



Assessment of Contributions Plan
No. 24 – Schofields Precinct (2022)

Blacktown City Council

Final Report

October 2023

Local Government >>

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

Local Government Committee Members

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The Independent Pricing and Regulatory Tribunal

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1 Executive Summary

New development is essential to provide housing for NSW's growing population and more commercial, retail, and industrial space for employment. When development occurs, local councils need to provide additional infrastructure to support both the development and the new community – for example, new roads, stormwater management and open spaces. In NSW, councils can require developers to contribute to the cost of providing that infrastructure.

Blacktown City Council is seeking to levy development contributions above the \$30,000 cap per lot/dwelling for greenfield development. It revised its *Contributions Plan No. 24 – Schofields Precinct (2022)* (CP24 (2022)) outlining its updates to the proposed contributions rates and submitted it to IPART for assessment in November 2022. This is the third time that IPART is reviewing CP24.

We assessed CP24 (2022) against the Department of Planning and Environment's (DPE) Practice Note criteria. We found that the plan meets most of the Practice Note criteria (see **Figure 1.1**).

Figure 1.1 Summary of our assessment of CP24 (2022)



The total cost of works and land in CP24 is around \$324 million, Residential contributions range from around \$46,000 to \$131,000 for dwellings in the Schofields precinct.

We consider that the costs and corresponding contributions rates proposed by the council are reasonable. However, we have made recommendations and a finding on the council's proposal to apply a Land Value Index (LVI) to the land component of the costs in the plan (set out below). The LVI will help to ensure that the costs of any land that the council has not yet acquired keep up with changes in land values, and that the council collects enough money to purchase that land.

Recommendations

1. Blacktown City Council should set out in the plan that the Consumer Price Index – All Groups Sydney will be used to escalate the proportion of contribution rates that represent land purchase costs, should the LVI series become unavailable.

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| 2. | The LVI should only apply to the proportion of the contribution rates that represent the value of land not yet purchased, at the time the contributions plan is adopted. Any future reviews of the plan should revise the value of land not yet purchased to be indexed by the LVI. | 28 |
|----|---|----|

Finding

- | | | |
|----|---|----|
| 1. | There is merit in Blacktown City Council monitoring and publicly reporting on its proposed Land Value Index. In doing so, the council should consider: | 27 |
| | <ul style="list-style-type: none"> - whether the proposed quarterly index has introduced unreasonable volatility compared to an annual index | 27 |
| | <ul style="list-style-type: none"> - how well the proposed LVI reflects the type and size of land the council needs to acquire to deliver the infrastructure in its plan | 27 |
| | <ul style="list-style-type: none"> - how the LVI has performed in reflecting the costs of actual land acquisitions in the precinct. | 27 |

Figure 1.2 Review timeline for CP24 (2022)



2 Introduction

Blacktown City Council (the council) submitted *Contributions Plan No. 24 – Schofields Precinct (2022)* (CP24 (2022)) to IPART for assessment in November 2022. The council is seeking to levy development contributions above the \$30,000 cap per lot/dwelling. To levy these contributions rates the council must have an IPART reviewed plan in place.

This means IPART must review CP24 (2022) and provide its assessment to the Minister for Planning and Public Spaces (Minister). The Minister (or the Minister's nominee) may request the council to make changes to the plan. After the council makes any changes and adopts the plan, the council can levy the contributions rate above the cap, as calculated under the adopted plan.

This is the third time that IPART is reviewing CP24. We previously reviewed and made recommendations for CP24 (2018), which has since been updated by the council.

We assessed CP24 (2022) against the Department of Planning and Environment's (DPE) [Practice Note](#) criteria:

1. Public amenities and services in the plan are on the **essential works list** as identified within the Practice Note.
2. Public amenities and services are reasonable in terms of **nexus** (i.e. there is a connection between the development and demand created).
3. Development contribution is based on a **reasonable estimate of the cost** of the public amenities and services.
4. Public amenities and services can be provided within a **reasonable timeframe**.
5. Development contribution is based on a **reasonable apportionment** between:
 - a. existing and new demand for the public amenities and services, and
 - b. different types of development that generate new demand for the public amenities and services (e.g. different types of residential development such as detached dwellings and multi-unit dwellings, and different land uses such as residential, commercial, and industrial).
6. Council has conducted appropriate **community liaison** and publicity in preparing the contributions plan.
7. **Other matters** IPART considers relevant.

Our assessment involved reviewing the contributions plan and supporting documentation, including the works schedule, strategic studies, consultant reports, and correspondence with the council. For more details on our assessment approach, please see our [Information Paper](#).

The remaining sections of this Final Report provide background information on CP24 (2022), our assessment of the plan, recommendations, and recommended contributions rates.

3 The Schofields precinct and Contributions Plan No. 24

3.1 The Schofields precinct development

The Schofields precinct (the precinct) is a 465-hectare area within the Blacktown local government area (LGA), and is part of the North West Growth Area (NWGA) of Sydney. The precinct is bounded by the Richmond railway line to the east, Quakers Hill Parkway to the south, and Eastern Creek on the west and north sides (see **Figure 3.1**).

The area currently comprises urban and non-urban areas, farming lands, the former Schofields Aerodrome site and Nirimba Education Precinct.¹

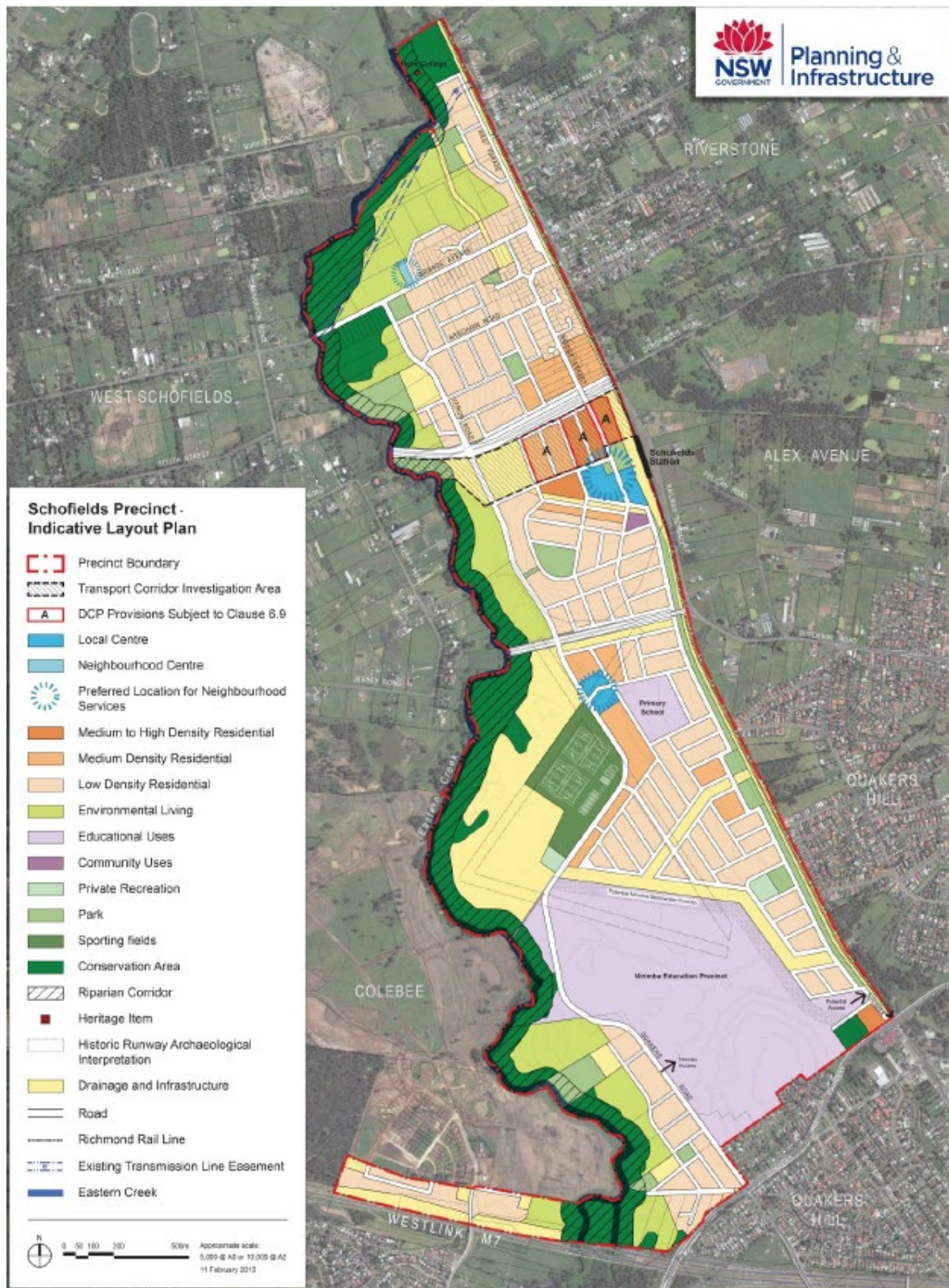
The precinct's land has been zoned for various uses to support its incoming population, including residential, educational, commercial/retail, community facility, open space, land conservation, stormwater management, road network and public infrastructure purposes.²

