Cleveland sports facility (tennis/ netball courts)	1,324,791	132.48
Ridge Park	1,255,466	12.27

<sup>a</sup> For four local parks that are delivered through a VPA, the council has identified the costs in the VPA agreement for the parks. For some local/neighbourhood parks, the council has identified different land area sizes than 2 hectares for local parks and 4 hectares for neighbourhood parks.

<sup>b</sup> The total cost for the Darkes Town Centre Sports Park includes \$30,000 as an additional study cost.

**Source:** West Dapto CP (2020) Works Schedule.

The total cost for open space works in the plan is \$35.58 million, reflecting a cost per person of \$620. The median cost per person for open space works in other plans we have assessed to date, and considered reasonable, is \$2,775. The lower per person cost for West Dapto is partly because there is open space available to the West Dapto community (in Horsley) that is not included in the plan. The excess open space in Horsley has been provided through another contributions plan.

We also compared the per square metre cost of different types of parks in the West Dapto CP (2020) with parks in other plans. We found that per square metre costs for West Dapto are low, especially for local and neighbourhood parks. For the next review of the plan, the council should update the cost estimates for open space in the plan, based on more recent cost estimates or the actual per square metre costs of parks delivered within the WDURA and/or similar parks within the LGA.

#### **6.4.3 Plan administration costs cover the costs of planning studies required for open space works**

The 2007 Elton Consulting study recommended two \$30,000 planning studies be conducted in relation to open space works, to inform the development of the city-wide sports park in Darkes Town Centre (OS01) and the Cleveland Community Leisure and Recreation Centre (OS13).<sup>76</sup>

The council included the cost (\$30,000) for the OS01 planning study in the West Dapto CP (2020), and noted it had unintentionally omitted the study cost for OS13 from the plan.<sup>77</sup>

We consider that the two proposed planning studies should not be included as open space works costs in the West Dapto CP (2020), as they fall within the scope of plan administration costs as defined by the Practice Note and should be covered within these costs.<sup>78</sup>

<sup>76</sup> Elton Consulting, *Social, Cultural and Recreation Needs Study*, July 2007, p 72.

<sup>77</sup> Information from Wollongong City Council, 6 January 2020.

<sup>78</sup> Department of Planning and Environment, *Local infrastructure Contributions Practice Note*, January 2019.



## 6.5 Criterion 5: Apportionment

In assessing apportionment of open space costs in the West Dapto CP (2020), we have taken into account the demand for infrastructure arising from:

- ▼ Existing and new development
- ▼ Development within and outside the release area.

The council apportions open space costs in the West Dapto CP (2020) on a per person basis to new residential development in the WDURA. The council has apportioned 100% of the costs of all facilities in the plan except for two facilities, which it has apportioned 50% to the plan. The two facilities are:

- ▼ City-wide sports park (OS01) (adjacent to Darkes Town Centre)
- ▼ The outdoor component of the Community Leisure and Recreation Centre (OS13) (southern side of Cleveland Road, adjacent to Daisy Bank Drive).

The council's approach to apportioning open space costs is broadly the same as the last time we assessed the plan. Although it did not address our apportionment recommendation from our 2016 assessment to apportion only 25% of the Darkes Town Centre sporting facility to the plan, we consider the approach it has taken in the West Dapto CP (2020) is reasonable.

We also found that the council's proposal to apportion 100% of the cost of the Cleveland outdoor sports facility to the WDURA is reasonable, given the shortage of sports facilities available to residents of the WDURA.

### Recommendation

- 16 Apportion 100% of the cost of the Cleveland outdoor sports facility (OS13) to development within the WDURA.

### 6.5.1 The council's apportionment approach reflects the need for more open space for West Dapto

In our 2016 assessment we found the council had apportioned a higher percentage of costs to the WDURA for two sports facilities that serve the broader council area than recommended by the Elton study. We recommended the council reduce the cost apportioned to the WDURA, as follows:

- ▼ Apportion 25% of the cost of city-wide Darkes Town Centre sports facility to the plan, instead of 50%.
- ▼ Apportion 50% of the cost of the Cleveland outdoor sports facility to the plan, rather than 67.5%.

The council has not addressed the recommendation on the Darkes Town Centre Sports facility. We asked the council for additional information to support 50% apportionment of the facility. The council indicated that this sports park is the only formal active open space in the WDURA that will provide AFL and cricket facilities. The park will adjoin a school and will be available for use by the school during weekdays. Considering there is growth in AFL participation and

the demand for the park from the school is only during weekdays, the council argues that it is reasonable to apportion 50% of costs to the plan. We accept this position.<sup>79</sup>

The council had addressed our recommendation to apportion only 50% of the outdoor sports facility in Cleveland to the plan. However, during our assessment, the council requested we consider the merits of apportioning 100% of the costs of the Cleveland outdoor sports facility to the West Dapto CP (2020). The council states the facility will service the needs of the WDURA residents only.<sup>80</sup>

The UDIA's submission to our Draft Report questioned the rationale for recommending that 100% of the cost of the Cleveland sports facility be apportioned to the West Dapto CP (2020), noting:

- ▼ We have relied solely on the council's statement that this facility will be available for WDURA residents
- ▼ No other evidence has been provided to show that residents outside the WDURA will not use the facility
- ▼ Full apportionment has not been subject to public consultation.<sup>81</sup>

Given the shortage of sporting facilities within the WDURA, we consider it is reasonable to assume the Cleveland sports facility will serve the recreational needs of the WDURA community. We therefore consider it is reasonable to apportion 100% of the costs of the facility to the West Dapto CP (2020).

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<sup>79</sup> Information from Wollongong City Council, 30 October 2019.

<sup>80</sup> Information from Wollongong City Council, 6 November 2019.

<sup>81</sup> UDIA, Submission to Draft Report, 27 March 2020, p 7.

## 7 Community services

The West Dapto CP (2020) includes \$1.76 million (0.2% of total costs) to acquire 1.85 hectares of land to accommodate community facilities that will serve the needs of new residents in the WDURA. The plan apportions 100% of the costs to residential development within the WDURA.

Our assessment of the provision for community services in the West Dapto CP (2020) is as follows:

- ▼ **Criterion 1: Essential works** – Land for community facilities is consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – There is nexus between the land in the plan and development in the WDURA.
- ▼ **Criterion 5: Apportionment** – It is reasonable to apportion 100% of the cost of land for community facilities to the West Dapto CP (2020).

Our assessment of **Criterion 3 (Reasonable cost)** is in Chapter 9. We found that the cost of land for community services is reasonable.

Our findings and recommendations for community services are summarised in Table 7.1.

**Table 7.1 IPART-recommended adjustments for community services (\$Dec2018)**

Criterion	Finding	Recommendation	Cost of land
<b>Total cost in plan</b>			<b>1,757,500</b>
<b>Essential works</b>	Land for community facilities is consistent with the essential works list		
<b>Nexus</b>	Nexus is established for the land for community facilities		
<b>Reasonable cost - Land</b>	The cost of land in the plan is reasonable		
<b>Apportionment</b>	The apportionment of costs is reasonable		
<b>Total IPART-recommended cost adjustment</b>			<b>0</b>
<b>Total IPART-assessed reasonable cost</b>			<b>1,757,500</b>

Source: West Dapto CP (2020) Works Schedule.

### 7.1 Overview of community services in West Dapto CP (2020)

Residential development in the WDURA is expected to result in additional demand for community services. The council is proposing additional community facilities at four sites and an upgrade to the existing community centre on Wongawilli Road (CF02), which does not require additional land.

A summary of the costs and location of the community centres is presented in Table 7.2. Figure 7.1 shows the location of community services in the West Dapto CP (2020).

