

Assessment of Blacktown City Council's Section 94 Contributions Plan No 20

Riverstone and Alex Avenue Precinct

Local Government — Assessment
July 2016

Assessment of Blacktown City Council's Section 94 Contributions Plan No 20

Riverstone and Alex Avenue Precinct

Local Government — Assessment
July 2016

© Independent Pricing and Regulatory Tribunal of New South Wales 2016

This work is copyright. The *Copyright Act 1968* permits fair dealing for study, research, news reporting, criticism and review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgement of the source is included.

ISBN 978-1-76049-006-5 ACP11

The Tribunal members for this review are:

Ms Catherine Jones

Mr Matthew Edgerton

Mr Stuart McDonald

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

Nicole Haddock (02) 9290 8426

Gerard O'Dea (02) 9290 8439

Julia Williams (02) 9290 8457

Independent Pricing and Regulatory Tribunal of New South Wales

PO Box K35, Haymarket Post Shop, NSW 1240

Level 15, 2-24 Rawson Pl. SYDNEY NSW 2000

T (02) 9290 8400 F (02) 9290 2061

www.ipart.nsw.gov.au

Contents

1	Executive Summary	1
1.1	Introduction	1
1.2	Why is IPART reviewing CP20 again?	2
1.3	How does IPART assess a contributions plan?	3
1.4	Overview of CP20	3
1.5	Summary of our assessment	6
1.6	The impact of our recommendations	8
1.7	Structure of this report	11
2	Summary of Contributions Plan No 20	12
2.1	Status of the plan	12
2.2	Riverstone and Alex Avenue precincts	13
2.3	Future development within Riverstone and Alex Avenue precincts	13
2.4	Land and facilities in CP20	17
2.5	Contribution rates in CP20	20
3	Assessment of Contributions Plan No 20	22
3.1	Criterion 1: Essential Works List	23
3.2	Criterion 2: Nexus	26
3.3	Criterion 3: Reasonable costs	32
3.4	Criterion 4: Timing	49
3.5	Criterion 5: Apportionment	50
3.6	Criterion 6: Consultation	53
3.7	Criterion 7: Other matters	53
	Appendices	57
A	List of Findings and Recommendations	59
B	Terms of Reference	63
C	Assessment of CP20 against the information requirements in Clause 27 of the EP&A Regulation	64
	Glossary	65

1 | Executive Summary

1.1 Introduction

The NSW Government has asked the Independent Pricing and Regulatory Tribunal (IPART) to review contributions plans¹ that have been prepared by councils under section 94 of the *Environmental Planning and Assessment Act 1979* (EP&A Act), and which propose contribution rates above a capped amount.²

Blacktown City Council (BCC) submitted *Contributions Plan No 20 – Riverstone & Alex Avenue Precincts* (CP20) to IPART for assessment in December 2015. This is the third time that BCC has submitted a version of CP20 to IPART for review. We previously assessed the council's application for CP20, as a new contributions plan in force in 2011,³ and as an amended contributions plan in 2015.⁴ In 2015, the council drafted a new version of CP20 with proposed amendments to the existing plan, and publicly exhibited the proposed amendments in September and October 2015.

BCC estimates the total costs of the contributions plan to be \$1.06 billion, and that the maximum contribution payable under the proposed contributions plan is around \$98,168 per residential lot.⁵ This is above the maximum contribution cap of \$30,000 per lot set by the NSW Government that applies to the contributions plan.⁶

We have made 13 recommendations across the assessment criteria, for cost reductions and other items to review that could reduce the total cost of CP20 by up to \$155.78 million in the short term. However, the final impact of our recommendations will depend on a range of outcomes that result from the actions we have recommended.

¹ See Glossary for an overview of the purpose of a contributions plan.

² See our Terms of Reference in Appendix B.

³ IPART, *Assessment of Blacktown City Council's Section 94 Contribution Plan No 20 – Riverstone and Alex Avenue Precincts*, October 2011 (IPART's 2011 Assessment of CP20).

⁴ IPART, *Assessment of Blacktown City Council's Amended Section 94 Contributions Plan No 20 – Riverstone and Alex Avenue Precincts*, March 2015 (IPART's 2015 Assessment of CP20).

⁵ Blacktown City Council, *Contributions Plan No 20 – Riverstone and Alex Avenue Precincts*, November 2015, pp 25 and 64. This is for a freestanding house on at a 800 m² block of land.

⁶ Minister for Planning and Infrastructure, *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012*, 21 August 2012, cl 6 (3) and sch 2, cl (15).

1.2 Why is IPART reviewing CP20 again?

The *Revised Local Development Contributions Practice Note: For the assessment of Local Contributions Plans by IPART*⁷ requires a council to submit an amended plan to IPART for assessment if it wishes to seek alternative funding sources to fund the gap between development contributions and infrastructure costs in the plan (see Box 1.1) and:

- ▼ the scope of works has increased
- ▼ the geographical catchment of the plan has increased
- ▼ the cost estimates of the works have increased (not including updates for actual costs), or
- ▼ the method of apportionment of costs has changed.⁸

IPART is required to assess the contributions plan and report our findings to the Minister for Planning and the council.

Box 1.1 IPART's role in reviewing contributions plans

In 2010, the NSW Government introduced caps on the amount of section 94 development contributions that councils can collect. Unless the Minister for Planning exempts the development area,^a councils can levy development contributions to a maximum of:

- ▼ \$30,000 per dwelling or residential lot in greenfield areas, and
- ▼ \$20,000 per dwelling or residential lot in all other areas.

The NSW Government also gave IPART the function of reviewing certain plans with contribution rates above the relevant cap. Our terms of reference are in Appendix B of this report.

The NSW Government provides funding for councils where the cost of delivering essential infrastructure is greater than the amount the council can collect from capped contributions.^b Councils can also apply for a special rate variation to meet the funding shortfall that results from the imposition of caps. Councils must have their plans reviewed by IPART to be eligible for government funding or to apply for a special rate variation.

Since October 2011, IPART has assessed ten contributions plans from The Hills Shire Council and Blacktown City Council. Reports on these contributions plans were presented to the Minister for Planning and the councils, and are available on our website.

^a The Minister for Planning exempted all developments where, as of August 2010, the amount of development that had already occurred exceeded 25% of the potential number of lots.

^b Local Infrastructure Growth Scheme (LIGS).

⁷ Department of Planning & Infrastructure, *Revised Local Development Contributions Practice Note: For the assessment of Local Contributions Plans by IPART*, February 2014 (Practice Note).

⁸ Practice Note, p 5.

1.3 How does IPART assess a contributions plan?

IPART assesses plans in accordance with the criteria set out in the Practice Note. The criteria require us to assess whether:

- ▼ the public amenities and public services in the plan are on the essential works list
- ▼ the proposed public amenities and public services are reasonable in terms of nexus
- ▼ the proposed development contribution is based on a reasonable estimate of the cost of the proposed public amenities and public services
- ▼ the proposed public amenities and public services can be provided within a reasonable timeframe
- ▼ the proposed development contribution is based on a reasonable apportionment of costs
- ▼ the council has conducted appropriate community liaison and publicity in preparing the contributions plan, and
- ▼ the plan complies with other matters IPART considers relevant.

We have based our assessment of CP20 on information provided by the council and have consulted further with BCC, including a site visit and meetings. We engaged an independent land valuer and consulted with stormwater engineering consultants on specific matters relating to:

- ▼ whether the land value estimates in CP20 are reasonable
- ▼ whether land purchased primarily for stormwater purposes could also fulfil a role as either passive or active open space, and
- ▼ whether stormwater costs in general and soil disposal costs in particular could be reduced.

We provided BCC a draft copy of this report and have incorporated the responses in our discussion of our recommendations.

Following our assessment, the Minister for Planning will consider our recommendations and may request BCC to amend the contributions plan.

1.4 Overview of CP20

The Riverstone and Alex Avenue precincts are located within the North West Growth Centre, in the Blacktown local government area (LGA). The total gross area of both precincts is around 1,295 hectares, which comprises 875 hectares of land in the Riverstone Precinct and 420 hectares of land in the Alex Avenue Precinct. The total net developable area (NDA) for both precincts is 818.65 hectares. For stormwater management purposes, the two precincts are

further divided into the First Ponds Creek and Eastern Creek catchments.⁹ When fully developed, the Riverstone and Alex Avenue precincts are expected to accommodate 43,800 residents in around 15,000 dwellings. The precincts will also contain around 16.5 hectares for town centres and mixed use zones, which altogether are expected to accommodate around 2,550 jobs. The expected development in the precincts has not changed between the CP20 we reviewed in March 2015 and the new CP20.

1.4.1 Land and works costs in CP15

The total proposed cost of CP20 is \$1.06 billion, comprising 51.1% for land acquisition, 48.1% for the construction of facilities and 0.7% for plan preparation and administration (see Table 1.1). Stormwater infrastructure accounts for the highest costs in CP20 (\$578.9 million or 54.6%), followed by open space (\$309.4 million or 29.2%) and transport infrastructure (\$119.6 million or 11.3%).