Initially, the Schofields precinct was projected to develop around 2,800 dwellings to support almost 8,200 new residents.³ Since our last review of CP24 (2018), planning proposals have increased the projected development to around 3,700 dwellings for almost 10,500 new residents.⁴

The precinct will also include 4.5 hectares of land for non-residential purposes, such as local and neighbourhood centres, and commercial/retail floor space (almost 2 hectares).

Development in Schofields has been ongoing since it first began in 2013, and the council expects it to continue for another 5 to 10 years. Approximately 89% of the Schofields precinct is either already developed or has had its development applications approved.⁵

Figure 3.1 Map of Schofields precinct



Source: Blacktown City Council, CP24 (2022), p 4.

3.2 Contributions Plan No.24 – Schofields precinct

To support development in the Schofields precinct, CP24 (2022) levies contributions for water cycle management facilities (referred to as stormwater works), traffic and transport management facilities, open space and recreation facilities and local conservation zones.

IPART completed its first review of the Blacktown City Council's initial CP24 plan in 2014.⁶ Following recommended adjustments the plan came into force in May 2015. The plan was further revised following a second IPART review in 2019 and came into force in August 2020.⁷

Blacktown City Council has again updated and exhibited CP24. Key updates in CP24 (2022) since our last review are:

- updated historical land acquisition and construction costs with actual data where available
- new cost estimates for works and land yet to be acquired based on valuations and quantity surveyor reports
- proposed adoption of a Land Value Index (LVI) for escalating contributions rates for land purchases
- updated population estimates based on recent planning proposals.

The post exhibition plan was submitted to IPART for review in November 2022. Blacktown City Council has indicated its intention to adopt the plan following receipt of the Minister's advice following IPART's assessment.⁸

3.3 Items included in CP24 (2022)

CP24 (2022) includes total development contributions of almost \$323.5 million, which cover the land, works and plan administration items associated with the development in the Schofields precinct.⁹

Stormwater works

The plan proposes to deliver \$73.7 million worth of stormwater works items within the Schofields precinct.

In summary, this includes landscaped and concrete channels, under road culverts, bioretention and detention basins, gross pollutant traps (GPTs) as well as trunk and drainage pipework and pits of various diameters and sizes. The full list of stormwater infrastructure items and associated costs are listed in **Table 4.2**

Transport works

CP24 (2022) proposes to deliver \$22.7 million worth of transport works items within the Schofields precinct.

In summary this includes 8 collector roads and 2 local roads, slip lanes, shared paths, a foot bridge, traffic signals, bus shelters, and roundabouts to manage changes to pedestrian and vehicular traffic within the precinct. The full list of transport infrastructure items and associated costs are listed in **Table 4.3**.

Open space embellishment

CP24 (2022) proposes \$48.5 million to embellish 18 parks including local parks, a neighbourhood park, basin parks, a linear park and a district park.

The open space embellishment items in CP24 (2022) include landscaping works including playgrounds, sporting fields, amenities, at-grade carparking and fencing. The full list of items and associated costs are listed in **Table 4.4**.

Land

CP24 (2022) includes \$175.5 million of land costs to acquire 76.3 hectares of land (mostly within the precinct).¹⁰ The council has already acquired \$74.8 million of land and is yet to acquire the remaining \$100.7 million of land.¹¹ Land acquisitions are planned to allow for stormwater infrastructure, traffic and transport management, open space, community facilities and a conservation zone.¹² The full list of items and associated costs are listed in **Table 4.5**.

Plan administration

CP24 (2022) includes a plan preparation and administration cost of \$2.2 million. This is based on 1.5% of the total revised construction cost, consistent with the approach adopted in previous plans.

Indexation

CP24 (2022) proposes 2 indexes to be applied to the base contribution rates at the time of payment. These are:

- the Consumer Price Index (CPI), which is applied to the base contribution rate for works
- a bespoke Land Value Index (LVI) for the North West Growth Area, which would be applied to the base contributions rate for land.

3.4 Contribution rates in CP24 (2022)

CP24 (2022) levies contributions to each development based on the relevant apportionment of the total costs of the land, works and plan administration items (where relevant) required to service the development. Costs are divided into 5 categories i.e. water management (including stormwater quality and quantity), traffic management, open space, community facilities and a combined precinct facility.

Total costs are converted to unit amounts based on area or population, and applied to developments based on the characteristics of that development:

- by area (**\$/hectare**) for water management and non-residential traffic management
- by population (**\$/person**) for all other items.¹³

The council's application sets out its proposed contribution rates for residential dwellings. Table 3.1 below compares the council's proposed contributions rates with those in the previous plan, and that currently still apply.

Table 3.1 Comparison of CP24 2018 and 2022 contributions rates

Type of development	Density (dwellings/ha)	Occupancy (persons/dwelling)	2018 IPART-approved contribution rate (\$)	2022 proposed contribution rate (\$)	Difference (\$)	Difference (%)
Low density (Eastern catchment)	12.5	2.9	106,338	131,254	24,916	23%
Low density (Eastern catchment)	15	2.9	93,850	116,984	23,134	25%
Medium density (Eastern catchment)	25	2.7	63,180	80,248	17,068	27%
Medium density (Eastern catchment)	30	2.7	57,523	73,890	16,367	28%
High density (Eastern catchment)	40	2.7	50,453	66,012	15,559	31%
High density (Eastern catchment)	45	2.7	48,096	63,356	15,260	32%
Low density (West catchment 1)	15	2.9	71,685	84,702	13,017	18%
Low density (West catchment 2)	15	2.9	49,459	45,739	-3,720	-8%

Source: IPART, [CP24 Final Report](#), 2019, pp 11-12; BCC, CP24 works schedule.

In response to the Draft Report, the Urban Development Institute of Australia (UDIA) NSW and Housing Industry Association (HIA) expressed several concerns about the level of proposed contributions rates for CP24, and that this will discourage development, particularly as developers are currently facing other cost increases.