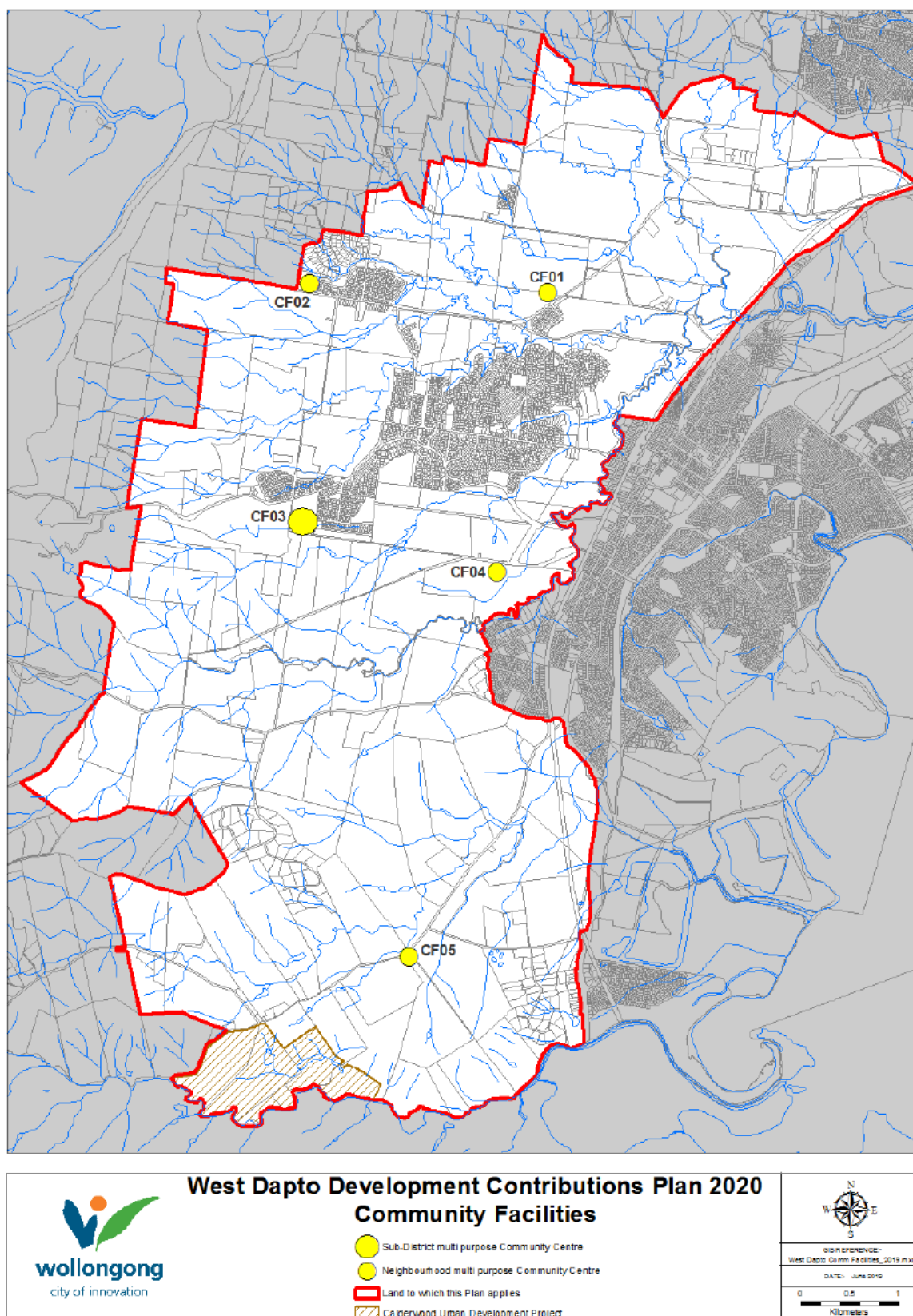
**Table 7.2 Summary of land costs for community facilities in the West Dapto CP (2020) (\$Dec2018)**

Infrastructure Item	Location	Stage	Area (ha)	Total cost (\$)
Multi-purpose community centre	Darkes Town Centre (CF01)	1-2	0.35	332,500
Community centre	Bong Bong Town Centre (CF03)	1-2	1.00	950,000
Multi-purpose community centre	Co-located with Community Leisure & Recreation Centre (CF04)	3	0.15	142,500
Multi-purpose community centre	Marshall Mount Town Centre (CF05)	5	0.35	332,500
<b>Total</b>			<b>1.85</b>	<b>1,757,500</b>

**Note:** The council also intends to deliver an extension to the existing neighbourhood community centre at Wongawilli Hall to accommodate the expected population growth in West Dapto. As the council already owns the land where the extension is planned it has not included the cost in the plan.

**Source:** West Dapto CP (2020) Works Schedule.

**Figure 7.1 Location of community services land in West Dapto CP (2020)**



**Source:** West Dapto CP (2020), Figure 4 Map – Community Facilities, p 29.

## 7.2 Criterion 1: Essential works

The West Dapto CP (2020) includes the cost of acquiring a total land area of 1.85 hectares at four sites, to accommodate new community centres. The council intends to deliver four new community centres and upgrade an existing centre to meet the needs of the area's growing population. The council does not require any additional land to upgrade the existing community centre on Wongawilli Road (CF02).

The council's inclusion of land where community facilities will be located is consistent with the essential works list.

## 7.3 Criterion 2: Nexus

In our 2016 assessment we found that nexus was established by the council's technical study for 2.2 hectares of land for three new community centres in the WDURA (see Table 7.3).<sup>82</sup>

**Table 7.3 Technical study for community facilities in the West Dapto CP (2020)**

Author	Title	Date
Elton Consulting	Social, Cultural and Recreation Needs Study	July 2007

**Note** The technical study was commissioned by Wollongong City Council.

The West Dapto CP (2020) includes 1.85 hectares of land for four new community facilities – one more facility than in the West Dapto CP (2016). The additional facility is a sub-district multi-purpose community centre in the Bong Bong Town Centre, which will be co-located with a community library.

Although land for an additional facility has been included in the plan, the total area of land for community facilities is less than the 2016 plan. This is because the council has reduced its estimate of the amount of land needed for two of the community facilities.

The increased revised estimated population of the release area is driving the need for an additional facility. We consider the council has established nexus for the number of community facilities in the plan, and therefore nexus is established for the land required for these facilities.

## 7.4 Criterion 5: Apportionment

The council apportions 100% of the cost of land for new community facilities to the new residential population of the WDURA on a per person basis. The council does not apportion any of the costs of community facilities to non-residential development. We consider this is reasonable, as the demand for community facilities is generated only by the new residential development in the precinct.

<sup>82</sup> The West Dapto CP (2016) included an expansion to a fourth community centre, but there was no land component. See page 68 of our previous assessment.



## 8 Plan administration

The West Dapto CP (2020) includes \$12.80 million (1.5% of the works costs) for plan preparation and administration costs. Our assessment of this cost is as follows:

- ▼ **Criterion 1: Essential works** – Plan preparation and administration costs are consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – Nexus is established for the inclusion of plan administration costs.
- ▼ **Criterion 3: Reasonable cost** – Estimating plan administration costs based on 1.5% of the cost of works is reasonable.
- ▼ **Criterion 5: Apportionment** – The council's approach to apportioning plan administration costs is reasonable.

Based on our findings and recommendations to adjust the total cost of works in the West Dapto CP (2020), we estimate the cost of plan administration would reduce by \$372,422 (2.9%).

Our findings and recommendations for plan administration costs are summarised in Table 8.1.

**Table 8.1 IPART-recommended adjustments for plan administration (\$Dec2018)**

Criterion	Finding	Recommendation	Cost
<b>Total cost in plan (\$Dec2018)</b>			<b>12,801,996</b>
<b>Essential works</b>	Plan administration is on the essential works list		
<b>Nexus</b>	Nexus is established		
<b>Reasonable cost</b>	Calculating costs using IPART's benchmark of 1.5% of works costs is reasonable	Reduce administration costs to be 1.5% of the revised cost of works	-372,422
<b>Apportionment</b>	Approach is reasonable		
<b>Total IPART recommended cost adjustment</b>			<b>-372,422</b>
<b>Total IPART assessed reasonable cost</b>			<b>12,429,574</b>

Source: West Dapto CP (2020) Works Schedule, IPART analysis.

### 8.1 Criterion 1: Essential works

Plan preparation and administration costs are on the essential works list. The Practice Note states:

Plan administration costs are those costs directly associated with the preparation and administration of the contributions plan. These costs represent the costs to a council of project managing the plan in much the same way as the project management costs that are incorporated into the cost estimates for individual infrastructure items within a plan.

Plan administration costs may include:

- Background studies, concept plans and cost estimates that are required to prepare the plan

- Project management costs for preparing and implementing the plan (e.g. the employment of someone to co-ordinate the plan).<sup>83</sup>

## 8.2 Criterion 2: Nexus

We consider there is nexus between plan preparation and administration activities and the expected development in the WDURA.

## 8.3 Criterion 3: Reasonable cost

The West Dapto CP (2020) includes a cost of \$12.80 million for plan administration, which is 1.5% of the total cost of works in the plan. The amount of 1.5% is consistent with the benchmark we proposed in IPART's Benchmark Report (April 2014)<sup>84</sup>, and we consider that in the context of the West Dapto CP (2020) it is a reasonable estimate.

Given that we have recommended the council revise the cost of works, we therefore recommend the council calculate the cost of plan administration for the West Dapto CP (2020) based on 1.5% of the adjusted cost of works.

We estimate that the adjusted cost of works based on our recommendations is \$841,067,831 and therefore reasonable administration costs in the West Dapto CP (2020) are \$12,429,574.

### Recommendation

- 17 Calculate the cost of plan administration for West Dapto CP (2020) based on 1.5% of the adjusted cost of works, which would reduce the cost of plan administration by an estimated \$372,422.

## 8.4 Criterion 5: Apportionment

In assessing whether the council's apportionment of plan administration costs is reasonable, we considered the council's approach to apportioning costs:

- ▼ Between existing and new development
- ▼ Within and outside the WDURA
- ▼ Between residential and non-residential development
- ▼ Across stages of development (considered as a cross-category issue in Chapter 10).

The council apportions all plan administration costs in the West Dapto CP (2020) to new development in the WDURA.<sup>85</sup>

Our assessment of the council's apportionment of plan administration costs across stages is discussed in section 10.3 as a cross category issue.

<sup>83</sup> Department of Planning and Environment, *Local infrastructure Contributions Practice Note*, January 2019, p 16.

<sup>84</sup> IPART's Benchmark Report, April 2014, p 63.

<sup>85</sup> Existing development in Horsley is excluded from NDA, but contributions are expected to be levied for new development in Horsley.

To apportion costs between residential and non-residential development, the council applies adjustment factors that result in non-residential land uses being apportioned a smaller share of costs relative to their share of land. Table 8.2 shows the impact of the adjustment factors on plan administration costs apportioned to different types of development.