Table 1.1 CP20 - Total cost of land and facilities (\$ June 2015)

	Land already acquired	Land to be acquired	Works already provided	Works to be provided	Total
Transport	2,090,608	24,384,000	502,507	119,079,000	146,056,115
Stormwater Quantity					
First Ponds Creek	20,840,324	186,575,000	593,264	143,018,000	351,026,588
Eastern Creek	30,055,666	62,444,000	1,687,248	61,428,000	155,614,914
Stormwater Quality					
First Ponds Creek			131,193	53,988,000	54,119,193
Eastern Creek			Nil	18,116,000	18,116,000
Subtotal (stormwater)					578,876,695
Open space	13,577,538	187,780,000	32,858	108,027,000	309,417,396
Combined precinct facilities					
Community Resource Hub		4,191,000			4,191,000
Conservation	5,559,452	4,328,000	Nil	3,457,291	13,344,743
Subtotal (combined precinct facilities)					17,535,743
Administration					7,650,905
Total cost	72,123,588	469,702,000	2,947,070	507,113,291	1,059,536,854

Source: CP20, November 2015, p 64.

⁹ Figures 2.1, 2.2 and 2.3 show the two precincts in more detail.

1.4.2 Proposed amendments to the costs in CP20

Proposed increases to the cost of land in CP20 account for the greatest proportion of total cost increases. In the amended plan, BCC proposes to increase the cost of land to be acquired by around \$157.8 million compared with the previous version of CP20 reviewed in March 2015.

In addition, the council proposed:

- ▼ a decrease of \$9 million as recommended by IPART in March 2015, and
- ▼ an increase of \$26,000 as a result of adjustments to costs and apportionment of the conservation zone¹⁰ between 10 precincts to reflect the most recent population forecasts.

1.4.3 Contribution rates for residential developments

Table 1.2 shows the proposed contribution rates in CP20 for different dwelling types in the Riverstone and Alex Avenue precincts. All of the contributions rates are above the contributions cap of \$30,000 per dwelling/lot.

Table 1.2 Proposed contributions rates for selected residential dwellings

Catchment and dwelling type		Dwellings per hectare	Persons per dwelling	Contributions rate (\$ June 2015)
First Ponds Creek	Low density	12.5	2.9	98,168
		15	2.9	85,398
		20	2.9	69,436
	Medium and high density	25	2.9	56,600
		40	2.9	43,456
		45	2.9	41,022
Eastern Creek	Low density	12.5	2.9	94,360
		15	2.9	82,225
		20	2.9	67,056
	Medium and high density	25	2.9	54,764
		40	2.9	42,309
		45	2.9	40,002

Source: IPART calculations based on CP20.

1.4.4 Contribution rates for non-residential development

Non-residential development accounts for 30.5 hectares or around 3.2% of the net developable area (NDA). This includes employment land, town centres and mixed use zones.

¹⁰ Conservation zones are areas set aside in the *State Environmental Planning Policy (Sydney Region Growth Centres)* to protect native vegetation to the area such as Cumberland Plain bush land.

Table 1.3 shows the proposed indicative contributions rates for non-residential land based on the costs proposed in CP20.

Table 1.3 Indicative non-residential contributions rates (\$ June 2015)

	First Ponds Creek	Eastern Creek
Contributions rate per hectare	\$876,248	\$830,352

Source: IPART calculations based on CP20.

1.5 Summary of our assessment

Our assessment of CP20 against each of the criteria is summarised in Table 1.4. The full list of our findings and recommendations is in Appendix A.

The main themes of our findings are that some land value estimates require further review by BCC and that, compared with other contributions plans¹¹, the costs of providing stormwater facilities are disproportionately high, including:

- ▼ land costs
- ▼ soil disposal costs, and
- ▼ water treatment costs.

We recommend a thorough review of all stormwater costs before CP20 is again submitted for assessment.

We acknowledge that the high cost of soil disposal is an issue that the Minister had previously requested be reviewed by BCC and DPE together, with a view to devising more cost efficient solutions.¹² As yet, CP20 does not include any revisions to the soil disposal costs and excessive cost estimates remain in the plan. For this reason, we have recommended that the costs of soil disposal be removed from CP20 until more reasonable estimates are made.

We note BCC's response to our draft report that it has pro-actively planned a major review of CP20 and has already found significant savings in soil disposal costs which are not yet reflected in the current cost estimates for CP20.¹³ BCC has also advised us that it is also working on a more holistic North West Growth Centre stormwater detention strategy with DPE, which is likely to further reduce stormwater costs in the Eastern Creek catchment in CP20.¹⁴

¹¹ (1) Blacktown City Council section 94 draft contributions plan No.24, Schofields precinct October 2013; (2) The Hills Shire Council's Section 94 Contributions Plan No 15, Box Hill Precinct, June 2015; (3) Wollongong City Council Draft West Dapto Section 94 Development Contributions Plan 2016.

¹² IPART's 2011 Assessment of CP20, p 30.

¹³ BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016.

¹⁴ BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016.

BCC has further advised that it intends to undertake a detailed review of the works costs in CP20 in the second half of 2016. This could present an ideal opportunity for DPE to undertake a review of stormwater costs, in consultation with BCC.¹⁵

Table 1.4 Summary of IPART's assessment of CP15

Criteria	Assessment
1. Essential works	<ul style="list-style-type: none"> ▼ All land and facilities are on the Essential Works List (EWL) except for the frog habitat (F13.5) which is for environmental purposes (\$1.22 million). BCC agrees to fund this project via alternative funding.^a
2. Nexus	<ul style="list-style-type: none"> ▼ There is reasonable nexus between the expected development and infrastructure items in CP20 except for the bridge (BR3) (\$14.61 million) over the northern corner of the State Conservation Zone where a culvert presents a lower cost alternative. BCC agrees with this recommendation.^a ▼ It is unclear whether stormwater quality measures in CP20 are necessary to meet pre-development water quality targets or to achieve outcomes beyond the impact of the developments. We recommend that the DPE, in consultation with BCC, undertake a review of stormwater management infrastructure and costs in CP20. This review should consider the need for the water quality measures proposed in CP20.
3. Reasonable costs	<ul style="list-style-type: none"> ▼ The cost of land already acquired in CP20 is reasonable, except for the cost of land already owned by council prior to the precincts' rezoning, which has since been transferred to CP20. BCC should review these costs. ▼ We consider the methodology council used to estimate the cost of land to be acquired remains reasonable. However, there is evidence to suggest that the per square metre rates for certain land are unreasonably high and require revision. BCC should review its acquisition cost estimates for land with the underlying zonings we have identified, with a view to providing lower, more reasonable estimates, in the plan. ▼ Consistent with our previous findings on CP20, we found that stormwater management costs in CP20 are disproportionately high compared with other contributions plans (in particular, land costs, stormwater infrastructure in general) and secondary and tertiary stormwater quality costs in particular. ▼ The Minister's requirement that a working group be established to review soil disposal issues before BCC is eligible for LIGS funding has not yet been met. The \$139.93m of estimated soil disposal costs should be removed from the cost of essential works until this issue has been resolved to the Minister's satisfaction. BCC has advised us that it has been working pro-actively on this issue and has already uncovered strategies that may significantly reduce the cost of soil disposal.^a ▼ However, these savings are not reflected in the current cost estimates in CP20 and we also consider that there is scope for further savings. We therefore recommend that the current soil tipping cost (\$139.93m) should be removed from CP20 and reviewed as part of our recommended review of stormwater management infrastructure and costs by DPE, in consultation with BCC.

¹⁵ BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016.

Criteria	Assessment
	<ul style="list-style-type: none"> ▼ The inclusion of administration costs in CP20, based on the allowance of 1.5% of capital works costs, is reasonable. BCC should recalculate this charge using 1.5% of the reduced costs of CP20 recommended in our assessment.
4. Reasonable timeframe	<ul style="list-style-type: none"> ▼ There has been no change to the expected timeframe for completion of development under the plan from our last assessment. ▼ We maintain that BCC's approach to the staging of the provision of infrastructure is reasonable and it is reasonable to expect it will all be completed in 20 years from now.
5. Reasonable apportionment	<ul style="list-style-type: none"> ▼ BCC's approach to apportioning the cost of land and facilities is mostly reasonable except for: <ul style="list-style-type: none"> – the apportionment of transport costs amongst residential developments on a per hectare basis, and – the exemption of 29.61 hectares of land zoned for schools from the precincts' NDA for the purposes of calculating development contributions. ▼ BCC should consider apportioning the residential component of transport costs between residential developments on a per person basis during its major review of CP20 later this year. ▼ Regarding the exemption of 26.91 hectares of land for public school sites in the CP20 precincts, we recommend that BCC should only exclude land from the precincts' NDA for the purpose of levying development contributions where there is a Ministerial direction to do so. ▼ Also, we recommend that the Minister consider issuing a direction to exempt schools from paying development contributions.
6. Appropriate community liaison	<ul style="list-style-type: none"> ▼ BCC has conducted appropriate community consultation in preparation for CP20. The council publicly exhibited CP20 in September/October 2015 and did not receive any submissions.
7. Other matters	<ul style="list-style-type: none"> ▼ To provide greater transparency and context for land costs in CP20, BCC should disclose the amount of land acquired and land yet to be acquired in the schedule of values. ▼ To facilitate IPART's future assessment of estimated land values, BCC and other councils, should provide further, site-specific information, including site details/addresses, underlying zonings, cost estimates and any encumbrance as part of the land acquisition estimates in the application. ▼ CP20 complies with the information requirements for preparing contributions plans.