HIA is concerned that:

- The contributions proposed by the council will place a significant burden on the costs of new residential development. The current 2018 IPART approved plan includes contribution rates of up to \$106,338 per lot, the increases proposed are nearly 3 times higher than the increase in the Consumer Price Index (CPI) for the same period.
- The plan should be subject to a full cost benefit analysis to assess the impact of any proposed infrastructure charges on housing affordability. Such an assessment would need to demonstrate that any proposed contribution charge would deliver a net benefit to the future homeowners and relate to infrastructure that is necessary for the creation of the allotment.¹⁴

The UDIA submits that:

- Several UDIA member's projects had initial feasibility assessments which included s7.11 contributions of between \$50,000 - \$60,000 per lot. These have now had to be re-costed at around \$85,000 per lot under the proposed contributions plan (a 70% increase). The outcome of this is a significant impact on project viability and means developers are unable to continue with these projects in the Precinct. Increased costs cannot be passed on to home purchasers who are already struggling due to Sydney's high land price and escalating interest rates.
- It is critical that consideration is given to the cumulative impact of development contributions, levies, and taxes. Modelling from UDIA has shown the introduction of the Housing & Productivity Contributions Regime, re- introduction by Sydney Water of Development Servicing Plans, and increased BASIX requirements will collectively add around \$110,000 to the cost of a new detached greenfield home. This is before any local contributions are levied. UDIA urges IPART to consider this wider economic context in its determination.
- The WiK framework should be reset to support tradeable credits across stakeholders. This would ensure contributions are not 'locked up' in areas where they may not be utilised for extended periods of time and capitalises on unlocking development where it is needed.
- Timing of payment of contribution rates should be deferred to the issuing of an Occupation Certificate, where the capacity to pay for developers is far stronger. Council should review the potential for this further.¹⁵

We have concluded that proposed costs in CP24 (2022) are reasonable and are necessary to service demand from the new development. While developers may be facing increasing costs in other areas, we consider it is critical that developers are given accurate signals about the cost of servicing new development. If developers do not pay for the true cost of infrastructure, councils will either underinvest in services or costs will be passed onto ratepayers, resulting in existing ratepayers paying more than their fair share.

We do not recommend that the plan should be subject to a full cost benefit analysis, as our review has determined that the costs in the plan are reasonable and are appropriately apportioned between existing and new demand for the public amenities and services. We have not made recommendations on the timing of payment of contributions rates, as we consider this to be outside the scope of our assessment and may also negatively impact the council's ability to fund infrastructure.

4 Assessment of CP24 (2022)

This section provides our assessment of *Contributions Plan No. 24 – Schofields Precinct (2022)* (CP24 (2022)) from Blacktown City Council (the council) against the Practice Note criteria. It includes our assessment of each infrastructure category, issues relating across all categories, and our draft recommendations.

4.1 Overview of assessment

We assessed CP24 (2022) against criteria in the Department of Planning and Environment’s (DPE) [Practice Note](#). For more details on our assessment approach, please see our [Information Paper](#).

We found that CP24 (2022) meets most of the Practice Note criteria. **Table 4.1** shows a summary of our assessment of each infrastructure category and issues relating across all categories.

Table 4.1 Summary of our assessment of CP24 (2022)

Criteria	Stormwater	Transport	Open space	Community facility	Land	Cross-category
Essential works list	Demonstrated	Demonstrated	Demonstrated			
Nexus	Demonstrated	Demonstrated	Demonstrated	Demonstrated		
Reasonable cost	Demonstrated	Demonstrated	Demonstrated		Demonstrated	
Apportionment	Demonstrated	Demonstrated	Demonstrated	Demonstrated		
Timing				Demonstrated		
Consultation				Demonstrated		
Other matters						Demonstrated, subject to recommendation

The sections below provide our detailed assessment against each Practice Note criteria for all infrastructure works and land costs in CP24 (2022).

4.2 Essential works list

4.2.1 Stormwater works

Blacktown City Council has proposed \$73.7 million of stormwater management infrastructure in CP24 (2022), and \$81.9 million of associated land acquisitions.¹⁶ We have determined that the proposed stormwater infrastructure is for the purpose of managing water quantity and quality within the development area and is consistent with the essential works list in the Practice Note.

Stormwater works items include bioretention basins, detention basins, gross pollutant traps, culverts, channels, pits, flow diversion and drainage lines. Our review of the proposed stormwater infrastructure works items in CP24 (2022) has not identified any items that are inconsistent with the essential works list set out in the 2019 Practice Note (land and facilities for stormwater management).

Within some of these items, subitems such as landscaping, and access paths have been included in the costs. We consider these subitems are for the purpose of effective and safe operation and maintenance of the stormwater works and are therefore part of the stormwater infrastructure. For the full set of stormwater infrastructure see **Table 4.2**.

4.2.2 Transport works

Blacktown City Council has proposed \$22.7 million worth of transport works items in CP24 (2022), and an associated \$9.5 million of associated land acquisitions.¹⁷ This includes 8 collector roads and 2 local roads, slip lanes, shared paths, a foot bridge, traffic signals bus shelters, and roundabouts to manage changes to pedestrian and vehicular traffic within the precinct.

We have determined that the transport infrastructure proposed in CP24 (2022) meets the description in the 2019 Practice Note of "land and facilities for transport". It is consistent with the examples (i.e. road works, traffic management and pedestrian and cyclist facilities) and does not include carparking. Therefore, the transport infrastructure satisfies the essential works list criteria. For the full set of transport infrastructure see **Table 4.3**.

We note that the council has removed SR3.1 (West Parade local road half width, north of Westminster Street railway overbridge) from CP24 (2022), as the road is now part of the Transport for NSW (TfNSW) Denmark Link Road Project.¹⁸

4.2.3 Open space embellishment

CP24 (2022) proposes \$48.5 million to embellish 18 parks including local parks, a neighbourhood park, basin parks, a linear park and a district park. The provision of open space will require acquiring \$73.7 million of land.¹⁹ For the full set of open space items see **Table 4.4**.

The open space embellishment items in CP24 (2022) include landscaping works including playgrounds, sporting fields, amenities, at-grade carparking and fencing, which are consistent with the examples outlined in the Practice Note. CP24 (2022) also includes 'public art and signage' at a cost of \$1.2 million, with signage accounting for most of the costs.

In the Draft Report, we sought clarification from the council on whether the signage component of 'public art and signage' is associated with public art interpretive signage or if it is required for base level open space embellishment. We also included a draft recommendation that these costs be removed from the plan.

The council submitted that:

"The signage component relates to signage relating to the broader park, which includes park name sign, wayfinding signage in park and ordinance signage.

This signage is not listed anywhere else in the cost plan and is required to be funded. It includes community consultation process to engage with the community regarding the potential naming of the park, processing this name to the Geographical Names Board, designing the park sign (again with the community) and with relevant consultants as required – and in a form that is legible for CALD community members and people with a disability.

The signage would then need to be fabricated, installed etc. We therefore confirm that this signage is base level open space embellishment."²⁰

The council indicated that the public art component (\$100,000) is for a First Nations artist input into the sign design.

We accept that the items proposed by the council are consistent with the Essential Works List.

The contributions plan proposes to include 'youth facilities' within its basin and local parks (i.e. items 974, 980, 984, and 985). The total cost of these proposed youth facilities is almost \$1.2 million. The plan does not provide detail on what equipment the youth facilities will include. For instance, if the youth facilities plan to provide skate parks and BMX tracks, they would not meet the essential works criteria.

In the Draft Report, we sought further detail from the council on what equipment or items the youth facilities plan to include to assess the essential works criteria.

The council submitted that:

"Youth Facilities' relates to providing space for young people who are not engaged in organised sporting clubs. These 'youth facilities would include basketball and multipurpose courts, sitting and gathering spaces for young women, hardscape areas for flexible gathering of youth where they can tell stories, share worries, connect with peers and be safe.

The spaces would include elements such as shade where required, bins, lighting, seating and furniture. These are important spaces for our community to stay healthy, connected and well. These are base level open space elements and allowable by the essential works list."²¹

We are satisfied that the council's proposed youth facilities are consistent with the Essential Works List.

4.2.4 E2 conservation zone

The contributions plan includes the cost of works and land for an E2 conservation zone (Reserve 867). Reserve 867 is in the nearby Riverstone Precinct.

The Practice Note states that land and works for environmental purposes, such as the E2 conservation zone, are not essential works. The reserve serves an environmental purpose and is not required to meet the open space or other infrastructure needs of development in the Schofields Precinct. Normally, Reserve 867 would not meet the essential works list or nexus criterion.

However, our past assessments of the council's contributions plan found that the inclusion of Reserve 867 is reasonable, due to an agreement between DPE and the council.^a The agreement gives effect to the council's designation as the acquisition authority for the land, under the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006*. Therefore, we consider that the inclusion of Reserve 867 in CP24 (2022) is reasonable.

4.3 Nexus

4.3.1 Stormwater works

We have determined that all the stormwater management infrastructure in CP24 (2022) are required by the new development in the Schofields Precinct (the precinct).