**Table 8.2 Apportionment of plan administration costs between residential and non-residential land uses**

Land use	Total land area (ha)	Adjustment factor	Adjusted land area (ha)	Apportionment of costs (\$)
Residential	1,778.22 (89.7%)	1	1,778.22	12,492,188 (97.6%)
Commercial	22.69 (1.1%)	0.75	17.02	119,059 (0.9%)
Industrial & other	180.44 (9.1%)	0.15	27.07	190,750 (1.5%)
<b>Total</b>	<b>1,981.35</b>		<b>1,822.31</b>	<b>12,801,996</b>

**Source:** West Dapto CP (2020) p17, IPART analysis.

We consider that plan administration costs should be apportioned based on the same methodology as that of where the majority of expenditure in the plan is occurring. In the West Dapto CP (2020), transport land and works costs represent the majority of expenditure, accounting for 78.3% of costs in the plan.

As we have assessed that the use of adjustment factors for apportioning transport infrastructure costs to non-residential development is reasonable (see section 4.5), we consider these adjustment factors should be similarly applied to the apportionment of plan administration costs. This is the approach currently adopted by the council in the West Dapto CP (2020).

Once costs are apportioned to each land use type on a NDA basis, they are then apportioned within residential development on a per person basis and within each of commercial and industrial development on a per hectare basis.

## 9 Land costs

This chapter presents our assessment of the reasonable cost of land across all infrastructure categories. The West Dapto CP (2020) includes \$105.77 million for land acquisition. This represents 11.0% of the total costs in the plan. The plan includes only a small quantity of land that has been acquired by the council to date (representing around 3% of total land area).

Our assessment found that the cost of land in the West Dapto CP (2020) is mostly reasonable. However, the plan should be updated to reflect the actual costs of land acquired, the value of council-owned operational land and the constrained nature of land for enhanced storage areas.

We found that:

- ▼ The council has agreed to acquire a small amount of land through Voluntary Planning Agreements (VPAs), but the plan does not include all VPA land acquisitions as actual costs.
- ▼ The council has acquired a small amount of land (other than through VPAs) that is not included in the plan as actual costs.
- ▼ The council has included the estimated cost of council-owned operational land in Stages 1-2 of the WDURA, which has been rezoned, rather than actual costs.
- ▼ The council's approach to estimating land costs for land that has not yet been acquired, based on an individual valuation for one item and average land values from a valuer for all other items, is reasonable.
- ▼ The council's application of average values to estimate the cost of land for enhanced stormwater storage areas does not reflect the constrained nature of the land.
- ▼ The council has not updated the plan to include more precise cost estimates for land for stormwater basins based on the locations identified in adopted neighbourhood plans.
- ▼ The council has not included an allowance for "other acquisition costs" to cover the amount it may have to pay in association with land acquisition costs.

Based on our findings, we recommend adjustments to the plan we estimate would reduce the cost of land by \$2,527,364 (-2.4%). Our recommended adjustments are summarised in Table 9.1.

**Table 9.1 IPART-recommended adjustments for land costs (\$Dec2018)**

	Cost in plan	IPART-recommended adjustment	IPART-assessed reasonable cost
<b>Transport land</b>	<b>36,195,536</b>		
Include land for three transport items for which nexus is established		382,125	
Update estimated costs in the plan with actual expenditure incurred or agreed through VPAs		288,559	
<b>Total transport</b>		<b>670,684</b>	<b>36,866,220</b>
<b>Stormwater management land</b>	<b>29,302,486</b>		
Include land for four additional stormwater basins for which nexus is established		7,459,195	
Update estimated costs in the plan with actual expenditure incurred		-892,313	
Reduce the cost of land for enhanced storage areas to reflect flooding constraints		-9,922,500	
<b>Total stormwater management</b>		<b>-3,198,048</b>	<b>26,104,438</b>
<b>Open space land</b>	<b>38,517,247</b>		
<b>Total open space</b>		<b>0</b>	<b>38,517,247</b>
<b>Community services land</b>	<b>1,757,000</b>		
<b>Total community services</b>		<b>0</b>	<b>1,757,000</b>
<b>Total land</b>	<b>105,772,769</b>	<b>-2,527,364</b>	<b>103,245,405</b>

Source: West Dapto CP (2020) Works Schedule and IPART analysis.

## 9.1 Overview of land costs in the West Dapto CP (2020)

The West Dapto CP (2020) includes \$105.77 million for acquiring 262.6 hectares of land for transport and stormwater infrastructure, open space and community services facilities in the WDURA, as shown in Table 9.2.

**Table 9.2 Land areas and costs in the West Dapto CP (2020) (\$Dec2018)**

Category	Total area (ha)	Total cost	Area already acquired (ha)	Area yet to be acquired (ha)
Transport	78.3	36,195,536	0.0	78.3
Stormwater	106.9	29,302,486	0.0	106.9
Open space	75.5	38,517,247	8.4	67.1
Community services	1.9	1,757,500	0.0	1.9
<b>Total</b>	<b>262.6</b>	<b>105,772,769</b>	<b>8.4</b>	<b>254.2</b>

**Source:** West Dapto CP (2020) Works Schedule, IPART analysis.

In response to our requests for further information about actual costs of land already acquired, the council provided:

- ▼ Updated actual costs of land already acquired for transport and stormwater items that are in the plan
- ▼ Updated actual costs of land already acquired for transport and stormwater items that the council had omitted from the plan
- ▼ Estimated costs for land yet to be acquired for items that the council had omitted from the plan.

Table 9.3 shows the land areas and costs in the West Dapto CP (2020) compared with the council's updated land areas and costs provided in response to our requests for further information.

**Table 9.3 Land areas and costs in the West Dapto CP (2020) compared with updated information provided by the council (\$Dec2018)**

Category	West Dapto CP (2020)		Council's updated information	
	Total area (ha)	Total cost	Total area (ha)	Total cost
Transport	78.3	36,195,536	80.3	36,866,220
Stormwater	106.9	29,302,486	122.4	37,038,524
Open space	75.5	38,517,247	75.5	38,517,247
Community services	1.9	1,757,500	1.9	1,757,500
<b>Total</b>	<b>262.6</b>	<b>105,772,769</b>	<b>280.1</b>	<b>114,179,491</b>

**Note:** The updated information contains actual costs for partial acquisitions. Where land has been partially acquired, the remaining land is valued at average acquisition rates as provided by the council.

**Source:** West Dapto CP (2020) Works Schedule, Information from the council 13 January 2020, IPART analysis.

As we found that nexus is established for the items and associated land acquisitions that the council omitted from the plan, we have assessed the reasonableness of the cost of land in the plan and the additional land costs proposed by the council, as shown in total in Table 9.3.

Development in the WDURA is planned in five stages. To date, some land has been rezoned for development in Stages 1-2 and 5.

The council uses different approaches to costing land, depending on how and whether it has already acquired the land or not.



## 9.2 Land already acquired or already owned by the council

The cost of land that the council already owns and has acquired for public infrastructure may not exceed the acquisition cost, indexed by the CPI (All Groups) for Sydney.<sup>86</sup> The council has acquired a small amount of land in the WDURA and negotiated the acquisition or dedication of other land through VPAs. It also owns operational land within the WDURA that will be required for local infrastructure.

We found that:

- ▼ The plan includes the agreed acquisition cost or dedication value for some, but not all, land acquired through VPAs. The council's updated information shows that it has correctly identified the agreed acquisition cost or dedication value for land acquired through VPAs.
- ▼ The council has acquired other land (not through VPAs) that should be reflected as actual costs in the plan.
- ▼ Council-owned operational land in Stages 1-2 of the WDURA, which has been rezoned, is not reflected as actual costs in the plan.

### Recommendation

- 18 Amend the plan to include the agreed acquisition cost or dedication value of all land acquired, including through VPAs, as actual costs, indexed to the base year of the plan. This would decrease the cost in the plan by \$603,754, comprising:
- An increase of \$288,559 for transport land
  - A decrease of \$892,313 for stormwater land.

### 9.2.1 Land already acquired by the council is not accurately reflected in the plan

The West Dapto CP (2020) includes costs for four parcels of land (8.4 hectares) that the council has agreed to acquire for public infrastructure through VPAs.

In response to our requests for further information, the council identified that it has acquired more land than is shown in the plan submitted and that a total of 5.80 hectares of land has been acquired to date. This comprises:

- ▼ 2.10 hectares of land acquired for stormwater and 1.44 hectares for transport infrastructure items that are in the plan
- ▼ 0.32 hectares of land for stormwater and 1.95 hectares for transport infrastructure items that the council had omitted from the plan.<sup>87</sup>

Some of these land acquisitions have been negotiated through VPAs. We found that the cost of land acquired by the council reflects the agreed acquisition cost or dedication value, indexed to the base year of the plan.

<sup>86</sup> *Environmental Planning and Assessment Regulation 2000*, cl 251.

<sup>87</sup> Information from Wollongong City Council, 24 December 2019, 6 January 2020 and 14 February 2020.

## 9.2.2 The cost of council-owned operational land is not correctly recorded in the plan

The land for public infrastructure in the West Dapto CP (2020) includes land that is already owned by the council as operational land. The council land holdings are in Stages 1-2, which have been rezoned, and Stage 3, which is yet to be rezoned. The council has included cost estimates, based on the relevant average land values for this land.

For land in Stages 1-2 that the council already owns and which has already been rezoned, the council should include the market value at the time the land was rezoned for public infrastructure, indexed to the base year of the plan. This is consistent with the requirements of the *Environmental Planning and Assessment Regulation 2000* and our previous decisions for similar land in Blacktown City Council's contributions plans.

The council has confirmed the infrastructure items associated with its operational land holdings in the WDURA. Where possible, it has also confirmed the areas of land that are required for local infrastructure. The infrastructure on council operational land in Stages 1-2 is shown in Table 9.4.

