



Assessment of Contributions Plan No.18 –
Bella Vista and Kellyville Station Precincts:
Overview

Final Report

February 2022

Local Government >>

Tribunal Members

The Tribunal members for this review are:

Carmel Donnelly, Chair
Deborah Cope
Sandra Gamble

Enquiries regarding this document should be directed to a staff member:

Felicity Hall	(02) 9290 8432
Claudio Campi	(02) 9019 1913

The Independent Pricing and Regulatory Tribunal (IPART)

Further information on IPART can be obtained from [IPART's website](#).

Acknowledgment of Country

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

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

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1 Executive Summary

The Hills Shire Council (Council) submitted Contributions Plan 18 (CP18) for the Bella Vista and Kellyville Station Precincts (Precincts) to IPART. The Council seeks to levy a contributions rate in CP18 that is above the cap. To do so, IPART must review the plan. Our review is then provided to the Minister for Planning (Minister). After the Council makes any changes requested by the Minister (or the Minister's nominee) and adopts the plan, the Council may levy the contributions rate that is above the cap in the reviewed plan.^a

We have assessed CP18 against the criteria in the guidance provided by the Department of Planning, Industry and Environment (DPIE) in its Practice Note.^b See our [Information Paper](#) for more detail on our assessment approach.

In response to our Draft Report, APP Corporation (APP) – on behalf of the developer Landcom – provided revised infrastructure costs based a quantity surveyor report prepared by Rider Levett Bucknall (the RLB Report). We released an Information Paper to seek stakeholder feedback on the revised infrastructure costs which we considered to be material.

We have reviewed the costs in the Council's contributions plan and the revised infrastructure costs provided by APP. We have found that the revised costs provided by APP generally reflect the reasonable costs of local infrastructure required for the new development, and recommend accepting most of the revised costs as reasonable. However, the proposed costs for Public Art and Biodiversity Offsets have not been included in the plan as these items are not on the Essential Works List.

We also recommend re-categorising some infrastructure items, and re-apportioning some costs between residential and non-residential development.

Our recommendations would increase the total cost of CP18 from \$149.6 million to \$160.1 million representing an increase of \$10.5 million (7%). We consider this increase is reasonable because it reflects new infrastructure that is required to service new development and more accurate site-specific costs that are based on a quantity surveyor report which we have reviewed.

Our highest value recommendations are to:

- Accept revised costs of \$8.4 million for a Viaduct Park (a \$5.4 million increase from the Council's original costing of \$2.8 million), which reflects higher-cost embellishment at the site such as sports courts.
- Accept the revised cost of a new vehicular bridge over Elizabeth Macarthur creek (a net increase of \$3.5 million), to manage increased traffic flows and meet Transport for NSW's requirements.

^a Minister for Planning, *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012*, 21 August 2012 as amended (Direction)

^b Department of Planning and Environment, *Practice Note – Local Infrastructure Contributions*, January 2019.

- Accept RLB's revised costs for other transport (an increase of \$235,000), stormwater (decrease of \$358,000), and open space (increase of \$1.2 million) items.
- Remove the 1.5% acquisition allowance from the cost of open space land and community facilities (decrease of \$1.2 million).

The combined impact of our final recommendations would increase the contribution rates in the plan for a 2-bedroom residential dwelling from \$23,962 to \$24,098.

Our final recommendations are presented below by infrastructure category and are explained in detail in our Technical Paper.

Final Recommendations

Transport

1. Transfer the cost of the shared pathway along Elizabeth Macarthur Creek (OSE6 and OSE7) of about \$2 million from the open space category to the transport category. This would change the way this cost is allocated between residential and non-residential development.
2. Accept the proposed costs for a new vehicular bridge over Elizabeth Macarthur creek, which supersedes the Left-in/Left-out intersection with Memorial Avenue (a net increase of \$3.5 million).
3. Update transport infrastructure costs in the plan with revised cost estimates provided by the site-specific quantity surveyors' report by Rider Levett Bucknall.
4. Apportion the cost of pedestrian bridges (RT2, RT3 and RT4) to residential and non-residential development, consistent with other transport works in the plan.