The nexus for stormwater management infrastructure is established by the *Water Cycle Management Strategy Report Incorporating WSUD Techniques* by J. Wyndham Prince (May 2012), and its review (*Review of Water Cycle Management Strategy* by Opus International Consultants (November 2012)).²²

Clarification of items SE1.4, SE5.7, SE5.11 & SE9.3

The contributions plan includes stormwater management works that were not previously included in CP24 (2018). The new works included are SE1.4 (Elgin Street drainage extension works) and SE9.3 (600mm drainage line). We consider that SE1.4 and SE9.3 meet the nexus criteria, based on the council's explanations.

During our assessment, the council clarified that SE1.4 includes 2 trunk drainage lines that are required to convey flows from the current outlet at Elgin Street to Grange Avenue. The council confirmed that its Indicative Layout Plan (ILP) requires the road extension from Elgin Street to Grange Avenue, and that the trunk drainage culvert along this new road would be the most efficient outcome.

The council also clarified that SE9.3 is required to take flow along Arkell Street and Dunley Avenue to the proposed basin site. The council explained the original preliminary design envisaged diverting flows from the catchment draining to Voysey Close to the basin near the western end of Voysey Close. However, investigations through the design development phase identified level and utility constraints, which precluded this option from working.

Also, IPART's review of CP24 (2018) recommended removing the works cost for SE5.7 (20m wide landscaped open channel) and land cost for SE5.11, as nexus was not established. These items have not been removed from CP24 (2022). Based on the council's explanations, we consider that SE5.7 and SE5.11 meet the nexus criteria.

^a For examples, see our assessments of CP21 Marsden Park, p 122; CP22 Rouse Hill, p 72; CP20 Riverstone and Alex Avenue, p 17.

During our assessment of CP24 (2022), the council clarified that the SE5.7 reference has been reallocated to a new channel. The council explained that SE5.7 (which is located at the since removed detention basin SE5.2) is required to convey design trunk drainage flows through the removed basin site.

The council also explained that it is required to acquire the land for SE5.11 until the Stockland planning proposal unzoned the land. The council stated that Stockland may require the land for some purpose in the future.^b The acquisition of SE5.11 land is subject to the Stockland planning proposal.

4.3.2 Transport works

We have determined that all the transport infrastructure in CP24 (2022) are required by the new development in the precinct.

The nexus for transport infrastructure is established by the *Schofields Precinct Transport and Access Strategy* and *Burdekin Road Link Study Final Report* (June 2011), both by AECOM.²³

New item SR7.1

The contributions plan includes transport infrastructure that was not previously included in CP24 (2018). The plan includes SR7.1 (Elgin Street extension, full width local road connecting Elgin Street to Grange Avenue, through drainage item SE1.4). We consider that SE7.1 meets the nexus criteria, based on the council's explanation.

During our assessment, the council clarified that as part of its reduced basin strategy, treatment areas and associated acquisition will be relocated to either side of the road extension. The council explained that the road is included in CP24 (2022) because its location is the most flood prone area and will not have any development fronting it.

IPART's review of CP24 (2018) recommended that the council review how a higher anticipated development yield and major planning proposals may impact the demand for transport infrastructure. During our assessment of CP24 (2022), the council explained that the Defence Housing Australia and Stockland planning proposals have not produced any significant changes to the demand for transport infrastructure.

4.3.3 Open space embellishment

We have determined that the open space infrastructure included in CP24 (2022) are required by the new development in the precinct.

The nexus for open space infrastructure is established by the *Demographic and Social Infrastructure Assessment – Schofields Precinct* report by Elton Consulting (July 2011).²⁴

^b The council cited a theoretical purpose of the land may be that water flowing underneath the rail line may need an outlet at this site for instance.

IPART's review of CP24 (2018) recommended that the council review how a higher anticipated development yield may impact the demand for open space infrastructure. During our assessment of CP24 (2022), the council explained that the Defence Housing Australia and Stockland planning proposals have not produced any significant changes to the demand for open space infrastructure.

4.3.4 Community facility

The contributions plan includes land for a local neighbourhood centre and a district aquatic facility. The district aquatic facility is in Marsden Park and will serve residents across 6 precincts, including the Schofields Precinct.²⁵

We have determined that the land for community facilities in CP24 (2022) is required by the new development in the precinct.

The nexus for community facilities land is established by the *Demographic and Social Infrastructure Assessment – Schofields Precinct* report by Elton Consulting (July 2011).²⁶

4.4 Reasonable cost

4.4.1 Stormwater works

We have determined that the costs for stormwater management works in CP24 (2022) are reasonable. The costs for stormwater management works in CP24 (2022) are shown in **Table 4.2**.

Table 4.2 Costs for stormwater management works in CP24 (2022) (\$Jun22)

Item no.	Description of works	Cost
SE1.1	Open channel variable width, land acquisition only	-
SE1.2	20m wide landscaped open channel	712,548
SE1.3	1200mm diameter culvert under Grange Avenue	122,971
SE1.4	Elgin street drainage extension works	779,000
SE1.5	Bio-retention located in detention basin	2,436,941
SE1.6	Gross pollutant trap at inlet to basin	296,300
SE1.7	1500mm diameter trunk drainage line 100-year ARI capacity	1,409,299
SE2.1	Detention basin outlet low flow pipe and overland flow path	79,666
SE2.2	Detention basin	716,995
SE2.3	Bio-retention located in detention basin	185,256
SE2.4	Gross pollutant trap at inlet to basin	99,147
SE2.5	Stand-alone bio-retention including GPT	989,285
SE3.1	Stand-alone bio-retention including GPT	378,222
SE3.2	Stand-alone bio-retention including GPT	325,174
SE3.3	Stand-alone bio-retention including GPT	1,383,957
SE4.1	Detention basin outlet low flow pipe and overland flow path	237,338
SE4.2	Detention basin	1,518,565
SE4.3	Bio-retention located in detention basin	1,070,297
SE4.4	Gross pollutant trap at inlet to basin	237,284
SE5.1	Detention basin outlet low flow pipe and overland flow path	203,123
SE5.2	Part detention basin	572,832
SE5.3	3x2700x1500mm culvert under future road	528,212
SE5.4	Bio-retention located in detention basin	2,684,808
SE5.5	Gross pollutant traps at inlet to basin	451,428
SE5.6	Drainage line 1500mm diameter	103,019
SE5.7	20m wide landscaped open channel	2,684,000
SE6.1	Detention basin outlet low flow pipe and overland flow path	538,158
SE6.3	Bio-retention located in detention basin	1,254,951
SE6.4	Gross pollutant traps at inlet to basin	203,261
SE6.5	3x2700x1200mm culvert under future road	645,946
SE6.6	30m wide landscaped open channel	1,301,086
SE6.7	1200mm diameter trunk drainage line	341,385
SE6.8	1650mm diameter trunk drainage line	211,187
SE6.9	3x1800x1200mm diameter trunk drainage line	705,267

Item no.	Description of works	Cost
SE7.1	Basin outlet channel 51m wide	783,092
SE7.10	3x3000x1200mm culvert under future road	689,152
SE7.11	40m wide landscaped open channel	3,451,776
SE7.12	Bio-retention located in detention basin	2,278,923
SE7.13	Gross pollutant traps at inlet to basin	317,009
SE7.14	1200mm diameter treatable flow diversion line	1,892,187
SE7.15	Gross pollutant traps at inlet to channel	148,003
SE7.2	51m wide landscaped open channel	12,890,220
SE7.4	3x3600x2100+2x3600x1500mm culvert under future road	2,683,632
SE7.5	50m wide landscaped open channel	12,401,344
SE7.6	7x3300x1500mm culvert under future road	1,481,365
SE7.8	5x3000x1200mm culvert under future road	1,076,202
SE8.1	Stand-alone bio-retention including outlet pipeline	2,225,835
SE8.2	Gross pollutant trap at inlet to bio-retention	180,664
SE9.1	Stand-alone bio-retention including outlet pipeline	3,124,509
SE9.2	Gross pollutant trap at inlet to bio-retention	294,004
SE9.3	600mm drainage Line	141,000
SEW1.2	Nominal bio-retention in basin to be provided by development	94,291
SEW1.3	Nominal gross pollutant trap at inlet to basin to be provided by development	80,609
SEW2.1	Nominal Detention basin to be provided as part of development	421,056
SEW2.2	Nominal bio-retention in basin to be provided by development	77,300
SEW2.3	Nominal gross pollutant trap at inlet to basin to be provided by development	85,680
SEW3.1	Nominal detention basin to be provided as part of development	1,325,592
SEW3.2	Nominal bio-retention in basin to be provided by development	77,301
SEW3.3	Nominal gross pollutant trap at inlet to basin to be provided by development	85,680
Total		73,713,334

Source: Blacktown City Council (BCC), CP24 (2022) works schedule.