^a BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016.

1.6 The impact of our recommendations

The impact of our recommendations on the total cost of CP20 depends on a range of outcomes that will result from the actions we have recommended, as follows:

- ▼ The amount of soil disposal costs included in CP20 would be determined following the review we recommend and the issue being resolved to the Minister's satisfaction.
- ▼ The cost of a replacement culvert for bridge BR3 needs to be estimated by BCC and included in the plan.

- ▼ Some land value estimates may be revised by BCC to more reasonable levels after further review.
- ▼ Stormwater management costs may be amended by a possible review.

Excluding all soil disposal costs and the cost of a replacement culvert for bridge BR3 (that is yet to be estimated by BCC), the total reasonable cost of essential works would be approximately \$903.77 million. This is around \$155.76 million (or 14.7%) less than the cost of the contributions plan submitted to IPART. This adjustment comprises the removal of:

- ▼ \$139.93 million for the cost of soil disposal
- ▼ \$14.61 million for bridge BR3 over the State Conservation Zone which is primarily for environmental purposes, and
- ▼ \$1.22 million for the frog habitat which is for environmental purposes.

Table 1.5 shows the potential net impact of our recommendations on the reasonable cost of essential works in CP20.

Table 1.5 IPART's assessment of the total reasonable cost of essential works for CP20 (\$ June 2015)

Component		Cost	Adjustments		IPART assessed reasonable cost
Transport	Land	26,474,608	(RR)	Review Recommended	26,474,608
	Facilities	119,581,507	-14,612,000 + (when known)	Bridge (BR3) Culvert	105,280,507
Stormwater management	Land	299,914,990	(RR)	Review Recommended	299,914,990
	Facilities	278,961,705	-1,216,000	Frog Habitat	277,771,705
Open space	Land	201,357,538	(RR)	Review Recommended	201,357,538
	Facilities	108,059,858			108,059,858
General	Soil Disposal		-139,931,108	This is the total across all categories	Nil
Combined precinct facility	Land	14,078,452	(RR)	Review Recommended	14,078,452
	Facilities	3,457,291			3,457,291
Admin costs		7,650,906	(TBC)	Adjust for other cost changes	7,650,906
Total cost of CP20		1,059,536,855	-155,759,108		903,777,746

Note: Combined Precinct Facilities construction relates to fencing and bush regeneration. Normally this would be excluded from the cost of essential works but IPART considers that this is reasonable in this instance because there was a binding agreement between BCC and the State Government.

Source: IPART calculations based on CP20.

1.6.1 Impact on contribution rates

As with the total cost of CP20, the impact of our recommendations on contribution rates will also depend on a range of outcomes as a result of the actions we have recommended.

Should the reviews of land and stormwater costs lead to further net savings in CP20, this would also be reflected in lower contributions rates. However, it is not possible at this stage to quantify the likely impacts of these recommendations in the longer term.

To explain some of the potential impact of our recommendations on contributions rates in the shorter term, we have considered two scenarios. Both scenarios exclude the cost of the frog habitat and bridge BR3 from CP20:

- ▼ **Scenario 1** – all soil disposal costs included, and
- ▼ **Scenario 2** – all soil disposal costs excluded.

Depending on the dwelling type, our recommendations would reduce the contributions rate by around 3% to 4% if all soil disposal costs are included. However, if all soil disposal costs are excluded then the contributions rates would be decreased by between 11% and 19%. Indicative contributions rates would decrease as follows:¹⁶

- ▼ low density dwellings - indicative contributions rate would decrease from around \$98,000, to between \$79,000 and \$94,000
- ▼ medium density dwellings - indicative contributions rate would decrease from around \$59,000, to between \$47,000 and \$57,000, and
- ▼ high density dwellings, indicative contributions would decrease from around \$42,000, to between \$36,000 and \$41,000.

It is important to note that these scenarios are hypothetical only. However, our assessment has shown that there is potential for BCC to achieve further net savings in CP20 to make development more affordable in the precincts.

1.7 Structure of this report

The remainder of this report explains our assessment in more detail. Chapter 2 summarises CP20 and Chapter 3 explains our assessment against the criteria in the Practice Note in detail.

The appendices present our full set of findings and recommendations and provide the relevant supporting information for our assessment:

- ▼ Appendix A is a list of our findings and recommendations for each assessment criterion.
- ▼ Appendix B is the Terms of Reference for our review of contributions plans.
- ▼ Appendix C is the assessment of CP20 against the information requirements in Clause 27 of the *Environmental Planning and Assessment Regulation 2000*.
- ▼ Appendix D is the Glossary.

¹⁶ Developer contributions are currently capped at \$30,000 per residential lot and therefore, at present, the council must apply for LIGS funding for contributions above the cap from the State Government.

2 Summary of Contributions Plan No 20

CP20 was first prepared in 2010 by Blacktown City Council (BCC) for the Riverstone and Alex Avenue precincts, which comprise almost 1300 hectares of land in the North West Growth Centre. When fully developed the precincts are expected to accommodate around 44,000 residents in 15,000 dwellings.¹⁷

The following sections summarise the status of CP20 and further details relating to development mix, changes to infrastructure costs and contribution rates, and who will deliver infrastructure in the plan.

2.1 Status of the plan

BCC previously submitted CP20 to IPART for review in 2011, shortly after the introduction of the contributions cap by the NSW Government. The council revised the plan in 2014 and this revision was reviewed by IPART in early 2015.

CP20 was further revised in 2015 and exhibited between September and October 2015.¹⁸ Council adopted the amended plan on 18 November 2015.¹⁹ As a result of these 2015 amendments, the council proposes increasing the total cost of the plan from around \$877 million (\$2014) to \$1.06 billion (\$2015).²⁰

Prior to this revision, the council collected development contributions totalling \$42.4 million in 2012-13, \$15.2 million in 2013-14 and \$61.3 million in 2014-15.²¹

The council submitted the adopted post-exhibition version of its contributions plan to IPART for assessment in December 2015. Following our assessment, the Minister for Planning will consider our recommendations and may request the council to amend the plan. This could result in further amendments to the revised CP20 that is in force.

¹⁷ Blacktown City Council, *Section 94 Contributions Plan No.20 – Riverstone & Alex Avenue Precincts*, November 2015 (CP20), p 6.

¹⁸ Blacktown City Council, *Application for assessment of revised section 94 Development Contributions Plan No 20 – Riverstone & Alex Avenue Precincts*, December 2015 (CP20 Application Form), p 2.

¹⁹ Blacktown City Council, Ordinary Council Meeting Minutes, 18 November 2015.

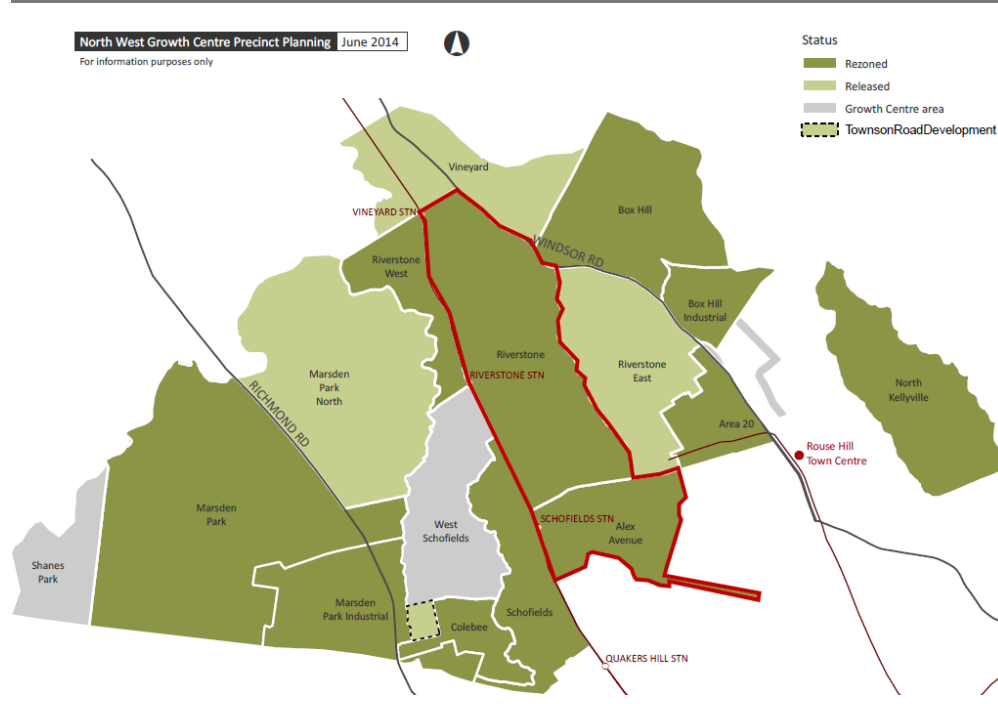
²⁰ CP20, November 2015, p 64.