**Table 9.4 Infrastructure on council operational land in the WDURA – Stages 1-2**

Infrastructure in Stages 1-2	Area (ha)
<b>Council Lot 23 DP 790915, 231 Sheaffes Rd, Dombarton</b>	
OS07 – Local park – Sheaffes Rd – active and passive open space	2.00
<b>Council Lot 1 DP 657171, 340 West Dapto Rd, Kembla Grange</b>	
CF01 – Neighbourhood multi-purpose community centre, Darkes Town Centre	0.40
OS01 – City wide sports park (partial)	6.58
TR01 (WD11) (partial) – West Dapto Rd, between Intersections 16 and 17	Subject to design <sup>a</sup>
TR01 (WD12) (partial) – West Dapto Rd, between Intersections 17 and 18	Subject to design
TR01 (IN16) (partial) – small roundabout, West Dapto Rd	Subject to design
TR01 (IN17) (partial) – large signals, West Dapto Rd	Subject to design

<sup>a</sup> The precise land areas required for these transport infrastructure items is not known at this stage and will be determined through the detailed design process.

**Source:** West Dapto CP (2020) Works Schedule, Maps provided by the council on 28 October 2019; Information from the council, 22 November 2019.

The council is unable to confirm precise areas for transport infrastructure because the designs for this infrastructure have not been completed. We consider it is reasonable for the council to include cost estimates for this land until the precise areas of land required have been determined.

For council-owned land for items OS07, CF01 and OS01, we recommend that the council amend the plan to include actual costs. As the council does not have a suitable valuation for the land at the time of rezoning, in this instance, it should include the estimated cost based on current average land values as an actual cost in the plan.

The infrastructure on council-owned land in Stage 3, which is yet to be rezoned, is shown in Table 9.5. The council should include the cost of council operational land for infrastructure in Stage 3 as actual costs based on market values when that land is rezoned for public infrastructure.

**Table 9.5 Infrastructure on council operational land in the WDURA – Stage 3**

Infrastructure in Stage 3	Area (ha)
OS13 – Community leisure and recreation centre – Cleveland Rd – active open space including 12 netball courts and 8 tennis courts	1.93
OS16 – Neighbourhood park – 6 playing fields and 2ha of passive open space	4.00
CF04 – Neighbourhood multi-purpose community centre	0.20
TR27 (NR52) – Eastern Link Rd (new road)	Subject to design
TR27 (B40) (partial) – Bridge on Eastern Link Rd	Subject to design
TR13 (B46) (partial) – Bridge on Cleveland Rd	Subject to design
TR13 (C1) (partial) – Cleveland Rd, between Bridge 45 and Bridge 46	Subject to design
TR13 (C2) (partial) – Cleveland Rd, between Bridge 46 and Intersection 36	Subject to design
TR 13 (C3) (partial) – Cleveland Rd, between Intersections 36 and 37	Subject to design

**Source:** West Dapto CP (2020) Works Schedule, Maps provided by the council on 28 October 2019; Information from the council, 22 November 2019.

### 9.3 Land yet to be acquired by the council

Most of the land for local infrastructure in the WDURA has not yet been acquired by the council. We found that the council's cost estimates for land that it is yet to acquire are reasonable, except:

- ▼ The council has not updated the plan to include more precise cost estimates for land for stormwater basins based on the locations identified in adopted neighbourhood plans.
- ▼ The council's application of average values to estimate the cost of enhanced stormwater storage areas does not reflect the constrained nature of the land.

#### Recommendations

- 19 Update the estimated cost of land for stormwater basins in areas of the WDURA with adopted neighbourhood plans, based on the relevant underlying zoning and any constraint applying to the land.
- 20 Reduce the cost of land for enhanced stormwater storage areas by \$9,922,500 to reflect the flood constrained nature of the land.

#### 9.3.1 The council's approach to estimating the cost of land yet to be acquired is reasonable

The council has estimated the cost of land that it is yet to acquire by:

- ▼ Engaging qualified valuers to provide advice on:
  - A site-specific valuation for open space item OS02 (Ridge Park)
  - Average market values (dollars per square metre) for different categories of land for all other land acquisitions in the WDURA.
- ▼ Using the site-specific valuation for OS02 and applying the average values recommended by the valuer for all other land, based on its assumptions about:
  - The underlying zoning for each parcel of land

- The area of any encumbrance (or constraint).

Unlike other contributions plans we have recently assessed, the West Dapto CP (2020) does not include an “other acquisition cost” allowance to cover the amount that the council may have to pay in association with land acquisition costs, such as legal and conveyancing fees, survey fees and compensation payments to land owners for acquisition of their land.<sup>88</sup>

The council engaged Martin Morris & Jones Pty Limited (MMJ) to provide advice on the average market values for the different categories of land in the plan. We consider MMJ has used a reasonable sample of comparison sales from within the WDURA, including Horsley and other suburbs where development has commenced, to derive average market values for most underlying zonings and constraints. It also used sales evidence from neighbouring areas to derive average values for rural and environmental land.

### 9.3.2 Transport land cost estimates are reasonable

The West Dapto CP (2020) includes 78.3 hectares of land for transport infrastructure, costing \$36,195,536 (34.2% of the total cost of land). The plan submitted for assessment includes estimated costs for all transport land. However, as noted above, the council has provided updated information about land that it has already acquired for transport infrastructure in the WDURA. The council has estimated the cost of transport land that it is yet to acquire by applying the average land values provided by its valuer.

Our 2016 assessment found that the council had not included the cost of land acquisitions for transport infrastructure in Stage 5 of the WDURA. We recommended that the council include these costs in the plan. This recommendation has been addressed in the West Dapto CP (2020).

Our assessment of the council’s application of average values to the land to be acquired for transport infrastructure has found that the council’s application is mostly reasonable, except that for a small number of land acquisitions the council has not recognised flooding constraints and for some other acquisitions the average does not reflect the relevant underlying zoning. These inaccuracies are not material and result in small over-estimates in some instances and small under-estimates in others.

We note that the precise locations of transport land acquisitions are likely to change slightly as the council progresses with detailed infrastructure design. As the detailed infrastructure design is determined, the council should review its land cost estimates for transport to ensure they reflect the underlying zoning and any constraint, such as flooding.

### 9.3.3 Stormwater land cost estimates should be updated and revised

To provide stormwater management infrastructure, the West Dapto CP (2020) includes 106.9 hectares of land, costing \$29,302,486 (27.7% of the total cost of land), for:

- ▼ 54 detention basins
- ▼ Five enhanced storage areas.

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<sup>88</sup> Payable under the *Land Acquisition (Just Terms Compensation) Act 1991*.

In response to our request for further information, the council identified that it incorrectly omitted four detention basins. In section 5.3, we found that nexus is established for these four additional detention basins; our assessment of the estimated cost of land acquisitions associated with these basins is included below. The council also identified that it has already acquired a small amount of land for three detention basins; our assessment of these costs is provided at section 9.2.1.

### Land for detention basins

The location of stormwater detention basins was not known when we last reviewed the plan in 2016 and the council has indicated that locations are still not known. The council has estimated the cost of land for these basins based on assumptions about their location. These assumptions have changed between the West Dapto CP (2016) and the West Dapto CP (2020).

For stormwater basins in the West Dapto CP (2016), the council assumed that half of the land to be acquired would be residential/urban zoned land and the other half would be riparian land. This assumption related to the strategy for detention basins to be located offline, ie, located on non-flood-affected land, and therefore, potentially, on urban land.

Our previous assessment found that this was reasonable, given the location and size of the basins had not yet been identified. We recommended that the council refine its land value estimates once the locations of the basins are known.

The council has suggested that the specific land for stormwater basins is still not known, however it has applied different assumptions to estimate the cost of land for stormwater basins in the West Dapto CP (2020), as follows:

- ▼ 16 basins – 50/50 split between industrial and riparian land
- ▼ 42 basins – 50/50 split between urban and riparian land.

We asked the council to explain the reason for changing the assumptions for stormwater basin land values and it advised that these assumptions reflect the adjoining land zoning and proposed location.<sup>89</sup>

Further, neighbourhood planning is complete for some areas in Stages 1-2 of the WDURA, however the council has not updated the plan with locations for stormwater basins in these planned areas, in line with our recommendation from the previous assessment. This is despite the locations of detention basins being clearly shown in many of the neighbourhood plans that have been adopted through amendments to the *Wollongong Development Control Plan 2009*. We asked the council to:

- ▼ Explain why the locations of stormwater basins have not been updated in the plan for areas where neighbourhood planning is complete
- ▼ Advise whether known locations of any stormwater basins would change land cost estimates in the plan.

The council has not provided a clear response to our enquiries. We consider that the council's high level assumptions for estimating land costs for stormwater basins are broadly reasonable and therefore, that the land cost estimates for stormwater basins are reasonable. However, we

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<sup>89</sup> Information from Wollongong City Council, 22 November 2019.

recommend the council update the land cost estimates in the plan based on the known locations of stormwater basins in areas with adopted neighbourhood plans. These land costs should be estimated based on the relevant underlying zoning or constraint. This recommendation is consistent with the recommendation from our previous assessment.

### **Land for enhanced storage areas**

The plan includes 64.5 hectares of land for five enhanced storage areas (ESAs), costing \$11,857,500. The locations of all ESAs are known; four will be in the Mullet Creek catchment and one will be in the Duck Creek catchment.

The council has estimated the cost of land for ESAs in the Mullet Creek catchment using the average value for E3 Environmental Management land. For the Duck Creek ESA (item SM06), the plan uses the average value for RE1 Public Recreation for 75% of the land and the E3 average value for the remaining 25%.