The council included the actual costs it has incurred to deliver stormwater management works. The council also engaged an independent quantity surveyor to estimate the costs for stormwater management works that are yet to be delivered.

We gave weight to the use of a suitably qualified quantity surveyor in support of the council's costings for stormwater. We also compared the cost estimates for stormwater management works in CP24 (2022) with IPART's 2014 benchmark costs and Rawlinson's construction costs, indexed to the base date of the plan (June 2022).

We found that most of the stormwater costs are reasonable. However, in the Draft Report, we sought additional information from the council on the design and components of pits and pipework found in detention basins, bioretention cells and drainage lines (items SE1.4, SE1.5, SE1.7, SE2.5, SE3.3, SE5.1, SE5.4, SE6.1, SE7.12, SE7.14, SE8.1, SE9.1).

The council provided additional information, including locational plans, and concept and detailed designs of each item. We consider that the supplementary details provided by council is sufficient to support the cost estimates provided by its Quantity Surveyor report.

4.4.2 Transport works

We have determined that the costs for transport works in CP24 (2022) are reasonable. The costs for transport works in CP24 (2022) are shown in **Table 4.3**.

Table 4.3 Costs for transport works in CP24 (2022) (\$Jun22)

Item no.	Description of works	Cost
SR1.1	Collector road. Grange Avenue to Schofields Road extension, roundabout at Grange Avenue	4,904,732
SR1.2	Major collector road. Schofields Road extension to Burdekin Road extension	2,377,034
SR2.1	Collector road. Douglas Road to Quakers Hill Parkway	1,455,956
SR2.3	Collector road. Nirimba Education Precinct	509,059
SR3.2	Collector road half width, Grange Avenue to Westminster Street railway overbridge	2,758,472
SR4.1	Construction of shared path 2.5m wide to Eastern Creek north of Nirimba Education Precinct	326,000
SR4.2	Foot bridge. Eastern Creek north of Nirimba Education Precinct half cost only	417,000
SR4.4	Traffic signal at intersection of Nirimba Drive and Douglas Road	2,304,794
SR4.5	Lefthand Slip Lane into Eastern Road from Quakers Hill Parkway. Lefthand Slip Lane from Eastern Road into Quakers Hill Parkway. Costs have been apportioned (50%) between CP17 & CP24 (Total cost \$324,000).	162,000
SR5.1	Collector road. Eastern Creek to east of Argowan Road	3,246,331
SR5.2	Collector road half width, southern side of Grange Avenue fronting basin SE1.4	797,925
SR5.3	Collector road half width, northern side of Grange Avenue fronting channel SE1.2	366,759
SR6.1	Full width local road between drainage item SE9.1 and open space	551,000
SR7.1	Full width local road connecting Elgin St to Grange Ave through drainage item SE1.4	1,052,000
M9	Allow for shelters at 8 locations nominated in DCP schedule	684,000
M10	Additional roundabout at Bridge Street and Grange Avenue	769,000
Total		22,682,062

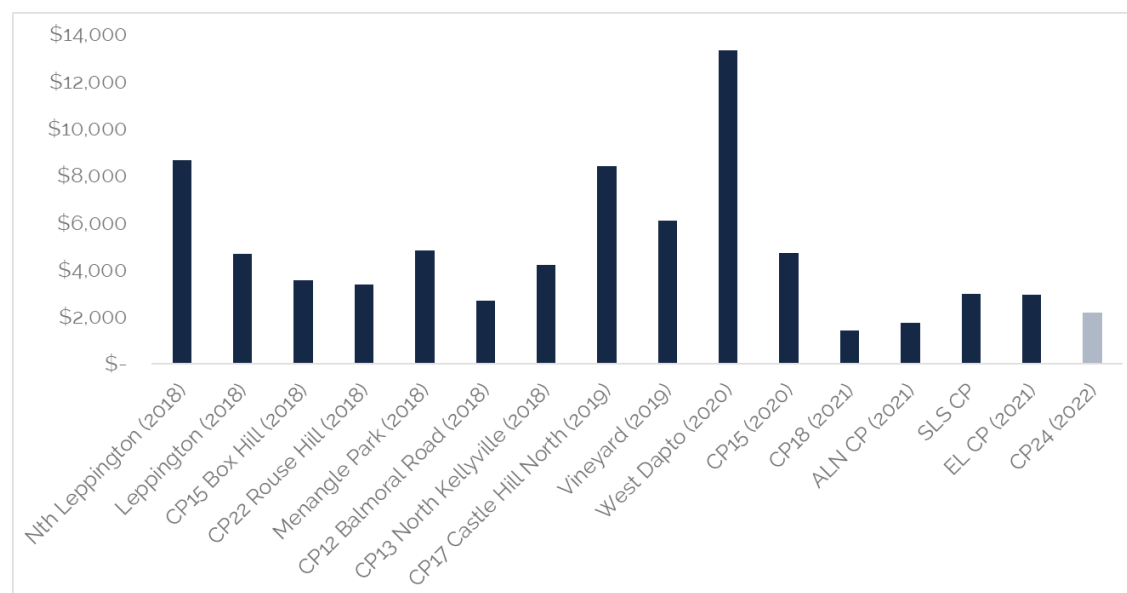
Source: BCC, CP24 (2022), p 58.

The council included the actual costs it has incurred to deliver transport works. The council also engaged an independent quantity surveyor to estimate the costs for transport works that are yet to be delivered.

We compared the cost estimates for transport works in CP24 (2022) with IPART's 2014 benchmark costs, Rawlinson's construction costs, and previous IPART-approved plans (indexed to the base date of the plan). We found that the cost of half-width collector roads (items SR3.2, SR5.2, and SR5.3) incur a relatively high per-metre cost and have increased from CP24 (2018). The total cost of these 3 items is \$3.9 million. In the Draft Report, we sought information from the council to explain the relatively high cost of half-width collector roads in CP24 (2022). The council submitted that costs for half-width collector roads were provided by the Altus Group – Quantity Surveyors. Altus Group stated in the council's submission that it has reviewed the rates used in the estimate and find them to be reasonable. Altus Group provided a further breakdown of items included in its estimates for half-width collector roads.²⁷

To 'sense-check' transport costs in CP 24 (2022), we compared transport costs on a per person and per square metre basis to other contributions plans that IPART has assessed and found that transport works in CP24 (2022) are reasonable. Figure 4.1 shows transport works cost on a per person basis for contributions plans that IPART has recently assessed.

Figure 4.1 Transport works cost on a per person basis (\$2022)



Source IPART analysis:

4.4.3 Open space embellishment

We have determined that the costs for open space embellishments in CP24 (2022) are reasonable. The costs for open space embellishments in CP24 (2022) are shown in **Table 4.4**.