²¹ Blacktown City Council, *General & Special Purpose Financial Statements for year ending 30th June 2015*, p 71; Blacktown City Council, *General & Special Purpose Financial Statements for year ending 30th June 2014*, p 69; Blacktown City Council, *General & Special Purpose Financial Statements for year ending 30th June 2013*, p 70.

2.2 Riverstone and Alex Avenue precincts

The Riverstone and Alex Avenue precincts are located within the North West Growth Centre (see Figure 2.1) within the Blacktown local government area (LGA).

Figure 2.1 Location of the Riverstone and Alex Avenue precincts in the North West Growth Centre



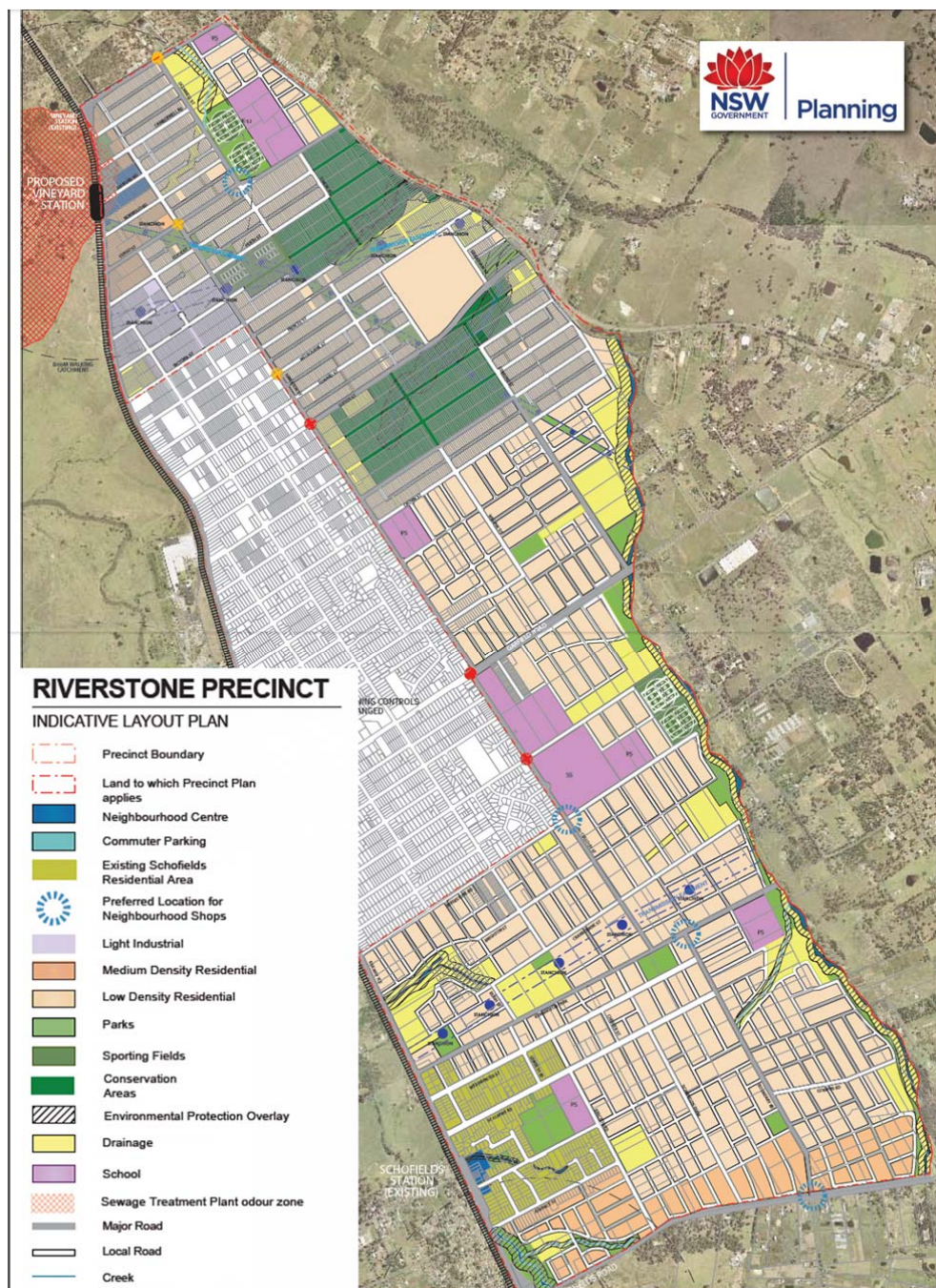
Source: Department of Planning and Environment, *North West Growth Centre Precinct Planning Status Map*, June 2014.

2.3 Future development within Riverstone and Alex Avenue precincts

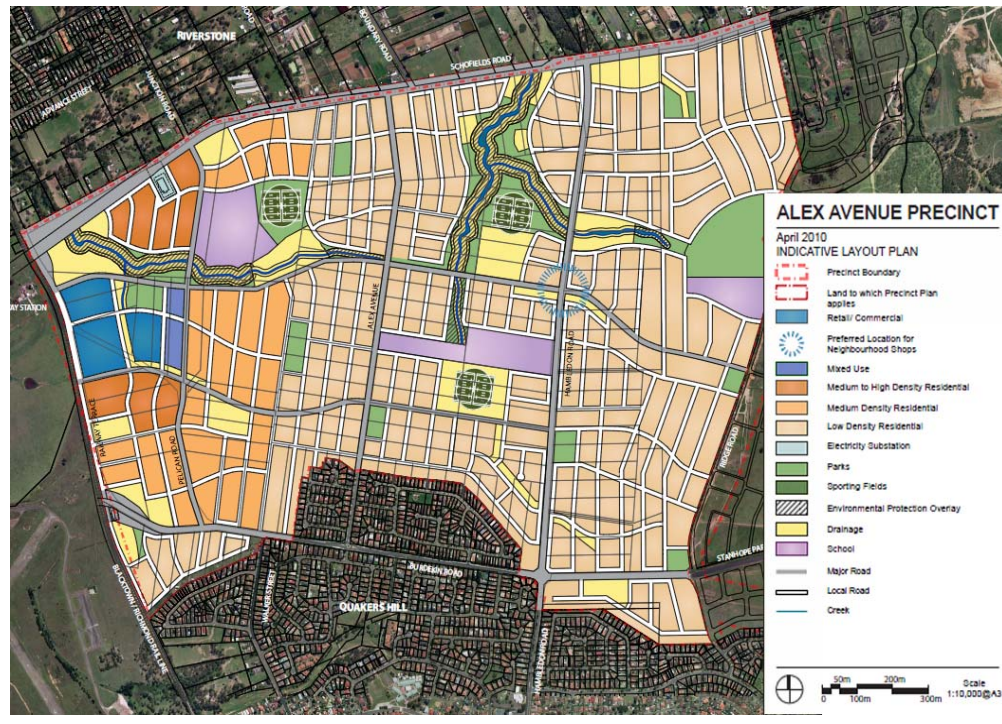
The Indicative Layout Plan for the Riverstone and Alex Avenue precincts shows the anticipated mix of land uses in the precincts (Figures 2.2 and 2.3). In total, the NDA for residential development accounts for 793 hectares or 97.0% of the total precinct NDA. The anticipated population of the precincts is around 44,000 people. Employment land, town centres and mixed use zones will comprise 26 hectares or 3.0% of the total NDA. The remainder of the precinct area will mostly be for drainage, parks and conservation areas.²²

²² CP20, November 2015, p 6.

Figure 2.2 Riverstone precinct – Indicative Layout Plan



Source: Department of Planning and Infrastructure, April 2010.

Figure 2.3 Alex Avenue precinct – Indicative Layout Plan

Source: Department of Planning and Infrastructure, April 2010.

Table 2.1 shows the land use mix for the precincts.

Table 2.1 CP20 Land Use Mix (hectares)

Land	Lots	Area
RESIDENTIAL		
No. of Lots @ 450sqm per lot	18,192	
No. of Lots@ 15 lots per Ha	12,280	
No. of Lots @ 30 lots per Ha	24,559	
Total Residential Land		792.56
NON-RESIDENTIAL		
B2 - Local Centre		8.27
IN2 - Light Industrial		15.43
Mixed Use		2.39
Total Non-Residential		26.09
NET DEVELOPABLE AREA		
Current NDA in CP20		818.65
State Schools (BCC Exempted) ^a		26.91
Total NDA		845.55
NON DEVELOPABLE LAND		
E2 - State Conservation Zone		29.67
E2 - Conservation Reserve (R867)		20.37
RE1 - Public Recreation		64.67
SP2 - Roads (including Footpaths)		21.81
SP2 - Drainage		144.47
Other State Infrastructure		1.78
Total New Public Infrastructure		282.78
EXISTING DEVELOPMENT		
Riverstone		67.64
Alex Ave		10.58
Existing Roads		131.59
Total Existing Development		209.81
Total Area CP20		1338.14

a) See section 3.5.