Stormwater

5. Update stormwater infrastructure costs with revised cost estimates provided by the site-specific quantity surveyors' report by Rider Levett Bucknall.
6. Apportion the cost of gross pollutant traps (DR1-DR6) between residential and non-residential developments on a gross floor area (GFA) basis, and then amongst residential development on a per-person basis and amongst non-residential development on a GFA basis.

Open Space

7. Transfer the cost of rainwater re-use infrastructure in the Bella Vista district park (DR7) from stormwater management works to open space embellishment. This would increase open space costs by approximately \$2.1 million.
8. Update costs for open space in the plan with the new estimates in the quantity surveyors' report by Rider Levett Bucknall but remove allowances for Public Art & Interpretative Signage and for Biodiversity Offsets. This would increase costs in the plan by \$6.7 million.

Plan administration

9. Recalculate the cost of plan administration (1.5% of the cost of works) based on the adjusted costs we have recommended.
10. Apportion plan administration costs to residential and non-residential development using the apportionment we have applied to transport and stormwater management infrastructure costs.

Land

11. Remove the 1.5% acquisition allowance from the cost of land for open space and community facilities for land acquired through a Voluntary Planning Agreement with the developer. This would reduce the costs in the plan by around \$1.2 million.
12. Include the cost of the plot of private land (0.23 hectare) within the planned Bella Vista District Park that was previously excluded from the plan. Apply the 1.5% land acquisition allowance to the cost of this private land. This would increase costs in the plan by around \$1.6 million.

Financial model and review of contributions plan

13. Update the development paths in the residential and non-residential NPV models, and in Table 1 of CP18, to reflect post-exhibition dwelling and yield amendments.
14. Update the discount rate in the financial model to reflect the latest available local government discount rate published by IPART. Currently that nominal rate is 2.9%.
15. Review the plan within 3 years to include updated information on planning assumptions, and the scope and cost of land and works in the plan.

2 Proposed Contributions Plan

2.1 Proposed development within CP18 – Bella Vista and Kellyville Station Precincts

CP18 applies to the Bella Vista and Kellyville Station Precincts in the Hills Shire Council local government area, adjacent to the North West Growth Area. The Sydney Metro Northwest Line runs through CP18, and includes the Bella Vista and Kellyville metro train stations, which opened in May 2019.

The Council anticipates that development will add an additional 7,046 dwellings (13,845 people) and 176,736 square metres of non-residential floor space (comprising 25,736 square metres of retail space and 151,000 square metres of commercial space).

Development in CP18 is expected to occur over 25 years, with most residential development occurring in the first 10 years of the plan, followed by non-residential development, mostly occurring in the latter half of the development timetable. Most of the development is anticipated in Bella Vista representing 67% of the population and 94% of non-residential gross floor area.

2.2 Infrastructure included in the contributions plan

The total cost of land, works and administration proposed in the Council's original submission was \$149.6 million and comprises:

- \$84.2 million (56.3%) for the acquisition of land for local infrastructure
- \$64.4 million (43.1%) for works
- \$1.0 million (0.6%) for plan administration.

Table 1 shows these costs by infrastructure category.

Table 1 Council proposed costs by infrastructure category (\$ million, Jun2020)

Infrastructure category	Land	Works	Administration	Total
Transport	0	17.67	0	17.67
Stormwater management	0	3.37	0	3.37
Open space	77.6	43.38	0	120.98
Community facilities	6.63	0	0	6.63
Plan administration	0	0	0.97	0.97
Total	84.2	64.4	0.97	149.6

Source: CP18 works schedule

The contributions for residential developments are based on the costs in the plan and the Council's assumed household occupancy rates for various sized lots. Table 2 sets out the indicative contributions for different sized residential dwellings.

Table 2 Council proposed residential contributions by dwelling size

Type of residential development	Number of dwellings	Occupancy rate per dwelling	Indicative contribution (\$Jun2020)
Multi-dwelling housing			
1 bedroom	1,760	1.5	17,116
2 bedroom	4,229	2.1	23,962
3 bedroom	1,058	2.6	29,667

Note: The **indicative** contributions have been rounded to the nearest dollar.