Table 4.4 Costs for open space embellishments in CP24 (2022) (\$Jun22)

Item no.	Description of embellishments	Cost
971	Local park including playground and landscaping	882,210
972	Linear park including landscaping	56,058
973	Local park with landscaping	676,488
974	Basin park with landscaping (3.3835ha)	1,511,061
975	Linear park including landscaping	62,058
976	Local park with playground and landscaping	1,331,553
977	Basin park with landscaping (1.4513ha)	1,945,930
978	Neighbourhood park including playground and landscaping	1,199,936
979	Linear park including landscaping	83,969
981-983	Local parks including playgrounds and landscaping	1,510,420
984	Village park-Local park including landscaping	1,259,296
985	Village park-Local park including landscaping	1,143,179
986	Linear park including landscaping	90,235
987	Local park with playground and landscaping	999,108

Item no.	Description of embellishments	Cost
988	Basin park with landscaping	542,846
989	Basin park with landscaping (2.8402ha)	1,758,995
486	Existing park (Oban Street, Schofields) with fencing and landscaping	920,093
980	District Park including playing fields, amenities, lighting, car park, playground, pathway, fencing and landscaping	32,539,583
Total		48,513,018

Source: BCC, CP24 (2022) works schedule.

The council included the actual costs it has incurred to deliver open space embellishment. The council also engaged an independent quantity surveyor to estimate the costs for open space embellishments that are yet to be delivered.

We compared the cost estimates for open space embellishment in CP24 (2022) with IPART's 2014 benchmark costs and Rawlinson's construction costs, indexed to the base date of the plan (June 2022). We found that the costs of open space embellishment were reasonable.

4.4.4 Land

The contributions plan includes a total land cost of \$175.5 million,²⁸ which is around half of the total costs in the plan. The council has already acquired \$74.8 million of land and is yet to acquire the remaining \$100.7 million of land.²⁹

Table 4.5 Costs for land in CP24 (2022) (\$Jun22)

Item/catchment	Land size (ha)	Total cost
Stormwater		
Eastern Creek	41.23	79,978,065
Eastern Creek - West 1	0.49	1,210,083
Eastern Creek - West 2	0.27	719,337
Transport		
Schofields	2.12	7,259,275
Nirimba Drive - Quakers Hill Tavern	0.09	2,201,000
Open space		
Eastern Creek	17.42	53,679,873
Schofields (District facility)	12.82	20,053,677
Community facilities		
Schofields	0.45	4,608,000
Combined precinct facility		
Conservation zone (Riverstone)	1.10	2,627,073
Aquatic facility (Marsden Park)	0.35	3,154,000
Total	76.34	175,490,383

Source: BCC, CP24 (2022) works schedule.

We found that all land costs in the plan are reasonable. The council engaged Lunney Watt & Associates to prepare land cost estimates to be applied to land that is not yet acquired. The land cost estimates were determined in November 2021 based on recent relevant sales evidence. The estimates are based on average values per square metre for each land zoning type. The council applied the land cost estimates for constrained (no urban development potential), R2 (low density residential), R3 (medium density residential), B2 (local centre), and environmental living zonings to land that is not yet acquired.

4.4.5 Plan administration

We have determined that it is reasonable for the plan administration cost to be 1.5% of the works costs in CP24 (2022), which is the industry standard. In the Draft Report we recommended that the council update the plan administration cost to be 1.5% of the updated works costs as a consequence of our other draft recommendations on reasonable costs.^c However, as we have now concluded that the costs proposed by the council in CP24 (2022) are reasonable, there is no longer a need to update plan administration costs.

4.5 Apportionment

4.5.1 Stormwater works

We have determined that the apportionment of stormwater management infrastructure in CP24 (2022) is reasonable.

The Schofields Precinct contains 3 drainage catchment areas (i.e. Eastern Creek, Eastern Creek West 1, and Eastern Creek West 2). The contributions plan states that the stormwater *quantity* management approach is similar across different land use types. Therefore, the plan apportions stormwater quantity works across the 3 drainage catchment areas.³⁰

The stormwater *quality* management approach differs depending on the land use type. The plan states that low-density residential land will use treatment measures on a regional scale. Higher-density residential, commercial, and industrial land will use on lot treatment measures, and minor additional regional measures to treat stormwater from precinct roads. Installation and operation of on lot stormwater management measures are the responsibility of the developer. Therefore, the plan apportions stormwater quality work costs across 100% of low-density residential land plus 25% of other developable land.³¹ The contributions plan states that the 25% portion represents the public roads that will not be serviced by on lot stormwater treatment.

Stormwater management infrastructure is apportioned on a per hectare basis.

^c In the Draft Report we recommended that the council remove 'public art and signage' costs from open space embellishment costs.

4.5.2 Transport works

We have determined that the apportionment of transport infrastructure in CP24 (2022) is reasonable. This includes the apportionment of *CP17 – Quakers Hill Commercial Precinct's* (CP17) transport infrastructure to CP24 (2022).

The transport infrastructure in CP24 (2022) are apportioned across the Eastern Creek catchment area (i.e. does not include the Eastern Creek West 1 or 2 catchment areas).³² The infrastructure is apportioned between residential development (on a per person basis) and non-residential development (on a per hectare of net developable area basis).

The contributions plan also includes the cost of transport infrastructure from CP17. The Quakers Hill contributions plan apportions 50% of the cost of an intersection upgrade (between Quakers Hill Parkway and Eastern Road) to CP24 (2022). The *Schofields Precinct Transport and Access Strategy* determined that this intersection upgrade was necessary due to increased traffic volume from the Schofields Precinct.³³

4.5.3 Open space embellishment

We have determined that the apportionment of open space infrastructure in CP24 (2022) is reasonable.

The contributions plan apportions open space infrastructure to residential development on a per person basis. The cost of the district park is apportioned across the entire precinct.³⁴ The costs of the remaining open space embellishments are apportioned across the Eastern Creek catchment area (i.e. does not include the Eastern Creek West 1 or 2 catchment areas).³⁵

4.5.4 Community facility

We have determined that the apportionment of land for community facilities in CP24 (2022) is reasonable.

The land for the local neighbourhood centre is apportioned across the Schofields Precinct, to residential development on a per person basis.

The land for the district aquatic centre is apportioned across 6 precincts including the Schofields Precinct, to residential development on a per person basis.

IPART's review of CP24 (2018) recommended that the district aquatic facility's apportionment should be based on updated population estimates for each precinct. We have determined that the aquatic facility's apportionment is based on the most recent population estimates for each precinct.

4.5.5 E2 conservation zone

The land for Reserve 867 is apportioned across 10 precincts including the Schofields Precinct, to residential development on a per person basis.

IPART's review of CP24 (2018) recommended that Reserve 867's apportionment should be based on updated population estimates for each precinct. We have determined that Reserve 867's apportionment is based on updated population estimates for each precinct.

4.6 Timing of infrastructure delivery

We consider that the council's timing of infrastructure delivery is appropriate. The council states it will prioritise delivering infrastructure based on the progress of development and receipt of contributions funds.³⁶ The council states the priority of works as firstly stormwater management, followed by transport, open space, and combined precinct facilities. The contributions plan shows the indicative timing of works in 5-year periods i.e. 2022-27 and 2028-2038. The council also outlines factors that may influence the timing of land acquisitions, such as hardship provisions and negotiations.

4.7 Community consultation

We have determined that the council's community consultation process meets the Practice Note requirement.

Blacktown City Council [consulted with its community on CP24 on its website](#), from 15 August to 11 September 2022.³⁷ The council also emailed 2 large developers in the Schofields Precinct (Stockland Developments and Defence House Australia).³⁸ The council noted a further proposed revision to CP24 during the consultation to correct a formula error.³⁹

In response to the Draft Report, the HIA submitted that the reports associated with the draft contributions plan were not made publicly available as part of the council's exhibition process. Therefore it considers community has no ability to assess and comment on whether the costs associated with the draft contributions plan are reasonable and appropriate.

We have looked at the materials that the council exhibited with CP24. While it appears the council did not exhibit the specific materials noted by the HIA, there were several supporting studies published alongside the plan.

In our experience, there are numerous documents that accompany a contributions plan, and it may not be practical for councils to exhibit all supporting materials. However, we encourage councils to consider what information stakeholders need to make an informed assessment of the contributions plan and ensure that the relevant documents are publicly exhibited for transparency.

We have concluded that the council has conducted appropriate community consultation.