We asked the council to clarify its assumptions about underlying zonings for ESAs and it advised that the land acquisition costs for SM06 in Duck Creek should reflect 85% E3 land, and 15% RE1 land (rather than 75% RE1; 25% E3).<sup>90</sup>

Further, we reviewed the zoning and flooding maps for the WDURA and found that all ESAs are located on flood constrained land. The council should therefore use the average value for Riparian land to estimate the cost of land for ESAs, rather than apply the values of unconstrained land with the relevant underlying zonings.

This would reduce the cost of land for ESAs by \$9,922,500 to \$1,935,000.

The UDIA does not support our recommendation to reduce the cost of flood constrained land for ESAs because:

- ▼ Its members in other areas of NSW have experienced land values for flood constrained land that have been higher than anticipated, leaving a shortfall for funding land acquisition.
- ▼ It considers this may jeopardise the delivery of stormwater infrastructure.<sup>91</sup>

We note that our recommendation to reduce the cost of land for ESAs reflects the application of the average land value advised by the council's own valuer, based on the flood constrained nature of land identified for ESAs. We have not proposed different average land values from the council's valuer; we have recommended that the council apply the average value for riparian land because the land is flood constrained. We have maintained our recommendation from the Draft Report.

### **9.3.4 Open space land costs estimates are reasonable**

The West Dapto CP (2020) includes 75.5 hectares of land for open space, costing \$38.5 million (36.4% of land costs).

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<sup>90</sup> Information from Wollongong City Council, 28 October 2019.

<sup>91</sup> UDIA, Submission to Draft Report, 27 March 2020, p 6.



The council has agreed to acquire 8.4 hectares of land for open space through Voluntary Planning Agreements (VPAs), costing \$3.1 million. As noted in section 9.2.2, the council also owns 8.6 hectares of land for open space in Stages 1-2 of the WDURA that should be included in the plan as actual costs. It is yet to acquire the remaining hectares of open space land.

For all but one parcel of open space land that has not yet been acquired, the council estimates the cost using the average land values for either:

- ▼ Urban (R2) land
- ▼ Open space (RE1) land
- ▼ Riparian (flood constrained) land.

The council has estimated the cost of land for Ridge Park (OS02) based on an individual valuation report for this land. We consider this is reasonable.

Our assessment of the council's application of the average land values found that:

- ▼ For open space land in Stages 1-2 and 5 that has been rezoned, the council has estimated land values using either:
  - Average values based on underlying zoning and constraint, or
  - The average value for RE1 – Public Recreation.

The council has advised that the location of some open space in Stages 1-2 and 5 is indicative only and that for these items it prefers to use the RE1 value to reduce the risk of future shortfall.<sup>92</sup> We consider this approach is reasonable provided it is applied consistently for all indicative locations and not selectively for locations with likely average values below RE1.

- ▼ For open space land in Stages 3-4 that is yet to be rezoned, the council has estimated land values based on the average value for RE1 – Public Recreation. We consider this is reasonable.

### **9.3.5 Community facility land cost estimates are reasonable**

The West Dapto CP (2020) includes 1.85 hectares of land for four new community facilities in the WDURA at an estimated cost of \$1,757,500 (1.7% of total land costs). An additional facility will be provided in the WDURA, however there is no land cost associated with this facility as the land is already owned by the council.

Our 2016 assessment found that the total cost of land associated with community facilities, which was based on the council's 'urban' land value, was reasonable. For the West Dapto CP (2020), the council has estimated the cost of land for community facilities using the updated 'urban' (R2) value. We consider this is reasonable given the proposed location of community facilities.

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<sup>92</sup> Information from the council, 22 November 2019.

## 10 Cross category considerations

This chapter presents our assessment of criteria which apply across multiple infrastructure categories. It considers:

- ▼ Criterion 3: Reasonable cost (in relation to the proposed indexing of contribution rates)
- ▼ Criterion 4: Timing of infrastructure delivery
- ▼ Criterion 5: Apportionment (in relation to issues which impact more than one infrastructure category)
- ▼ Criterion 6: Consultation
- ▼ Criterion 7: Other matters.

Our assessment is that:

- ▼ **Criterion 3: Reasonable cost** – The council’s proposal to index contributions for both land and works by CPI is reasonable.
- ▼ **Criterion 4: Timing of infrastructure delivery** – The proposed timing of infrastructure delivery is reasonable and satisfies the assessment criterion.
- ▼ **Criterion 5: Apportionment** – The council’s approach to apportioning costs between the five stages of development is reasonable for open space and community facilities costs only. For transport, stormwater management and plan administration costs, equal apportionment across the five stages of development is not reasonable. For transport, stormwater management and plan administration costs, the council should separately calculate a contribution rate for Stages 1-4 and a contribution rate for Stage 5.
- ▼ **Criterion 6: Consultation** – The council’s process for consulting on the plan satisfies the consultation criterion.
- ▼ **Criterion 7: Other matters** – The council has publicly committed to regularly reviewing the plan over the next 10 years. We consider the council should review the plan within three years, after which a longer review cycle (three to five years) may be more reasonable. We also recommend a change to the contribution rate for secondary dwellings based on additional information from the council.

### 10.1 Criterion 3: Reasonable cost – indexation of contribution rates

To ensure that the value of contributions for the construction and delivery of infrastructure is not eroded over time by inflation or significant changes in land values, the West Dapto CP (2020) provides for contribution rates to be adjusted to reflect quarterly movements in the value of land and works.

According to the plan, the contribution rates will be indexed quarterly using the Consumer Price Index (CPI) (All Groups) for Sydney as published by the Australian Bureau of Statistics, and made available on the council’s website. In the event that the current index is lower than

the index for the previous quarter, the council will not make an adjustment to the contribution rate. This provision is included as a standard clause in the 2005 Practice Note template.<sup>93</sup>

The approach to indexing contribution rates for both land and works using CPI is consistent with the *Environmental Planning and Assessment Regulation 2000* and is reasonable.

## 10.2 Criterion 4: Timing of infrastructure delivery

Criterion 4 of the Practice Note requires IPART to assess whether the proposed public amenities and services can be provided within a reasonable timeframe. In practice, we examine whether the proposed timing of infrastructure delivery appears realistic and gives stakeholders enough information for them to understand the council's priorities.

The council expects development in the WDURA to occur over about 50 years. Most contributions plans we have assessed assume a timeframe for development of around 20-25 years.

In our 2016 assessment we found that the timeframe for development in the WDURA was reasonable.<sup>94</sup> We also made a recommendation that the council indicate its timetable for infrastructure provision:

- 28 WCC prioritise infrastructure delivery for each of the development stages beyond the 10-year capital works program, setting out in the Draft West Dapto CP and works schedules an indicative timetable for infrastructure provision in tranches of five or ten years.

The works schedule of the West Dapto CP (2020) includes the council's indicative timing for delivery of each infrastructure item, within a five year band, based on:

- ▼ Updated Neighbourhood Plans (ie, likely order of development)
- ▼ Revised zoning, including introduction of more urban zoned land in the WDURA, via Planning Proposals (ie, update with actual timeframes)
- ▼ Staging of development and required infrastructure provision
- ▼ Transport modelling used to determine when roads are required.<sup>95</sup>

We consider the West Dapto CP (2020) satisfies the assessment criterion on timing of infrastructure delivery.

## 10.3 Criterion 5: Apportionment across stages in the plan

The West Dapto CP (2020) apportions costs so that the contribution rates are the same across all five stages of the WDURA. Equal apportionment may be reasonable where each stage of development is expected to contribute equally to the need or demand for infrastructure, or where the benefits of a more granular apportionment of costs across stages do not outweigh the cost and complexity of doing so.

<sup>93</sup> Department of Infrastructure, Planning and Natural Resources, *Development Contributions – Practice Note*, July 2005, p 8.

<sup>94</sup> IPART, *Assessment of Wollongong City Council's Draft West Dapto Section 94 Development Contributions Plan – Final Report*, October 2016, p 20.

<sup>95</sup> Wollongong City Council, Application to IPART, August 2019.

Our assessment found that the council's approach of equal apportionment across the five stages of development is reasonable for open space and community facilities costs. However, for transport, stormwater management and plan administration costs, equal apportionment across the five stages of development is not reasonable.

We have therefore recommended two separate catchments for apportioning transport, stormwater and plan administration costs: Stages 1-4, and Stage 5.

We note, however, that it may prove administratively easier to apportion all costs separately between these two catchments (ie, including open space and community facilities), and that this would also be consistent with our recommendations.

### Recommendation

- 21 For the apportionment of costs across stages, create two separate contribution catchments for the apportionment of transport, stormwater management and plan administration costs: Catchment 1 comprising Stages 1-4 of the release area; and Catchment 2 comprising Stage 5 of the release area.

#### 10.3.1 The cost and need for transport infrastructure varies across stages

Equal apportionment of transport costs across stages is not reasonable as both the cost of, and the demand for, transport infrastructure varies across stages in the WDURA. We consider a demand-driven approach to apportioning costs between stages, preferably based on transport modelling, is a more reasonable approach for transport costs. We recommend the council separately apportion the costs of transport infrastructure into two separate contributions catchments (Stages 1-4 and Stage 5).

The plan shows, based on location, that transport land and works costs are highest in Stages 1-2 and lowest in Stage 5.<sup>96</sup> During our assessment, the council provided us with preliminary transport modelling which estimated trip generation, and showed significant differences in transport demand between the stages of the WDURA.<sup>97</sup> Both a location based and transport modelling based assessment of demand/cost for infrastructure support our recommendation to separately apportion transport costs to development in Stage 5.

