

File number: 145-187-34

31 August 2023

Mr Scott Chapman
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP
SYDNEY NSW 1240

Dear Mr Chapman

IPART's Review of Blacktown City Council's Contributions Plan No. 24 - Schofields Precinct (2022)

Thank you for the opportunity to provide comments on IPART's review of Blacktown City Council's Contributions Plan No. 24 - Schofields Precinct (2022) (CP24).

Blacktown City Council has been submitting contributions plans to IPART since 2011 and has always appreciated the professional relationship we have, irrespective of whether we agree or disagree with IPART's findings and recommendations.

As IPART states in its draft report, CP24 – Schofields Precinct has been submitted for review, once initially and then with 2 reviews. We feel it is important to review contributions plans as regularly as possible to ensure that steeply increasing land values and more recently, the increases in construction costs are recovered as much as possible through amended contribution rates. To this end, it is extremely important that review times are not delayed.

We note that the draft report asked us to provide further information and provide clarity on a number of matters. This is usually requested during assessment time. It should be noted that we have responded quickly to any request for information during the assessment period.

It should also be noted that since receiving IPART's draft report, we have lodged through the new IPART portal, all the information and clarification that was requested.

Our response to IPART's draft review is in two sections; comments sought by IPART, and the recommendations listed in its draft report.

Comments sought by IPART

1. Council clarify whether 'signage' in 'public art and signage' costs are associated with public art interpretive signage or base level open space embellishment.

BCC comment - 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.

2. Council provide more detail on the equipment/items that 'youth facilities will include (items 974, 980, 984, and 985).

BCC comment - '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

3. Council provide more information on the design and components of pits and pipework in detention basins, bioretention cells and drainage lines (SE1.4, SE1.5, SE1.7, SE2.5, SE3.3, SE5.1, SE5.4, SE6.1, SE7.12, SE7.14, SE8.1, SE9.1). This will help us assess whether the costs of these items are reasonable.

BCC comment - all relevant information including plans and specifications were provided to IPART through its information portal as requested.

4. Council explain the 'high' per-metre and increase in cost of half-width collector roads (SR3.2, SR5.2, and SR5.3).

BCC comment - costs for half-width collector roads were provided by the Altus Group – Quantity Surveyors. It has provided the following explanation on our behalf.

We have reviewed the rates used in our estimate and find them to be reasonable.

As we do not have details of the data used for the comparison with our estimate, we are unable to comment on the differences.

However, we have included a list of the following items costed in the road sections in question, as follows:

Civil Works – Roads & Traffic

SR3.2 – Bridge Street

- *Minor allowance for general site preparation*

- *Two share paths each 2.5m wide, one to Bridge Street and the other adjacent to the railway corridor for the existing road, including new kerbs and gutters*
- *An allowance to extend an existing culvert*
- *Signage and fitments*
- *Street lighting: Road lighting to West parade and to West Parade share path*
- *Provisional allowances for new stormwater drainage*
- *Provisional allowances to rearrange underground services*
- *Minor allowances for landscaping and establishment*
- *Allowances for: Preliminaries, Traffic Management, Margin, Design and Contract Contingencies*

SR5.2 – Grange Avenue (75m x 5.5m half carriageway)

- *Minor allowance for general site preparation*
- *Two footpaths each 1.5m wide including kerbs and gutters, new 5.5m wide carriageway and upgrade to existing 5.5m wide carriageway*
- *Signage and fitments*
- *Street lighting: Road lighting to Grange Avenue*
- *Provisional allowance for new stormwater drainage*
- *Provisional allowance to rearrange underground services*
- *Minor allowances for landscaping and establishment*
- *Allowances for: Preliminaries, Traffic Management, Margin, Design and Contract Contingencies*

SR5.3 – Grange Avenue (30m x 5.5m half carriageway)

- *Minor allowance for general site preparation*
- *Two footpaths each 1.5m wide including kerbs and gutters, new 5.5m wide carriageway and upgrade to existing 5.5m wide carriageway*
- *Signage and fitments*
- *Street lighting: Road lighting to Grange Avenue*
- *Provisional allowance for new stormwater drainage*
- *Provisional allowance to rearrange underground services*
- *Minor allowances for landscaping and establishment*
- *Allowances for: Preliminaries, Traffic Management, Margin, Design and Contract Contingencies*

We hope this helps answer the IPART queries. If you require further information, please contact Scott Parsons Senior Quantity Surveyor, Cost Management – APAC.

5. Stakeholders provide feedback on the design and method of the council's proposed LVI, including:
 - a. use of a quarterly index as opposed to an annual index
 - b. LVI's relevance to the type and size of land the council needs to acquire
 - c. how well the proposed LVI would have performed in the past
 - d. any other issues

BCC comment

- a. *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.

- b. *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.*
 - c. *Council's investigations when considering the LVI concluded that the LVI would have performed better than both the CPI and a PPI.*
6. Stakeholders provide feedback on our proposed options for applying the land value index to land not yet purchased.

BCC comment

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.

IPART's recommendations

1. Remove 'public art and signage' costs from open space embellishment costs. This will reduce costs by \$1.2 million.

BCC comment - *we disagree. 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 and as such, the \$1.2 million should not be removed.

2. Update the cost of plan administration to be 1.5% of the revised total works costs.

BCC comment - *this will be undertaken as required.*

3. *We consider that the use of an appropriately designed and applied LVI is*

reasonable.

BCC comment – agree.

4. Blacktown City Council should set out an alternative method of escalating land purchase costs, should the proposed LVI series become unavailable or inapplicable.

BCC comment - agree. *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 the Department of Planning and Environment.*

5. The LVI should only apply to 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.

BCC comment - agree. *Council will amend the indexation method in the contributions plan and will apply the indexation accordingly to contribution payments made under the revised plan.*

If you would like to discuss this matter further please contact me on [REDACTED]

Yours sincerely

[REDACTED]

Dennis Bagnall
Manager Developer Contributions