Note: There is also an extra 17.5 hectares of active open space to be procured in the West Schofields precinct for a sporting facility. There is also a regional netball facility in the Schofields precinct (CP24) that will be partially allocated to the Riverstone and Alex Ave precincts. Source: BCC Email 16 June 2016.

Source: BCC, Supporting information to CP20 Application ('Exclusions-Mastercopy Riverstone Alex Ave-Adoption 2015' workbook, 'Summary' tab), December 2015.

2.4 Land and facilities in CP20

The plan outlines the infrastructure that will be provided, including:

- ▼ transport (roads and intersections)
- ▼ stormwater (detention basins and channels)
- ▼ open space (parks and sportsfields)
- ▼ combined precinct facilities (land for a community resource hub and a conservation zone which will service multiple precincts), and
- ▼ plan preparation and administration costs.²³

The total proposed cost of CP20 is \$1.06 billion, comprising 51.1% for land acquisition, 48.1% for the construction of facilities and 0.7% for plan preparation and administration.²⁴ Table 2.1 shows that stormwater infrastructure is the largest cost component in CP20 (\$578.9 million or 54.6%), followed by open space infrastructure (\$309.4 million or 29.2%) and transport infrastructure (\$119.6 million or 11.3%). The proposed costs in CP20 are expressed in June 2015 dollars.

Since our previous review in March 2015, the council has acquired around \$38.80 million worth of land and constructed \$2.69 million worth of facilities (mostly for stormwater infrastructure).

²³ For simplicity across plans that IPART is required to review, we have used 'transport' rather than 'traffic and transport management facilities', 'stormwater' rather than 'water cycle management facilities' and 'open space' rather than 'open space and recreation facilities', which were terms used in CP20 and supporting documents.

²⁴ Percentages do not sum to 100% due to rounding.

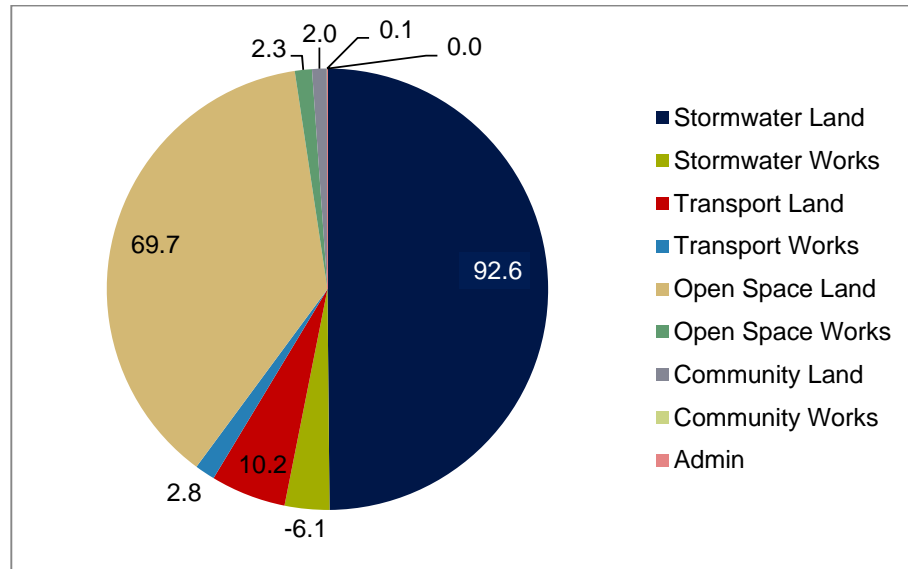
Table 2.2 CP20 - Total cost of land and facilities (\$ June 2015)

	Land already acquired	Land to be acquired	Works already provided	Works to be provided	Total
Transport	2,090,608	24,384,000	502,507	119,079,000	146,056,115
Stormwater Quantity					
First Ponds Creek	20,840,324	186,575,000	593,264	143,018,000	351,026,588
Eastern Creek	30,055,666	62,444,000	1,687,248	61,428,000	155,614,914
Stormwater Quality					
First Ponds Creek			131,193	53,988,000	54,119,193
Eastern Creek			Nil	18,116,000	18,116,000
Subtotal (stormwater)					578,876,695
Open space	13,577,538	187,780,000	32,858	108,027,000	309,417,396
Combined precinct facilities					
Community Resource Hub		4,191,000			4,191,000
Conservation Zone	5,559,452	4,328,000	Nil	3,457,291	13,344,743
Subtotal (combined precinct facilities)					17,535,743
Administration					7,650,905
Total cost	72,123,588	469,702,000	2,947,070	507,113,291	1,059,536,854

Source: CP20, November 2015, p 64.

The total cost of infrastructure has not materially increased compared with the previous version reviewed in March 2015, as shown in Figure 2.4 below.

Figure 2.4 Breakdown of the \$173.6 million change in total cost of CP20 (\$ million) (\$2015)



Source: IPART calculations based on Appendices E & F to CP20 (December 2014) and CP20 (November 2015).

The proposed change of \$173.6 million to the total cost of CP20 in Figure 2.4 comprises:

- ▼ an increase of around \$174.4 million for higher land acquisition costs, and revaluation of land already owned
- ▼ a decrease of around \$7.3 million to address part of the net \$9.0 million in cost reductions we recommended in our March 2015 assessment,²⁵ and
- ▼ other increases for such things as:
 - estimated costs for works completed since our last review that have been updated with actual costs, and
 - changes to the overall apportionment of the conservation zone between 10 precincts to reflect the most recent population forecasts for the Schofields precinct.²⁶

²⁵ This is our assessment of the changes made in response to our recommendations in March 2015. IPART, *Assessment of Blacktown City Council's Amended Section 94 Contributions Plan No. 20*, March 2015, p 12.

²⁶ CP20, p 21.

2.5 Contribution rates in CP20

The base contributions rates in CP20 are levied on a per hectare basis and a per person basis, depending on the category of infrastructure. The actual contribution for a specific dwelling/development will depend on the size, occupancy rate and whether it is in the First Ponds Creek Catchment or the Eastern Creek Catchment.

All of the contributions rates are above the assumed contributions cap of \$30,000 per dwelling/lot. The proposed contributions rate for:

- ▼ low density developments varies from \$67,056 to \$98,168
- ▼ medium density developments varies from \$42,309 to \$56,600, and
- ▼ high density developments varies from \$40,002 to \$41,022.²⁷

The indicative rates above are in June 2015 dollars and will be indexed each year using the Australian Bureau of Statistics' CPI (All Groups) for Sydney.²⁸

The rates have increased by 18.1% to 23.5% (in nominal terms) compared with those in the previous CP20 reviewed in 2015. A comparison of the maximum contribution rates against the previous version of the plan, by selected dwelling types, for the First Ponds Creek and Eastern Creek catchments, is shown in Table 2.3.

²⁷ IPART calculations based on CP20. See also Source in Table 2.3.

²⁸ CP20, p 24.

Table 2.3 Proposed contributions rates for selected residential dwellings

Catchment and dwelling type		Dwellings per hectare	Persons per dwelling	Contributions rate		Change	
				June 2014	June 2015	\$	%
First Ponds Creek	Low density	12.5	2.9	83,109	98,168	15,059	18.1
		15	2.9	72,040	85,398	13,358	18.5
		20	2.9	58,204	69,436	11,232	19.3
	Medium and high density	25	2.9	46,714	56,600	9,886	21.2
		40	2.9	35,457	43,456	7,999	22.6
		45	2.9	33,372	41,022	7,650	22.9
Eastern Creek	Low density	12.5	2.9	79,421	94,360	14,939	18.8
		15	2.9	68,967	82,225	13,258	19.2
		20	2.9	55,899	67,056	11,158	20.0
	Medium and high density	25	2.9	44,938	54,764	9,826	21.9
		40	2.9	34,347	42,309	7,962	23.2
		45	2.9	32,386	40,002	7,616	23.5

Source: IPART calculations based on CP20.

Both residential and non-residential developments pay the same per hectare rate for stormwater and the same per hectare rate for transport. However, only residential developments are apportioned open space costs and community facilities.

For non-residential development, the indicative contributions rates are \$876,248 per hectare in the First Ponds Creek Catchment and \$830,352 per hectare in the Eastern Creek Catchment. These contribution rates have increased by 16.8% and 17.6% in nominal terms, compared with the previous version of CP20.

3 | Assessment of Contributions Plan No 20

We assessed Blacktown City Council's (BCC) application for a review of the amended version of CP20 against the criteria in the Practice Note. We based our assessment on the contents of the plan, the council's application and supporting documentation, and responses to our information requests. As part of our review, we considered whether the council incorporated the findings and recommendations from our previous assessment in 2014, and the proposed changes the council made to the costs in the plan. We provided BCC a draft copy of this report and have considered the responses. We have included this analysis within this report.

Given that most of the increases in costs in the plan are due to higher land acquisition costs, we assessed this aspect of the plan closely, with the advice of an independent valuer. Our valuer found evidence to suggest that certain land valuation estimates are overstated.²⁹ We consider that it is important for BCC to revise these overstated valuations.