While the future residents in Stage 5 are likely to use transport infrastructure in the other stages, most transport infrastructure in the WDURA, including in Stage 5, runs in an east/west direction to allow access to the Princes Highway and surrounding areas. Therefore, the future residents in Stage 5 will mainly use transport infrastructure that is separate from the other stages. We found that the costs of transport infrastructure identified in the plan for Stage 5 are significantly lower, reflecting the lower cost of urban development in the area.

We considered a number of alternate scenarios, including keeping a single contribution rate in the WDURA and separating Stages 4-5 from Stages 1-3, consistent with our 2016 recommendation. Further analysis indicated that separating Stage 5 only leads to a more reasonable and cost reflective apportionment of costs.

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<sup>96</sup> West Dapto CP (2020) Works Schedule.

<sup>97</sup> Information from Wollongong City Council, 25 November 2019.

Our recommendation considered the administrative burden and potential funding shortfall of separating costs in the West Dapto CP (2020). On balance, we consider that separately apportioning the costs of transport works, with Stages 1-4 and Stage 5 being considered as two separate catchments, will better signal the costs of development and ensure residents pay cost reflective developer charges.

The impact on residential contribution rates will depend on transport modelling and the final configuration of transport infrastructure in Stage 5.

### **10.3.2 There are two clear stormwater catchments in the WDURA, with different approaches to delivering works**

The WDURA is divided into two separate catchments, one including Forest, Robins, Reed and Mullet Creeks (located in Stages 1-4), and the other encompassing Duck Creek (located in Stage 5).

The plan includes 54 detention basins, including wetland areas and gross pollutant traps for Stages 1-4.<sup>98</sup> The council intends to require developers to deliver detention basins in Stage 5 as a condition of development consent, and hence the plan does not include any costs for detention basins in this stage.<sup>99</sup> Five enhanced storage areas are planned for the WDURA, with one associated with each of the five creeks. Trunk drainage is expected to be required for all stages.

We found that the council's equal apportionment of stormwater management costs is not reasonable, given there are two clear catchments in the WDURA and different approaches to funding the required stormwater infrastructure in these catchments. We recommend the council apportion stormwater costs separately for Stages 1-4 and Stage 5. We consider that equal apportionment of stormwater works between Stages 1-4 is reasonable as the infrastructure services the same catchment.

### **10.3.3 Plan administration costs should be separately apportioned into two separate contributions catchments, like transport and stormwater costs**

As plan administration costs are based on a percentage of total works costs, they should be apportioned in the same way as the majority of works costs in the plan. As such, plan administration costs, like transport costs which make up the majority of costs, should be apportioned between two separate contributions catchments: Stages 1-4 and Stage 5.

In practice this will mean that plan administration costs will be 1.5% of the total cost of works in Stages 1-4, and 1.5% of the total cost of works in Stage 5.

### **10.3.4 The council does not support a stage-based apportionment of costs**

In responding to our Draft Report, the council maintains the position outlined in its application, that a 'flat' residential contribution rate should apply to the release area.<sup>100</sup>

<sup>98</sup> West Dapto CP (2020) Works Schedule.

<sup>99</sup> Information from Wollongong City Council, 1 November 2019.

<sup>100</sup> Wollongong City Council, Submission to Draft Report, 27 March 2020.

The council's submission re-iterates five key reasons to maintain a 'flat' contributions rate:

- ▼ The shared demand for infrastructure
- ▼ Whole of release area planning benefits
- ▼ Ensuring consistency throughout contribution plan reviews
- ▼ The limitations of the indicative rates provided by IPART in 2016
- ▼ The benefits of apportioning road costs across a broad catchment outweigh the complexity of accurately apportioning costs within small catchments.<sup>101</sup>

We have maintained our recommendation because:

- ▼ We agree in principle with the council about the interlinked benefits of transport infrastructure and having a simple approach to apportionment. However, in this instance, the cost of development in Stage 5 is significantly different from the other stages and the benefits of separate, more cost-reflective contributions sub-catchments outweigh the administrative costs of a single contribution rate.
- ▼ There is no reason for a stage-based approach to the apportionment of costs to impact planning for the region. The council can implement our recommendation within the same contributions plan, and not undertake separate and independent planning for the sub-catchment.

A number of stakeholders, including developers and landholders in Stage 5, support our recommended stage-based approach to apportioning costs in the plan.<sup>102</sup>

#### **10.4 Criterion 5: Apportionment to development exempt from contributions**

In the West Dapto CP (2020), the council includes NSW Government school land in total NDA for the purpose of calculating contributions and requests the Department of Education pay the relevant contribution.

IPART has adopted a funding hierarchy, which we have used to guide our cost allocation and pricing decisions in a range of sectors.<sup>103</sup> According to the hierarchy:

1. Preferably, the party that created the need to incur the cost (the impactor) should pay in the first instance.
2. If that is not possible, the party that benefits (the beneficiary) should pay. Further, it is preferable for direct beneficiaries to pay, but if that is not possible then indirect beneficiaries should pay. Often, impactors are beneficiaries.
3. In cases where it is not feasible to charge either impactors or beneficiaries (for example, because of social welfare policy, public goods, externalities, or an administrative or legislative impracticality of charging), the government (taxpayers) should pay.

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<sup>101</sup> The council cites our 2019 discussion paper on the Inclusion of roads in contribution plans which it says supports its arguments.

<sup>102</sup> Submissions include: D&J Ball, Submission to Draft Report, 27 March 2020; Property Council of Australia, Submission to Draft Report, 27 March 2020.

<sup>103</sup> See for example: IPART, *Review of funding framework for Local Land Services NSW – Final Report*, March 2014; and IPART, *Review of Rural Water Cost Shares – Issues Paper*, April 2018.



Ideally, the Department of Education should pay relevant contributions (as an ‘impactor’ and ‘beneficiary’). However, we recognise that it is typically not possible for councils to secure contributions from the Department of Education. On the basis that the council cannot secure contributions from the Department of Education, we consider there is a case to spread the costs of the local infrastructure required as a result of the Department of Education’s schools across residential development, as the schools are intended to service residents of the WDURA.<sup>104</sup>

### Recommendation

- 22 Include land for state schools in the residential NDA and apportion costs to residential development on a per person basis.

## 10.5 Criterion 6: Consultation

We must assess whether the council has conducted appropriate community liaison and publicity in preparing the contribution plan.

The council publicly exhibited the draft plan from 29 June 2019 to 2 August 2019, and received 33 submissions.

The main concern raised in submissions was the council’s approach to apportioning costs across the five stages of development. Other concerns included:

- ▼ The high contributions rates relative to the value of land in the plan, and the impact of removing the State Government’s Local Infrastructure Growth Scheme (LIGS) funding from July 2020.
- ▼ Issues with the location and alignment of some infrastructure (including roads and open space)
- ▼ Perceived conflicts of interest associated with the council’s land holdings in Stages 1-3
- ▼ Providing credits for stormwater management where temporary detention basins have already been provided.<sup>105</sup>

The council considered these submission, but did not make any changes to the plan as a result of stakeholder feedback.<sup>106</sup>

We consider the council’s process for consulting on the plan satisfies the consultation criterion. However, we note that a number of stakeholders are interested in greater access to supporting information and further engagement with the council on the scope and cost of infrastructure in the plan. We also note that some stakeholders have been generally critical of the council’s consultation process, in particular the council’s response to concerns raised through the public exhibition process.

<sup>104</sup> Information from Wollongong City Council, 24 December 2019.

<sup>105</sup> We consider there are no conflicts of interest with the council’s landholdings, and note that stormwater works that have been delivered to date are temporary works only and hence development credits do not apply.

<sup>106</sup> At its meeting of 2 September 2019 the council noted a summary of submissions prepared by council officers and endorsed submitting the plan to IPART with all stakeholder feedback (Wollongong City Council, Business Papers, 2 September 2019, p 135). At our request, the council also provided further analysis of the submissions to its draft plan, after it had submitted the plan to us for review. In this case, the council officers reached the same conclusions presented in the summary prepared for the council meeting.

For its next review of the plan, the council should consider how it could improve its engagement with stakeholders, including publication of supporting information and providing responses to submissions made through the public exhibition process.

## **10.6 Criterion 7: Other matters**

We are required to assess whether the plan complies with any other matters we consider relevant. Our assessment of the West Dapto CP (2020) identifies two other relevant matters:

- ▼ The frequency of plan review
- ▼ The council's proposal to change the contribution rate for secondary dwellings.

### **10.6.1 The council should comprehensively review the plan within three years**

In our 2016 assessment of the plan we made a recommendation for the council to review the plan at least every two years during the next 10 years of the plan.<sup>107</sup>

Regular review of the plan is important to ensure assumptions and expectations are updated and reflected in the plan. The council has publicly committed to regularly reviewing the plan over the next 10 years. We consider the current timeframe is broadly reasonable and recommend the council review the plan within three years, which is consistent with our recommendation for other plans in the early stages of development. After the council's next review, as the area develops and costs become more certain, we consider a longer review cycle (three to five years) may be more reasonable.

We note that many stakeholders support this recommendation.<sup>108</sup> The UDIA proposed a review of the plan in 12 months to ensure a more comprehensive review is undertaken.<sup>109</sup> We consider a three year review cycle is more reasonable.

#### **Recommendation**

- 23 Comprehensively review the plan within the next three years to ensure assumptions about the scope, cost and apportionment of works reflect the progress of development in the release area.