4.8 Unimproved land value index

The council proposes to apply a land value index

The council is proposing to use a land value index (LVI) in CP24 (2022) to reflect the change in the value of the land it needs to deliver community infrastructure. In its IPART application, the council cites the EP&A Regulation clause 32(b)(ii) (now [clause 215\(5\)\(b\)](#), with minor amendments) which allows the council to update the contributions rates by index figures in adopted contributions plans:

A council may make... changes to the rates of [section 7.11 monetary] development contributions set out in the plan to reflect quarterly or annual variations to... index figures prepared by or on behalf of the council from time to time that are specifically adopted by the plan.

The council engaged CoreLogic to produce and publish a quarterly [Unimproved LVI for the NWGA](#). The council stated that the LVI is a measure of the change in underlying land values^d for detached housing for various geographic boundaries. The council stated that CoreLogic's hedonic model^e only factors land area and location attributes, to control for the impact of various attributes to changes in observed market sales prices.⁴⁰ CoreLogic engaged Glenwood Capital to peer review its LVI. Glenwood Capital determined that the LVI estimate uses a comprehensive dataset that allows reliable indices for the NWGA.⁴¹

A LVI may better reflect changes in land values than CPI

Over recent years, changes in land values have varied significantly from the changes in prices, as measured through the Australian Bureau of Statistics' (ABS) Consumer Price Index (CPI). In general, the value of residential land has grown much faster than the CPI.^f This discrepancy between CPI and land values can ultimately mean the council does not receive enough revenue from contributions to fully fund the land required to service the development, depending on:

- on how much land councils need to acquire to deliver essential infrastructure to new developments
- how the forecast costs of that land have been estimated and escalated in the plan.

One way of setting contribution rates that reflect the changes in costs associated with difficult-to-forecast changes in land values is to escalate the costs of land within that plan using an LVI.

It is important however that the LVI used:

- reflects the changes in the value of the types of land that the council needs to acquire, and
- only applies to land it has not purchased yet.

^d 'Unimproved land value' is the estimated value of the underlying land which a property is built upon, excluding any improvements on the land, such as the dwelling itself and other structures (e.g. swimming pools, carports, etc.). This is distinct from the market value of the property, which accounts for both improvements and unimproved land.

^e The pricing of a good in a hedonic model is determined by the characteristics of both the good and its surrounding environment.

^f For instance, the [Valuer General's Report on Land Values at 1 July 2022](#) shows that the total value of land within North West Sydney increased by 27.9% over the 12 months to 30 June 2022 (see p 8).

We sought feedback on council's proposed LVI

The cost of land yet to be acquired in CP24 (2022) makes up around a third of total costs in the plan, and so we are conscious of the potential impact a LVI may have on the change in contribution rates. We sought stakeholder feedback in the Draft Report, on the following issues:

1. Whether the use of a proposed **quarterly index** may introduce volatility in the LVI arising from seasonal factors or smaller sample sizes used in its derivation, relative to an annual index.^g
2. How well the proposed LVI reflects the **type and size of land** the council needs to acquire to deliver the infrastructure in its plan.
3. How well the **LVI would have performed** in reflecting land council has already acquired in the precinct.^h
4. Any other issues that the council should consider in the application and design of its proposed LVI.

The Valuer General NSW, UDIA and HIA provided feedback on the council's proposed LVI. While stakeholders were supportive of the concept of applying an LVI to land not yet purchased in the plan, they raised concerns about the proposed methodology.

In its submission, the Value General notes that:

"volatility will be influenced by the sample size of the sales data used in the ULVI, with methods available to reduce volatility including, but not limited to the utilisation of a rolling average indexation.

Further, the ULVI as described in the Report is proposed to be underpinned by underlying land values associated with detached houses. Noting that land still to be acquired is likely to comprise of varying types dissimilar to that which underpins the proposed ULVI, the potential for perverse or inequitable revenue and/or expense outcomes for both Blacktown City Council and the relevant person on which the contribution is applied exists. For example, an englobo parcel is likely to move at a different rate, no matter the period, when compared to that of a detached house's underlying land value.

Irrespective of the above, it is my view that an annualised land value index for each respective property type would produce a better valuation outcome in terms of appropriateness and better alleviate the risks identified above. I note that Valuation NSW, on my behalf, publish land indexes for each zone type annually via my website."⁴²

^g The council proposes to use a 'quarterly' LVI to index base contribution rates (land). For comparison, Liverpool City Council indexes its land costs quarterly in its Austral and Leppington North contributions plan. [Camden Council publishes annual updates to its LVI on its website.](#)

^h This may include a 'hindcast' of the LVI compared to some measure of council's actual purchase costs for land within the precinct.

The HIA is concerned that information about the council's proposed LVI (its methodology, calculations, inputs and assumptions) does not appear to be publicly available. It notes that the peer review report on the LVI undertaken by Glenwood Capital also does not appear to be publicly available. HIA submits that this prevents any assessment the suitability of the LVI being undertaken and further reduces transparency. The HIA submits that further detail on the LVI and any associated reports must be made publicly available for review and comment prior to the adoption of the plan.⁴³

The UDIA submits that the IPART report fails to clearly outline the distribution of contributions on land across the Precinct. It should be clearer that any remaining development within the Schofields Precinct should not be used to subsidise any shortfall in land acquisition costs borne by the historic use of CPI for indexation purposes. This would unduly place an additional development cost burden on remaining fragmented land and any remaining stages of major developments already planned or under construction in the Precinct.⁴⁴

The council submitted that:

"It is reasonable to index S7.11 contributions quarterly and this assists in a minor way to keep up with increasing costs, particularly in a greenfield context when land is rezoned. The main reason for choosing to use an LVI was because land values increase rapidly and the LVI is better placed to reflect this. The volatility of the index is a matter for Council to decide on whether this creates any revenue risk.

Indexing annually would lose some benefit of the LVI, particularly when values are rising very quickly in the early period after a precinct is rezoned. under the Land Acquisition (Just Terms Compensation) Act 1991, land is valued at its underlying zone. The LVI would not take into consideration the individual increases between the low-density and high-density zones, but either does the CPI. Council's investigations when considering the LVI concluded that the LVI would have performed better than both the CPI and a PPI."⁴⁵

We have concluded that the council's proposed LVI is reasonable

We consider that the council's use of an LVI for the NWGA is reasonable for application in this plan, and that CoreLogic's hedonic method for establishing an Unimproved LVI also appears reasonable for this plan in this circumstance.

The council's proposal to adopt an LVI is consistent with our current guidance on indexation which suggests that it is reasonable for councils to index the land yet to be acquired component of contributions.⁴⁶

We broadly support councils adopting an LVI to land not yet purchased so that land costs in the plan at least keep up to date with changes in land values.ⁱ We consider that risks of the council's proposed LVI introducing volatility can be mitigated by the council regularly monitoring the impact of the LVI over time and refining it when the plan is next reviewed. We have made a finding that there is merit in the council monitoring and publicly reporting on its proposed LVI to assess whether it remains fit for purpose. Our [Information Paper](#) on indexation of contributions rates encourages councils to publish the results of the index on their websites after the plan has been adopted.

In response to the HIA's query, we reviewed the draft plan that the council exhibited which outlines the methodology of the proposed LVI and provides a link to the LVI data which is publicly available.⁴⁷

In response to UDIA's query regarding allocation of under-recovery of land costs over the life of the plan, we confirm that the council's proposed allocation does not seek to recover previous shortfalls from the remaining development.

Finding



1. There is merit in Blacktown City Council monitoring and publicly reporting on its proposed Land Value Index. In doing so, the council should consider:
 - whether the proposed quarterly index has introduced unreasonable volatility compared to an annual index
 - how well the proposed LVI reflects the type and size of land the council needs to acquire to deliver the infrastructure in its plan
 - how the LVI has performed in reflecting the costs of actual land acquisitions in the precinct.

The council should make allowances for the LVI's availability

The council's proposed LVI uses a commercial product. While we do not make any judgement about the provider of that product, we consider it prudent that the council include in the plan an alternative method of indexation should the proposed LVI no longer be available. This helps ensure that:

- the plan continues to make allowance for changes in the value of land to be purchased
- council's commercial interests and its ratepayers are protected.^j

ⁱ We note however that even a well-designed LVI only helps estimated land costs keep pace with changing values in real time. It does not protect council or its ratepayers from *future* increases of land yet to be purchased – the values of which are also included in the CP rate.