We also found some additional works that should be removed from the plan on the basis that they are either not on the essential works list or do not satisfy nexus. In addition, we assessed that the stormwater management costs in CP20 remain excessive when compared with other contribution plans³⁰ on a relative basis. These costs are partly driven by high soil disposal costs. We recommend that the stormwater management infrastructure design and costs be reviewed by DPE, in consultation with BCC, to reduce the costs and enhance affordability of development in the precincts.

This chapter summarises our assessment of the plan where we have made recommendations under each of the criteria.

²⁹ PJC Property Services, *Review of Blacktown City Council's land acquisition rates for proposed contributions plan 2015-16 – Riverstone & Alex Avenue Precincts*, March 2016.

³⁰ **1)** Blacktown City Council section 94 draft contributions plan No.24, Schofields precinct October 2013; **(2)** The Hills Shire Council's Section 94 Contributions Plan No 15, Box Hill Precinct, June 2015; **(3)** Wollongong City Council Draft West Dapto Section 94 Development Contributions Plan 2016.

3.1 Criterion 1: Essential Works List

IPART finding

- 1 All infrastructure items in CP20 are on the Essential Works List except for the frog habitat (F13.5) which is for environmental purposes.

Recommendation

- 1 BCC removes the cost of the frog habitat (\$1,216,000) from the cost of essential works in CP20.

We assessed whether the public amenities and services included in the contributions plan are on the Essential Works List (EWL) (see Box 3.1). CP20 contains land and works expenditure for transport, open space and stormwater infrastructure. It also contains the cost of land (but not infrastructure) for community facilities.

We found that almost all of the infrastructure items in CP20 are on the EWL. However, we identified works for a frog habitat that are not essential because they are for an environmental purpose.

In the section below, we have also explained our updated position on raingardens and other stormwater quality treatment options, following our assessment of The Hills Shire Council's CP15 and our interpretation that these works are not 'essential'. We have since reconsidered this issue.

Box 3.1 Essential Works List

The Essential Works List includes:

- ▼ land and facilities for transport (eg, road works, traffic management and pedestrian and cycle facilities), but not car parking
- ▼ land and facilities for stormwater management
- ▼ land for open space (eg, parks and sporting facilities), including base level embellishment (see below)
- ▼ land for community services (eg, childcare centres and libraries), and
- ▼ the cost of plan preparation and administration.

For the purposes of assessing land for open space, base level embellishment may include:

- ▼ site regrading
- ▼ utilities servicing
- ▼ basic landscaping (turfing, asphalt^a and other synthetic playing surfaces, planting, paths)
- ▼ drainage and irrigation
- ▼ basic park structures and equipment (park furniture, toilet facilities and change rooms, shade structures and play equipment)
- ▼ security lighting and local sportsfield floodlighting, and
- ▼ sportsfields, tennis courts, netball courts and basketball courts (outdoor only).

Base level embellishment does not include infrastructure such as skate parks and BMX tracks.

^a Asphalt includes at-grade car parks to the extent that they service the recreation area only and does not include multi-storey car parks.

Source Department of Planning & Infrastructure, *Revised Local Development Contributions Practice Note: For the assessment of Local Contributions Plans by IPART*, February 2014, pp 8-9.

3.1.1 Frog Habitat

The Green and Golden Bell Frog is an endangered species that has been found in the north-western part of the First Ponds Creek catchment in the Riverstone precinct.

The Development Control Plan for Riverstone has the following objectives relevant to the Green and Golden Bell Frog:

- ▼ to ensure that drainage works are designed and maintained to provide a suitable habitat for the Green and Golden Bell Frog in accordance with the relevant biodiversity measures under Part 7 of Schedule 7 to the *Threatened Species Conservation Act, 1995*, and

- ▼ to ensure that development on land that drains to any drainage basin that also provides habitat for the Green and Golden Bell Frog does not have a significant detrimental impact on the quality of water that enters the habitat area.³¹

BCC proposed to spend \$1.22 million on the frog habitat.³² This expenditure is for works costs to construct artificial ponds and breeding areas for the frogs. There are no additional land costs involved as the frog habitat is co-located in the F13 drainage area.

The Practice Note precludes environmental land or works being included in the cost of essential works.³³ Therefore, this expenditure would need to be funded by alternative means, such as through general rates revenue or from State or Federal environmental budgets.

In response to our draft assessment BCC agrees to fund the frog habitat from an alternative source.³⁴

We therefore recommend that the \$1,216,000 for a frog habitat be excluded from the cost of essential works in CP20.

3.1.2 Raingardens and other stormwater quality treatment facilities

In our recent assessment of CP15,³⁵ we considered whether raingardens and other stormwater quality measures were on the EWL. Based on the Practice Note, we interpreted such infrastructure to be predominantly environmental in nature. Although the infrastructure served stormwater management objectives, we considered that there was a “spectrum of dual purpose” and that along this spectrum, these facilities were more for environmental than stormwater purposes. On this basis, we considered that all secondary and tertiary facilities for water quality treatment should be regarded as ‘non-essential’.

We have since reconsidered this issue based on information provided to us by Stormwater NSW about how this infrastructure is integral to councils in the Growth Centres achieving water quality targets.³⁶

³¹ *Blacktown City Council Priority Precincts Development Control Plan, Schedule 2 (Riverstone), Part 2, pp 1-4.*

³² CP20, p 36.

³³ Department of Planning & Infrastructure, *Revised Local Development Contributions Plan Practice Note*, February 2014, Section 3.4.2.4, p 10.

³⁴ BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016.

³⁵ IPART, *Assessment of The Hills Shire Council's Section 94 Contributions Plan No. 15, Box Hill Precinct*, March 2016, pp 28-30.

³⁶ Stormwater NSW, online submission, 15 April 2016 (Review of prices for Sydney Water Corporation from 1 July 2016).

We consider that the infrastructure can be considered essential if, as a result of the urban development, it is required to meet the targets. However, we maintain that when the treatment options extend beyond achieving pre-development water quality outcomes, the infrastructure is unlikely to satisfy the nexus criterion. This is because developers should not fund strategies to achieve targets beyond their impact on the urban environment. We have further reviewed the water quality treatment options presented in CP20 in section 3.2.4 and 3.3.3.

We also understand that DPE is considering an amendment to the Practice Note to clarify the stormwater treatment options that are on the EWL, and the types of environmental expenditure that are not considered 'essential'. We support such an amendment.

3.2 Criterion 2: Nexus

IPART must advise whether there is nexus between the demand arising from new development in the area to which the plan applies and the kinds of public amenities and public services identified in the plan. Nexus ensures that the infrastructure included in the contributions plan is sufficient to meet, but not exceed, the need generated by the increase in demand from development.

BCC used the technical studies listed in Table 3.1 to assist in determining the types and quantity of public amenities and public services that are required to be included in CP20. The council also provided us with additional information to explain the differences between the infrastructure in CP20 and the technical studies.

Table 3.1 Technical studies relied on by BCC to establish nexus in CP20

Essential works category	Reports
Transport	<ul style="list-style-type: none"> ▼ ARUP Pty Ltd, <i>The Draft Riverstone & Alex Avenue Transport & Access Study</i>, October 2007, prepared for the Growth Centres Commission. ▼ Road Delay Solutions, <i>North West Growth Centres Indicative Layout Plan Revision Transport and Traffic Model Year 2036 report</i>, July 2009.
Open space	<ul style="list-style-type: none"> ▼ Macroplan Australia Pty Ltd, <i>Riverstone & Alex Avenue Precincts Demographic Profile and Community Infrastructure Report</i>, November 2007, prepared for the Growth Centres Commission.
Stormwater	<ul style="list-style-type: none"> ▼ GHD Pty Ltd, <i>Alex Avenue and Riverstone Precincts - Integrated Natural Environment Management Part 3 of 3: Water Sensitive Urban Design and Flooding Draft Report Part 3 of 3</i>, September 2008, prepared for the Growth Centres Commission. ▼ GHD Pty Ltd, <i>Alex Avenue and Riverstone Precinct Planning Part 2 of 3: Riparian Assessment</i>, July 2008, prepared for the Growth Centres Commission. ▼ GHD Pty Ltd, <i>Riverstone and Alex Avenue Precincts – Post exhibition Flooding and Water Cycle Management (including Climate Change Impact Flooding)</i>, May 2010, prepared for the Growth Centres Commission.

Source: CP20, p 66.

For transport and stormwater infrastructure, we consider that these supporting studies demonstrate reasonable nexus between almost all of the land and facilities in CP20 and the expected development in the CP20 precincts. We have identified one exception – the bridge (BR3) over the State Conservation Zone. We consider it is likely that this bridge can be replaced with a lower cost culvert option, and achieve the same transport objectives.³⁷

We have also undertaken further analysis on the dual use of land wherever possible and the efficient use of infrastructure. This led us to examine open space land provision in detail. We discuss these two matters below.

3.2.1 Bridge (BR3) over State Conservation Zone

IPART finding

- 2 All infrastructure items in CP20 satisfy the nexus criterion except for the bridge (BR3) over the northern corner of the State Conservation Zone where a culvert presents a lower cost alternative for the transport link in this location.