### **10.6.2 The council's proposed change to the contribution rate for secondary dwellings is reasonable**

In responding to our Draft Report, the council proposed a change to the contribution rate for secondary dwellings.<sup>110</sup> The West Dapto CP (2020) is currently drafted to levy contributions from secondary dwellings based on the 'per bedroom contribution rate' depending on the number of bedrooms in the dwelling. The council now proposes that all secondary dwellings

<sup>107</sup> IPART, *Assessment of Wollongong City Council's Draft West Dapto Section 94 Development Contributions Plan – Final Report*, October 2016, p 24.

<sup>108</sup> Submissions include: M. Thomas, Submission to Draft Report, 25 March 2020; D&J Ball, Submission to Draft Report, 27 March 2020.

<sup>109</sup> UDIA, Submission to Draft Report, 27 March 2020, p 3.

<sup>110</sup> Wollongong City Council, Submission to Draft Report, 27 March 2020.

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be levied the 0-1 bedroom rate. We consider this is reasonable as it better reflects the additional demand from secondary dwellings.

#### Recommendation

- 24 Amend the plan to provide that secondary dwellings will be levied contributions at the 0-1 bedroom rate.







## Appendices





## A Terms of reference

### INDEPENDENT PRICING AND REGULATORY TRIBUNAL ACT 1992 TERMS OF REFERENCE

#### **Reviewable Contributions Plans - *Environmental Planning and Assessment Act 1979***

I, GLADYS BEREJIKLIAN MP, Premier, under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* approve provision, by the Independent Pricing and Regulatory Tribunal (**IPART**), of services to the Minister for Planning with respect to reviewing Reviewable Contributions Plans, in accordance with the following terms of reference.

  
Premier  
Dated: 14/11/15

#### **Background**

*The Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* contemplates that a Council may submit a Contributions Plan to IPART for review, where the Plan would (but for the Direction) authorise a contribution under section 7.11 of the EP&A Act that exceeds the maximum amount that the Direction allows to be imposed as a contribution in relation to residential development.

The Minister for Planning may also refer any contributions plan to IPART for review where the Minister considers there is merit in having an independent assessment.

#### **Services**

On and from the date that these terms of reference are issued to IPART, IPART is to review each Reviewable Contributions Plan submitted to it and provide the Minister for Planning and the relevant Council with a report on its review.

In providing the services, IPART must:

- (a) review the relevant Reviewable Contributions Plan in accordance with the assessment criteria set out in the Practice Note, including whether the public amenities and services to which the Contributions Plan relates are on the essential works list (if any) set out in the Practice Note;
- (b) consider, in its review of the Reviewable Contributions Plan, whether the estimate of the costs of providing those public amenities and services, as set out in the Plan, are reasonable;
- (c) publish a report of its review on its website; and
- (d) provide a copy of the report to the Minister for Planning and the relevant Council.

## **Consultation**

In conducting a review under these terms of reference, IPART must:

- (a) consult with the Department of Planning and Environment (NSW);
- (b) consult with the relevant Council and any other person IPART considers appropriate;  
and
- (c) consider any criteria set out in the Practice Note (in addition to any other matters IPART considers relevant).

## **Definitions**

**Contributions Plan** means a contributions plan or draft contributions plan prepared by the relevant Council for the purposes of imposing conditions under section 7.11 of the EP&A Act.

**Council** has the same meaning as it has in the *Local Government Act 1993*.

**EP&A Act** means the *Environmental Planning and Assessment Act 1979*.

**Practice Note** means the "Revised Local Development Contributions Practice Note: For the assessment of Local Contributions Plans by IPART" issued by the Department of Planning and Environment and dated January 2018, as amended or replaced from time to time.

**Reviewable Contributions Plan** means a Contributions Plan submitted to IPART as contemplated by the *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* or referred to it by the Minister for Planning.

## B Assessment against information requirements in the EP&A Regulation

Clause 27 of the *Environmental Planning and Assessment Regulation 2000* requires certain information to be included in a contributions plan. As part of our assessment we have checked that the West Dapto CP (2020) contains the information required by this clause of the Regulation. A summary of this analysis is provided in Table B.1.

**Table B.1 Assessment against information requirements in the EP&A Regulation**

Sub clause		Location in West Dapto CP (2020)
1(a)	Purpose of the plan.	Section 2.6
1(b)	Land to which the plan applies.	Section 2.5
1(c)	The relationship between the expected types of development in the area to which the plan applies and the demand for additional public amenities and services to meet that development.	Section 3.5 and Part 4
1(d)	The formulas to be used for determining the section 7.11 contributions required for different categories of public amenities and services.	Part 4
1(e)	The section 7.11 contribution rates for different types of development, as specified in a schedule in the plan.	Part 1
1(g)	The council's policy concerning the timing of the payment of monetary section 7.11 contributions, section 7.12 levies and the imposition of section 7.11 conditions or section 7.12 conditions that allow deferred or periodic payment.	Sections 2.14 and 2.15
(h)	A map showing the specific public amenities and services proposed to be provided by the council, supported by a works schedule that contains an estimate of their cost and staging (whether by reference to dates or thresholds).	Parts 4 and 5
1(i)	If the plan authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes, the priorities for the expenditure of the contributions or levies, particularised by reference to the works schedule.	Section 2.20
1A	Despite subclause (1) (g), a contributions plan made after the commencement of this subclause that makes provision for the imposition of conditions under section 7.11 or 7.12 of the Act in relation to the issue of a complying development certificate must provide that the payment of monetary section 7.11 contributions and section 7.12 levies in accordance with those conditions is to be made before the commencement of any building work or subdivision work authorised by the certificate.	Sections 2.16 and 2.17
2	In determining the section 7.11 contribution rates or section 7.12 levy percentages for different types of development, the council must take into consideration the conditions that may be imposed under section 4.17 (6)(b) of the Act or section 97 (1)(b) of the <i>Local Government Act 1993</i> .	No such conditions mentioned in the plan.

Sub clause		Location in West Dapto CP (2020)
3	A contributions plan must not contain a provision that authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes unless the council is satisfied that the pooling and progressive application of the money paid will not unreasonably prejudice the carrying into effect, within a reasonable time, of the purposes for which the money was originally paid.	Section 2.20

## C West Dapto CP (2016) – IPART recommendations and Ministerial advice

For the West Dapto CP (2016), the Minister considered IPART’s recommendations and requested the council address the recommendations in two stages, with all recommendations to be addressed by 30 June 2019.<sup>111</sup> Table C.1 summarises IPART’s recommendations and the council’s responses to the recommendations.

**Table C.1 Minister’s previous advice to the council**

IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
<b>Criterion 1: Essential works</b>		
1. WCC remove the apportioned cost of works for the upgrade to the multimodal interchange including car parking (\$3,304,738) from the cost of essential works in the Draft West Dapto CP.	Yes	Yes, in full.
2. WCC remove the cost of the riparian land (\$14,510,000) from the cost of essential works in the Draft West Dapto CP and review the need to acquire all of such land, in consultation with the Department of Planning and Environment (DPE).	Yes	Yes, in full.
3. WCC remove the apportioned cost of the community recreation and leisure centre (\$8,573,318) from the cost of essential works in the Draft West Dapto CP, but include the apportioned cost of an outdoor tennis/netball court complex (minimum 12 courts) once it has estimated the reasonable cost for this such facility.	Yes	Yes, in full.
4. WCC remove the cost of capital works for three new multi-purpose community centres and for the enhancement of an existing community centre (\$21,344,457) from the cost of essential works in the Draft West Dapto CP	Yes	Yes, in full.
5. DPE update the Practice Note to clarify which transport infrastructure items are on the Essential Works List, including: <ul style="list-style-type: none"> <li>– public transport infrastructure, and</li> <li>– on-street and off-street car parking.</li> </ul>	No, recommendation was for DPE not the council.	N/A
6. WCC identify the cycleway network as transport infrastructure in the Draft West Dapto CP, rather than open space and recreation, to ensure that the planning for the cycleways forms an integrated part of the transport network.	Yes	Yes, in full.

<sup>111</sup> Letter from the Minister for Planning to Wollongong City Council dated 21 September 2017.



IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
<b>Criterion 2: Nexus</b>		
7. WCC remove from the cost of essential works in the Draft West Dapto CP the local road works for: <ul style="list-style-type: none"> <li>– the upgrade of the western section of Sheaffes Road (\$2,585,000)</li> <li>– the upgrade of Paynes Road (\$2,303,000) and bridge B52 (\$393,211), and</li> <li>– new road NR100-NR103 (\$11,084,020).</li> </ul>	Yes	Yes, in full.
8. WCC reduce (by \$19,365,854) the cost of the upgrade of Marshall Mount Road in the Draft West Dapto CP to reflect a 2-lane, rather than a 4-lane upgrade.	Yes	Yes, in full.
9. WCC remove Rail Bridge A (\$7,955,472) on Marshall Mount Road from the cost of essential works in the Draft West Dapto CP.	Yes	Yes, in full.
10. WCC review the number of bus stops needed for unidirectional services with a view to reducing the number and costs in the Draft West Dapto CP.	Yes	Yes, however, the council's review indicated that the number of bus stops in West Dapto needed to be increased.
11. WCC remove the cost of the four duplicated enhanced storage areas (\$17,559,419) from the cost of essential works in the Draft West Dapto CP.	Yes	Yes, in full.
12. WCC remove the cost of six detention basins in Yallah-Marshall Mount (\$8,917,630) from the cost of essential works in the Draft West Dapto CP, until it can establish nexus for the stormwater management needs of this subprecinct by means of a technical study. Once done, WCC can include the reasonable costs of the necessary infrastructure (including GPTs) in the plan.	Yes	Yes, in full.
13. WCC remove the cost of ten gross pollutant traps (\$550,000) from the cost of essential works in the Draft West Dapto CP.	Yes	Yes, in full.
14. WCC remove \$8,826,040 from the cost of essential works in the Draft West Dapto CP, being the cost for 15.56 hectares of excess open space land and its embellishment, comprising amounts of: <ul style="list-style-type: none"> <li>– \$2,409,112 for one sports park plus playground with an area of 9.56 hectares (50% of cost apportioned to the plan)</li> <li>– \$4,066,816 for one neighbourhood park plus playground with an area of four hectares, and</li> <li>– \$2,350,112 for one local park with an area of two hectares.</li> </ul>	Yes	Yes, in part.  The land cost for one sports park plus playground (9.56 hectares) has been removed, but the works cost is included. The council has also removed one of the four hectare neighbourhood parks.

IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
15. WCC review the need to acquire 11.81 hectares of land for cycleways (a cost of \$590,638) and consider opportunities to locate them on land that would be used for other infrastructure purposes (eg, open space or drainage land), thereby reducing costs in the plan.	Yes	Yes, reviewed and reduced.
<b>Criterion 3: Reasonable costs</b>		
16. WCC update the estimated costs of capital works in the plan, where outdated, with the assistance of a quantity surveyor if necessary.	Yes	Yes, the council has updated some capital works costs in the plan. However, there are a number of instances where costs are based on studies that may be out of date. We have recommended the council consider using updated estimates in the next version of the plan.
17. WCC remove \$173,104,776 in costs from the transport essential works in the Draft West Dapto CP in line with the recommended adjustments in Table 3.9.	Yes	Yes, in full.
18. Where possible, WCC replace the cost estimates for completed roadworks with the actual capital expenditure, indexed annually by CPI.	Yes	The council has included updated costs in the plan for some transport infrastructure.
19. WCC rectify the discrepancies identified in Table 3.10 in relation to transport items so that relevant costs and descriptions in the Draft West Dapto CP and the West Dapto S94 Work Schedule are aligned.	Yes	Yes, in full.
20. WCC include in the West Dapto CP estimates for the cost of land acquisition for transport infrastructure in Stage 5, relying on up-to-date advice from a registered valuer.	Yes	Yes, in full.
21. WCC refine the estimates for land values and cost of facilities for stormwater infrastructure, once the locations of the basins are known.	Yes	Yes, the council has updated land values but updated values for stormwater works not yet available.
22. WCC remove \$2,795,594 from the cost of essential works in the Draft West Dapto CP for the unnecessary indexation of land acquisition estimates for the Mullet Creek basins.	Yes	Yes, in full.
23. WCC remove \$2,539,484 for the unnecessary indexation of the cost of trunk drainage.	Yes	Yes, in full.
24. WCC remove the cost of 1.99 hectares of land for cycleways in the Cleveland precinct (\$177,785) from costs in the Draft West Dapto CP.	Yes	Yes, in full.
25. WCC review the estimate for plan administration costs in the Draft West Dapto CP.	Yes	Yes, in full.
26. To index capital works estimates (but not actual costs) to current dollars, WCC apply more cost-reflective PPIs to the most recent period, as follows:	Yes	Yes, in full.

IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
<ul style="list-style-type: none"> <li>– ABS PPI (Road and Bridge Construction) for transport and stormwater costs, and</li> <li>– ABS PPI (Non-Building Construction) for open space costs.</li> </ul>		
27. To index land acquisition cost estimates between valuation years, WCC apply the NSW Valuer Generals' land valuation data for the Wollongong to derive an index for land acquisition cost estimates in the plan, and state this method in the plan.	Yes	No, the council has adopted CPI for the indexation of contribution rates, including for land costs.
<b>Criterion 4: Timing</b>		
28. WCC prioritise infrastructure delivery for each of the development stages beyond the 10-year capital works program, setting out in the Draft West Dapto CP and work schedules an indicative timetable for infrastructure provision in tranches of five or ten years.	Yes	Yes, in full.
<b>Criterion 5: Apportionment</b>		
29. To improve the links between demand for infrastructure and contributions in different stages in the plan, WCC consider either: <ul style="list-style-type: none"> <li>– removing Stages 4 and 5 from the plan for inclusion in a new or another section 94 contributions plan, or</li> <li>– introducing separate contributions in the Draft West Dapto CP for developments in Stages 1 to 3 and developments in Stages 4 and 5, that are more reflective of the cost of facilities to meet demand from the new development in each of the stages.</li> </ul>	Yes	<p>The council has considered the options and received stakeholder input, but does not consider there are benefits from splitting the contributions plan.</p> <p>See discussion in Chapter 10.</p>
30. WCC apportion costs for transport, stormwater and plan administration between residential and industrial development based on the relative NDA of the development type (currently a 91:9 split) such that 9% of contributions revenue for this infrastructure comes from industrial development and 91% comes from residential development.	Yes	<p>Yes, the council revised its approach to apportionment in the plan it adopted following our 2016 assessment. However, the council has presented a different methodology of apportionment in the West Dapto CP (2020).</p> <p>See discussion in Chapter 10.</p>
31. WCC apportion costs to retail, office and business premises development (ie, in land zoned B1, B2 or B4) to represent its fair share of demand for infrastructure in the calculation of contribution rates for non-residential development.	Yes	Yes, apportionment approach has been updated.
32. WCC include an additional \$17,040,037 in the Draft West Dapto CP for the cost of road NR1-NR3 which should be apportioned 64% rather than 50% to the WDURA.	Yes	Yes, in full.

IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
33. WCC remove \$1,407,158 from the Draft West Dapto CP for the combined costs of the signalised intersections on Cleveland Road (In23 and Int25), until it has assessed the benefits accruing to WDURA residents compared with outside precincts, so that it can then apportion a more reasonable share of their costs to development in West Dapto.	Yes	Yes, in full.
34. WCC include more information in the Draft West Dapto CP and work schedules to justify the specific apportionment of costs for various transport works to the WDURA, based on the estimated demand for the infrastructure (linked to its traffic modelling).	Yes	Yes, in full.
35. WCC apportion stormwater infrastructure costs to residential development on a per hectare basis rather than a per person basis, to better reflect the source of demand for the facilities.	Yes	Yes, apportionment approach updated based on adjusted land area.
36. WCC apportion only 25% (or \$1,660,806) of the cost of a sports park in Darkes Town Centre to the Draft West Dapto CP.	Yes	No, a 50% apportionment was applied by the council in both the 2016 and 2020 plans.
37. WCC apportion only 50% of the cost of outdoor recreation facilities at the Community Leisure and Recreation Centre in Cleveland (being only that component of the centre which is on the Essential Works List), based on the estimated share of demand for the district-wide facilities from within the WDURA.	Yes	Yes, in full.
38. WCC exclude land from the precincts' NDA for development contribution purposes only where there is a Ministerial direction to that effect, reinstate 30 hectares of land for State schools into the precincts' NDA for the purpose of calculating development contributions and request the Department of Education to pay the relevant contribution when school development is approved.	Yes	The council added the relevant land to the calculation of NDA and apportionment for stormwater costs in the West Dapto CP (2016).
<b>Criterion 6: Consultation</b>		
39. WCC amend the Draft West Dapto CP to provide information in a way that more fully complies with the requirements of the Environmental Planning and Assessment Regulation 2000.	Yes	Yes, in full.
40. WCC review the West Dapto CP, at least every two years during the next 10 years of the plan, to take account of: <ul style="list-style-type: none"> <li>changes to the expected provision of infrastructure resulting from the neighbourhood planning process and resulting revisions to the capital works program</li> </ul>	Yes	Yes, the council has submitted the plan to IPART. We have updated our recommendation on the timing of subsequent updates.

IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
<ul style="list-style-type: none"> <li>– outcomes from the rezoning process for Stages 3 to 5 (if relevant), including any flow-on effects to the facility requirements in relevant areas, and</li> <li>– reconciliation of actual costs to forward cost estimates, such that any cost efficiencies can result in lower contribution rates.</li> </ul>		

**Source:** IPART, *Assessment of Wollongong City Council's Draft West Dapto Section 94 Development Contributions Plan*, Final Report, October 2016 and Letter from the Minister for Planning to Wollongong City Council dated 21 September 2017

## D List of submissions to our Draft Report

We received 20 submissions in response to our Draft Report. Our Draft Report and non-confidential submissions are available on our website ([www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)). A list of submissions we received is provided in the table below.

**Table D.1 Submissions to our assessment of West Dapto CP (2020) Draft Report**

No.	Individual/Entity	Date received
1	Individual – anonymous	15 March 2020
2	Individual – anonymous	17 March 2020
3	Company – Fountaindale Group ( <i>developer</i> )	17 March 2020
4	Company – Malcom Group ( <i>developer</i> )	24 March 2020
5	Individual – K. Johnson	25 March 2020
6	Individual – K. Johnson	25 March 2020
7	Individual – anonymous and confidential	25 March 2020
8	Individual – M. Thomas	25 March 2020
9	Individual – M. Letherday	26 March 2020
10	Individual – D. Hill	27 March 2020
11	Company – confidential	27 March 2020
12	Individual – anonymous	27 March 2020
13	Urban Development Institute of Australia - NSW (UDIA)	27 March 2020
14	Wollongong City Council	27 March 2020
15	Company – Cardno	27 March 2020
16	Property Council of Australia	27 March 2020
17	Individual – D. Ball	27 March 2020
18	Individual – A. Herring	27 March 2020
19	Individual - anonymous	27 March 2020
20	Company – anonymous	27 March 2020