^j Any shortfall of revenue arising from the inability to index land costs may have to be supplemented by council.

In response to the Draft Report, the council submitted that it agrees with this recommendation and that "the contributions plan will be amended to advise that if the LVI is not available, the indexation will default back to the relevant CPI recommended by DPE".⁴⁸ We consider the plan should set out which CPI will apply, should the proposed LVI no longer be available.

Recommendation



1. Blacktown City Council should set out in the plan that the Consumer Price Index – All Groups Sydney will be used to escalate the proportion of contribution rates that represent land purchase costs, should the LVI series become unavailable.

The LVI should only apply to future land purchases

The council proposes to apply the LVI to index its 'base contributions rate (land)'. The 'base contributions rate (land)' is the total of cost of:

- land already acquired (indexed by CPI), and
- estimated average cost of land not yet acquired
- divided by the estimated population or developable area.

The council proposes to apply the LVI to the 'base contributions rate (land)' until the approval date of consent, and to the consent amount until the date of payment.⁴⁹

We consider that the LVI should only be applied to the proportion of contribution rates that represent the costs of land **not yet acquired**. It is unreasonable to apply the LVI to the costs of land already acquired, since the value of those acquisitions have already been settled and indexed by CPI.

We intend to review and update our general guidance on how councils should seek to recover land costs through infrastructure contributions. We will consult with all relevant stakeholders, including councils, as part of that review.

Recommendation



2. The LVI should only apply to the proportion of the contribution rates that represent the value of land not yet purchased, at the time the contributions plan is adopted. Any future reviews of the plan should revise the value of land not yet purchased to be indexed by the LVI.

In the Draft Report, we sought feedback on 2 ways that the council could apply the LVI to costs of land not yet acquired:

1. **Split the 'base contribution rate (land)' into 2 categories i.e. 'land already acquired' and 'land not yet acquired'**. Apply the CPI to the 'base contribution rate (land already acquired)' and the LVI to the 'base contribution rate (land not yet acquired)', at the approval date of a consent, and then to the date of payment. This will ensure that the LVI is reasonably applied only to costs of land not yet acquired and allow the council to recover sufficient funds in a timely manner. We sought feedback from the council on whether this approach would be too complex or increase the cost of administration.
2. **Apply the CPI to cost of land already acquired. Apply the LVI to the total cost of land not yet acquired in the plan's works schedule.** This is a simple way to reasonably apply the LVI only to costs of land not yet acquired. However, the council can only update the works schedule costs and contributions rate when it submits the plan to IPART for review, which usually occurs every few years. This might result in delayed indexation of land costs and over-recovery of contributions rates from developers towards the end of the plan. The council should consider how it can manage the risk of over- or under-recovery of contributions rates in the future.

However, after further consideration, our view is that Option 2 is not workable, as it implies that **the LVI can only be applied when the council resubmits the plan to IPART for review**. We consider Option 2 would not allow the council to achieve the intended benefits of adopting a land value index. This is because, the purpose of the LVI is to allow councils to update the contribution rates *without* needing an IPART review, so that they keep pace with changes in land values.

We have therefore identified **a third option for applying the LVI, which would involve adopting a single weighted CPI/LVI index and applying that to the land rates in the plan** (without needing to split the land rates into 2 categories). The weighted index would reflect the proportion of land already acquired and land yet to be acquired at the time the plan was reviewed by IPART. For CP24 (2022), 43% of land has been acquired and 57% has not yet been acquired, so the formula for the weighted index would be $(0.43 \times \text{CPI}) + (0.57 \times \text{LVI})$.

After further discussions with the council on the 3 options, the council indicated that it prefers Option 1. Although splitting the 'base contribution rate (land)' into 2 categories would add a level of complexity for the council, it can accommodate this change.^k

4.9 Update on the Transport Corridor Investigation Area

IPART's review of CP24 (2018) recommended that the council update the apportionment of costs in CP24 when more information is available on the Transport Corridor Investigation Area. During our assessment of CP24 (2022), the council confirmed that there have not been any updates with the area.

^k In response to the Draft Report, the council submitted that "Option 1 – splitting the 'base contribution rate (land)' into 2 categories would be a very difficult exercise and administratively complex. Option 2 - applying the LVI to the total cost of land not yet acquired is a reasonable application of the LVI. We are happy to amend the indexation method in the contributions plan and will apply the indexation accordingly to contribution payments made under the revised plan." See BCC, submission to Draft Report, p 4. However, in later discussions, the council indicated it may have misinterpreted Option 2 and notified us that it instead prefers Option 1.

4.10 Assessment against the EPA regulations and requirements

We have determined that CP24 (2022) contains most the information required by Clause 212 of the *Environmental Planning and Assessment Regulation 2021* (EPA). This clause requires the inclusion of certain information in a contributions plan for the purpose of establishing scope and location. A summary of our assessment of CP24 (2022) against the EPA clause is provided in Table 4.6

Table 4.6 Assessment against EPA regulations and requirements

Subclause	Requirement	Location in CP (page no.)
1(a)	Purpose of the plan.	1-2
1(b)	Land to which the plan applies.	3
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.	14, 21, 25-26, 28-29, 32
1(d)	The formulas to be used for determining the section 7.11 contributions required for different categories of public amenities and services.	19-20, 23-24, 27, 30-31, 32-33
1(e)	The section 7.11 contribution rates for different types of development, as specified in a schedule in the plan.	36, 70
1(f)	A map showing the specific public amenities and services proposed to be provided by the council.	44-45, 48-49, 51, 53, 55-57, 59-62, 65, 66, 68
1(g)	a works schedule that contains an estimate of their cost and staging (whether by reference to dates or thresholds).	46-67
1(h)	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.	11
2(b)	If a contributions plan authorises the imposition of a development levy condition, the plan must contain the method, if any, of adjusting the proposed cost of carrying out the development, after being determined by the consent authority, to reflect quarterly or annual variations to readily accessible index figures adopted by the plan between the day of the determination and the day by which the levy must be paid.	39
3	A contributions plan must contain information about the council's policy about the following— (a) the timing of the payment of monetary development contributions, (b) development levies, (c) the imposition of development contribution conditions or development levy conditions that allow deferred or periodic payment.	37-38, 40-41
4	A contributions plan that provides for the imposition of development contribution conditions or development levy conditions in relation to the issue of a complying development certificate must provide that monetary payments in accordance with the conditions must be made before the commencement of the building work or subdivision work authorised by the certificate	6
5	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 Local Government Act 1993.	N/A
6	A contributions plan may authorise monetary development contributions or development levies paid for different purposes to be pooled and applied progressively for the different purposes only if the council is satisfied that the pooling and progressive application will not unreasonably prejudice the carrying into effect, within a reasonable time, of the purposes for which the money was originally paid.	11

5 Recommended contribution rates

The recommended total costs and contribution rates for CP24 (2022) are set out in Table 5.1 and Table 5.2.

Table 5.1 Recommended total costs for CP24 (2022) (\$Jun22)

Category	Cost
Stormwater management	152,515,878
Transport	32,482,568
Open space	122,974,264
Community facility	4,608,000
E2 conservation zone	3,503,671
Aquatic facility	3,154,000
Total	323,449,023

Source: Blacktown City Council, [Contributions plan 24 Schofields Precinct](#), p 69.

Table 5.2 Recommended residential contribution rates for CP24 (2022) (\$Jun22)

Type of development	Density (dwellings/ha)	Occupancy (persons/dwelling)	Contributions rate
Low density	12.5	2.9	131,254
Low density	15	2.9	116,787
Medium density	25	2.7	80,065
Medium density	30	2.7	73,707
High density	40	2.7	65,829
High density	45	2.7	63,173
Low density (West catchment 1)	15	2.9	84,505
Low density (West catchment 2)	15	2.9	45,542

Source: Blacktown City Council, [Contributions plan 24 Schofields Precinct](#), p 36.

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- 3 BCC, CP24 (2022), p 7.
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- 10 BCC, CP24 works schedule.
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