³⁷ It is important to point out that we are not dictating the transport solution to BCC. BCC is at liberty to build a bridge or a culvert. Our remit is to recommend that only the cost of the least cost option that satisfies nexus be included in the cost of essential works.

Recommendation

- 2 The cost of BR3 (\$14,612,000) be removed from the cost of essential works in CP20, and the reasonable cost of the replacement culvert be included.

As part of the transport infrastructure requirements for the CP20 precincts, BCC proposed the construction of a bridge (BR3) to connect the Riverstone precinct in the north east to Windsor Road at an already constructed traffic light intersection.³⁸

BCC stated in CP20:

....where roads cross an environmentally sensitive area and bridges are required, the cost of the bridge construction has been included in the local road S.94 contribution.³⁹

The cost of the bridge is \$14.61 million.⁴⁰ We asked BCC whether there was a lower cost alternative to the bridge. The council advised that it could not change the alignment of the road but that a culvert would be sufficient to meet both the transport and environmental needs in this location.

BCC has stated that it will estimate the cost of a culvert to replace BR3 as part of a major review of CP20 that it plans to conduct later this year.⁴¹

We therefore recommend that the cost of BR3 (\$14.61 million) be excluded from the cost of essential works and the cost of the replacement culvert be included when CP20 is next revised with updated work schedules.

3.2.2 The general provision of open space

Although this is our third review of CP20 and the provision of open space in the plan has not changed materially since our first review in 2011, we consider it necessary to reassess the rate of provision in this amended plan. The land costs have increased considerably in CP20 and we have sought to determine whether the council has maximised opportunities for the dual use of drainage land for open space purposes to help contain costs.

In our first assessment of CP20 in 2011, we engaged a consultant, JBA, to assist us with our assessment of that contributions plan.⁴²

³⁸ BR3 connects the extension of Loftus Rd (R11) between Hamilton St and Windsor Rd.

³⁹ CP20, p 14.

⁴⁰ CP20, p 55.

⁴¹ (1) Email correspondence from BCC, 6 June 2016; (2) BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016.

⁴² JBA Planning, Report to IPART, *Review Blacktown City Council Contributions Plan No. 20 – Riverstone and Alex Avenue Precincts*, April 2011.

JBA reviewed the open space nexus in CP20 and found that the provision of active open space (playing fields) was below DPE's recommended rate for the precincts. However, JBA found that total open space provision was 2.56 hectares per 1,000 people, which it considered was broadly consistent with the generalised benchmark of 2.83 hectares per 1,000 people. In calculating the rate of provision, JBA included open space zones, conservation zones and areas of riparian corridors. Based on this advice, we found that there was nexus for the open space in the plan.⁴³

In general, we do not usually include conservation zones and riparian corridors in open space provision estimates when assessing nexus. While these areas often provide a desirable setting or backdrop for open space areas, there can be varying degrees of access to these areas. Without these types of issues being resolved, this would reduce the level of open space provision in CP20.

On the other hand, we also consider that, to the maximum extent possible, stormwater land should serve a dual purpose as open space. We assessed this aspect of open space provision in our review of CP15.⁴⁴

We have analysed the open space provision in this version of CP20, based on what proportion of drainage land could reasonably serve a passive recreation function.

We found that CP20 contains:

- ▼ 51.04 hectares of active open space
- ▼ 31.14 hectares of passive open space, and
- ▼ 53.29 hectares of stormwater land that is not within stormwater basins nor riparian land, and which could potentially serve a passive open space function.

Based on an expected population increase of 44,228 people⁴⁵ the open space land just described would yield an overall open space provision of 3.06 hectares per 1,000 people.

However, we also found that there are other open space land purchases totalling 8.86 hectares along a power line easement.⁴⁶ This land is not suitable for any other purpose. When we exclude this 8.86 hectares of restricted use land from consideration we conclude that the discretionary rate of provision of open space is 2.86 hectares per 1,000 people which provides reasonable nexus.

⁴³ JBA Planning, *Report to IPART, Review of Blacktown City Council Contributions Plan No. 20 – Riverstone and Alex Avenue Precincts*, April 2011, pp 9 & 26-28.

⁴⁴ IPART, *Assessment of The Hills Shire Council's Section 94 Contributions Plan No. 15*, March 2016, p 8.

⁴⁵ BCC, Supporting information to CP20 Application ('Exclusions-Mastercopy Riverstone Alex Ave-Adoption 2015' workbook, 'Summary' tab), December 2015. Note this is marginally lower than the numbers presented in CP20 (p 21) dealing with apportionment.

⁴⁶ CP20, Appendix C.

3.2.3 Active open space facilities

Netball Court Provision

During our assessment of CP20, BCC advised that it intends to relocate 10 netball courts from the CP20 precincts to a regional facility at Reserve 980 in the Schofields precinct.⁴⁷ We note that the Netball Association supports the move of these facilities to the Schofield precinct.⁴⁸

Currently, the cost of these netball courts is still included in CP20. BCC has not yet calculated the full cost of the regional netball facility in Schofields and apportioned the cost amongst the various precincts it will service. While there may be some economies of scale from combining facilities and therefore reducing the cost apportioned to CP20, the cost difference is likely to be small and can be adjusted when BCC next amends CP20, along with other adjustments such as including the costs of lighting at the regional netball facility.⁴⁹ We consider that residents of the CP20 precincts will have adequate access to the regional netball court facility at Schofields and that this is a reasonable amendment.

Tennis Courts

In our 2015 assessment of CP20 we noted that BCC intended to locate five double playing fields and tennis courts outside the precinct to satisfy open space provision nexus for the Riverstone and Alex Ave precincts. We also noted that there were no other tennis courts in either precinct. We recommended that the council locate these playing fields within reasonable distance of the CP20 precincts.⁵⁰

BCC has since proposed to locate the five double playing fields and tennis courts for the Riverstone and Alex Ave precincts in a sporting facility of 17.5 hectares that it proposes to provide within the yet to be released West Schofields Precinct, in flood prone land on the boundary with the CP20 precincts.⁵¹ The facility will be apportioned entirely to CP20 and this area will be excised from the West Schofields precinct.⁵² BCC has advised that no apportionment for the cost of this sporting facility will be made to West Schofield and that West Schofield will have sufficient playing fields to meet its own active open space needs. We consider that the council's plan to provide tennis courts for Riverstone and Alex Ave precincts on the boundary with West Schofield precinct is reasonable in terms of location and provides reasonable nexus.

⁴⁷ Six courts will move from R882 and four courts will move from R906a to R882 in the Schofields precinct.

⁴⁸ Email from BCC, 16 June 2016.

⁴⁹ BCC has advised via email that there are additional costs such as lighting for the netball courts that will need to be included in its major review of CP20 later this year: Email from BCC, 23 March 2016.

⁵⁰ IPART's 2015 Assessment of CP20, p 26.

⁵¹ This is in a different area from the regional netball facility.

⁵² Email from BCC, 18 April 2016.

3.2.4 Stormwater treatment cost

IPART finding

- 3 It is unclear whether stormwater quality measures in CP20 are necessary to meet pre-development water quality targets or whether they achieve outcomes beyond the impact of the new development.

Recommendation

- 3 That DPE, in consultation with BCC, undertake a review of stormwater management infrastructure design and costs in CP20. The purpose of the review should be to standardise more cost efficient solutions for stormwater management in these precincts, and for other precincts in the Growth Centres, as appropriate. The review should include consideration of:
- whether water quality measures are necessary to meet the pre-development water quality targets or whether they achieve outcomes beyond the impact of the new development.

As discussed in section 3.1.2, stormwater treatment infrastructure can be considered essential if, as a result of the urban development, it is required to meet the water quality targets. However, when the treatment options extend beyond achieving pre-development water quality outcomes, the infrastructure is unlikely to satisfy the nexus criterion.

The stormwater quality targets adopted for CP20 are presented in Table 3.2.

Table 3.2 Water Quality Objectives

	Percentage reduction target (%)			
	Gross Pollutants (>5mm)	Total Suspended Solids	Total Phosphorus	Total Nitrogen
Water Quality Objectives	90	85	65	45

Source: BCC Growth Centre Precincts Development Control Plan 2010, April 2013, Section 2.3.1.

The infrastructure solutions in contributions plans are formulated by the consultant stormwater engineers to meet the targets in Table 3.2 by:

- ▼ measuring pre-development receiving waters pollutant concentrations for the precinct
- ▼ estimating the increase pollutant concentrations in receiving waters as if the precinct is fully developed, and
- ▼ determining what water quality strategies will satisfy the objectives with respect to the increase in receiving waters pollutant concentrations.⁵³

⁵³ We understand that these calculations are generally conducted in the *MUSIC* water design modelling software. (<http://ewater.org.au/products/music/>).

Having reviewed CP20 and the supporting documentation, we cannot be certain whether the stormwater infrastructure proposed for CP20 is necessary to only meet these pre-development target levels based on the technical studies on water management strategies informing the plan,⁵⁴ or whether the infrastructure produces outcomes beyond the pre-development levels. Therefore, it is also unclear if the infrastructure extends beyond the nexus between the proposed expenditure and the population increase expected from CP20.