2.3 Developer provided revised infrastructure costs

The costs in Council's proposed contributions plan were preliminary estimates based on Landcom's initial Voluntary Planning Agreement (VPA) costs, as well as some benchmark costs. We released a Draft Report with our draft assessment of CP18 in September 2021 and received submissions from the Council and APP on behalf of the developer Landcom.

APP's submission to our Draft Report included revised cost estimates for infrastructure items based on a quantity surveyors' report prepared by Rider Levett Bucknall.

The revised costs in APP's submission would result in an increase of more than \$15 million (10%) in total costs for CP18, raising contributions rates for a 2-bedroom dwelling by around \$2,000 (9%) compared to the contributions plan submitted by the Council.

The costs proposed by APP in its submission included:

- additional costs for the Viaduct Park of \$5.4 million
- a new vehicular bridge at a cost of \$3.8 million
- allowances for Public Art & Interpretive Signage and for Biodiversity Offsets for a cost of \$5.6 million
- other works items.

We have not included allowances for Public Art & Interpretive Signage and Biodiversity Offsets as these items are not on the Essential Works List.

To provide stakeholders with an opportunity to comment on these revised costs, we released an Information Paper in December 2021 that set out the key issues we sought further information on to help us assess the reasonable cost of infrastructure in CP18.

3 Summary of IPART's Assessment

We have assessed CP18 in accordance with the criteria set out by DPIE in its Practice Note (see our Information Paper). A summary of our assessment is presented below. For more detailed analysis see the Technical Paper that accompanies this Final Report.

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- 01 The proposed public amenities and services in the plan are on the **essential works list**.
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- 02 The proposed public amenities and public services are reasonable in terms of **nexus**, i.e. the infrastructure needs arise from the proposed development.
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- 03 The plan largely reflects a **reasonable estimate of costs** of local infrastructure required for the new development. However, we have made some adjustments to the proposed costs where more accurate site-specific costs have been provided (see Table 3).
- The financial modelling undertaken by Council is reasonable, but we have made some recommendations on the application of cost indexes and discount rates.
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- 04 The proposed public amenities and public services can be provided within a **reasonable timeframe**.
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- 05 The proposed development contribution is based on a reasonable **apportionment of costs**, except for some stormwater and transport infrastructure.
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- 06 The Council has conducted **appropriate community liaison and publicity** in preparing the contributions plan.
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- 07 We considered **other relevant matters** including how often the plan should be reviewed and whether it satisfies the requirements set out in clause 27 of the Environmental Planning and Assessment Regulation (see Technical Paper).
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The outcomes from our assessment of the reasonable estimate of costs of local infrastructure are shown in Table 3.

Table 3 IPART final proposed costs by infrastructure category (\$ million, Jun2020)

Infrastructure category	Land	Works	Administration	Total	IPART proposed adjustments
Transport	0	23.3	0	23.5	5.7
Stormwater management	0	0.9	0	0.9	-2.5
Open space	78.0	50.2	0	128.5	6.5
Community facilities	6.5	0	0	6.5	-0.1
Plan administration	0	0	11	11	0.2
Total	84.2	74.5	1.1	160	10.5

Source: CP18 works schedule and IPART analysis

Note: rounding of total values might result in small variations in the proposed adjustments reported here

We have calculated the residential contributions by dwelling type, using our proposed estimate of reasonable costs. Our proposed final changes would result in a 1% increase in contributions across residential dwelling types.

Our proposed residential contributions have increased by less than our recommended increase in costs (7%). This reflects our recommendations to re-apportion some costs to both residential and non-residential development, and the impact of a lower nominal discount rate.

Table 4 IPART final proposed residential contributions by dwelling type (\$Jun2020)

Type of residential development	Council indicative contribution	IPART proposed contribution	Difference
Multi-dwelling housing			
1 bedroom	17,116	17,213	97
2 bedroom	23,962	24,098	136
3 bedroom	29,667	29,836	169

Note: Council contributions used a 3.2% discount rate and IPART proposed contributions use the current discount rate of 2.9%.

4 Next steps

The Minister (or the Minister's nominee), will consider our assessment and, if appropriate, request the Council to amend the contributions plan. Once the Council has made any requested amendments, the plan becomes an 'IPART-reviewed plan' and the Council may levy contributions in accordance with the adopted plan.