BCC has informed us that its modelling indicates that the strategies in place are only meeting the targets and not exceeding them.⁵⁵

Nevertheless, we recommend that DPE, in consultation with BCC, should undertake a review of stormwater management infrastructure design and costs in CP20. In relation to nexus, this review should include consideration of whether the water quality measures in the CP20 precincts are necessary to meet pre-development water quality targets.

This review should also consider broader stormwater management infrastructure design and cost issues that are discussed in section 3.3.3.

3.3 Criterion 3: Reasonable costs

IPART is required to advise whether the proposed development contributions are based on a *reasonable* estimate of the cost of the proposed public amenities and public services.

Reasonable costs may be based on estimates that have been provided by consultants or the council's experience. They should be comparable to the costs required to deliver similar land and facilities in other areas.

In this assessment, we have focused closely on the reasonableness of land costs because these represent a significant increase in costs in the plan.

We have also considered the cost of infrastructure facilities, and note that BCC is planning to conduct a major review of CP20 later this year. We understand that a range of costs will need to be updated as a result of this process, including for the netball court facilities and a culvert to replace bridge BR3 over the State Conservation Zone.

Most significantly, and informing this process if possible, we consider that two reviews of CP20's stormwater costs should be undertaken – one of the infrastructure decisions generally, and the other of the soil disposal options, both with a view to standardising more reasonable, cost efficient solutions to these challenges, where possible.

⁵⁴ See Table 3.1 for the list of stormwater studies informing BCC's preparation of CP20.

⁵⁵ BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016.

3.3.1 Cost of land already acquired

IPART finding

- 4 The cost of land already acquired in CP20 is reasonable, except for the value of some land already owned by council prior to the precincts' rezoning, which has since been transferred to CP20.

Recommendation

- 4 BCC reviews the cost of land already owned by council prior to the precincts' rezoning based on more market reflective valuations.

Of the total 243.52 hectares of land in CP20 required for infrastructure purposes, BCC has already acquired 44.19 hectares. This has cost \$72.1 million.

Table 3.3 shows the land acquired for CP20 since the council's previous revision to the plan,⁵⁶ the average cost rates for the additional land, and how these rates compare with the cost rates previously proposed by BCC (in 2014) and assessed by IPART (in our report published in 2015).

Table 3.3 Land acquired for CP20 since mid-November 2014 (\$ June 2015)

Category	Land acquired (ha)	Actual cost rate per square metre	IPART's previously assessed cost rate per square metre (based on 2014 CP20)	Variation
Open space				
Alex Avenue	0.84	\$339	\$248	\$0.77m
Transport				
Alex Avenue	0.59	\$323	\$234	\$0.52m
Stormwater				
Eastern Creek – Alex Avenue	6.20	\$128	\$163	-\$2.18m
Eastern Creek – Riverstone	1.64	\$373	\$135	\$3.91m
Total	9.27			\$3.00m

Note: We have indexed IPART's previously assessed cost rate to June 2015 dollars. Figures may not add due to rounding.

Source: BCC, Supporting information to CP20 Application ('2015 Draft Review Land Acquisitions-Riverstone & Alex Ave Precincts' workbook, 'Land Acquisition tab'), December 2015 and IPART calculations.

⁵⁶ For simplicity, we have used average cost rates for land since the council's revision in 2014 ie, land acquired after mid-November 2014. We have used mid-November as the cut-off period because BCC revised and exhibited CP20 in late 2014 before submitting the plan for another assessment in December 2014.

We note that some of the actual costs for land were less than previously forecast by BCC. For example, BCC has acquired around 6.2 hectares of additional land since our 2015 review, for stormwater infrastructure in the Eastern Creek catchment in Alex Avenue. The average cost rate was \$128 per square metre, which is well below its previously proposed rate of \$163 per square metre. However, for stormwater infrastructure in the Eastern Creek catchment in Riverstone, the average cost rate was \$370 per square metre – well above BCC’s previously proposed rate of \$135 per square metre. Overall, the cost of land since mid-November 2014 has exceeded the forecasts by around \$3.0 million. This demonstrates the importance of regular reviews of the plan by the council to adjust for market changes.

Table 3.4 shows the approximate cost rate for different types of land already owned by BCC and “transferred” to CP20 from the council’s main asset holdings.

Overall, since our March 2015 assessment of CP20, the value of land already owned by BCC has increased by around \$3.5 million, from \$16.1 million to \$19.6 million (June 2015 dollars), based on its revaluations. This includes land for the conservation zone (11.32 hectares) that will be apportioned across the council’s Growth Centre precincts.⁵⁷

⁵⁷ CP20’s share of the conservation zone is 35.4% or around 3.96 hectares of the 11.32 hectares of the land already owned by the council for the conversation zone.

Table 3.4 Value of land owned by BCC and transferred to CP20 (\$ June 2015)

Category	Land (ha)	Cost rate per sqm (2010)	Total cost (2010)	Revised cost rate per sqm (2015)	Revised total cost (2015)
Open space					
Riverstone	0.92	\$110	\$1.01m	\$137	\$1.25m
Transport					
Riverstone and Riverstone Scheduled lands	0.11	\$114-\$132	\$0.14m	\$137-\$154	\$0.18m
Stormwater					
Eastern Creek – Riverstone	1.33	\$107	\$1.42m	\$284	\$3.78m
First Ponds Creek – Riverstone	0.98	\$107	\$1.05m	\$80-\$154	\$1.25m
Community					
Conservation zone ^a	11.32	\$80	\$12.49m	\$80-\$137	\$13.15m
Total	14.67		\$16.11m		\$19.62m

^a CP20's share of costs for the conservation zone is 35.4% or 3.96 hectares of the 11.32 hectares of the land already owned by the council for the conservation zone.

Note: There is a 0.10 hectare difference in the amount of land owned by the council. The council advised that it has excluded these lands because they are either in CP23 – Riverstone West or will be acquired using special infrastructure contributions.

Source: IPART calculations and Email correspondence with BCC, 14 June 2016.

Our previous findings on cost of land acquired

We previously found that the cost of land acquired was reasonable, as it reflected the actual cost of acquisition. However, for land already owned by council, but still categorised as “land yet to acquire”, we recommended that BCC:

...use the 2010 market valuation estimates, escalated by the CPI (All Groups), to estimate the cost of the 14.77 hectares of land already owned by the council.⁵⁸

The reason for this recommendation was that BCC would unreasonably earn a market rate of return for 14.77 hectares of land it already owned, if it continued to be treated as “land yet to be acquired”. The supporting information provided by BCC shows that it has implemented this recommendation.

Our assessment in this review

We consider that the cost of land acquired by the council is reasonable because it reflects the actual costs incurred by BCC.

⁵⁸ IPART 2015 Assessment of CP20, p 29.

However, for land already owned by the council and transferred to CP20 for infrastructure purposes, some of the estimates which reflect the retrospective market values at the time the plan was established (2010), appear relatively high when compared with more recent market estimates. BCC estimated that the 2010 market rate for:

- ▼ Stormwater land in the Eastern Creek catchment in Riverstone is \$284 per square metre, which is more than twice the rate proposed by BCC in 2014 (\$135 per square metre). This rate is also higher than the actual acquisition rates when BCC acquired around 7.5 hectares of stormwater land in the Eastern Creek catchment in Riverstone for \$141 per square metre (June 2015 dollars), between July 2011 and October 2013.
- ▼ Open space land in Riverstone is \$137 per square metre, which is almost on par with the rate of \$139 per square metre sought for other open space land in its 2014 application.

We found that for transport and conservation zone land, the market estimates for 2010 seemed more reasonable eg, the 2010 market rate is around \$153 and \$116 per square metre, respectively. This is around 11% less than the rate that was sought for both types of infrastructure land in IPART's 2015 review.

We acknowledge that the methodology used by BCC to establish the 2010 market rates (ie, based on advice from an Independent Registered Valuer) is reasonable. In response to our findings about the 2010 valuations BCC explained that there could be a number of reasons for the variations quoted. BCC provided one example that actual costs could reflect more prime, flood-free land at the highest end of the valuation scale, rather than flood liable lands.⁵⁹

However, given the results of our comparative analysis, we maintain that the 2010 market valuation estimates for the stormwater and open space land already owned by BCC do appear high, and warrant further review.

The impact of our recommendation is likely to be small since the magnitude of the changes that were made by BCC total \$3.5 million or less than 1% of the value of land in CP20.

⁵⁹ BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016.

3.3.2 Cost of land to be acquired

IPART finding

- 5 The methodology used by BCC to estimate the cost of land to be acquired remains reasonable. However, there is evidence to suggest that the per square metre rates for certain land with the underlying zonings B2 Local Centre in Riverstone and Alex Avenue, B4 Mixed use in Alex Avenue, and R3 Medium Density in Alex Avenue, are unreasonably high and require revision.

Recommendation

- 5 BCC review its acquisition cost estimates for land with the underlying zonings of B2 Local Centre in Riverstone and Alex Avenue, B4 Mixed use in Alex Avenue, and R3 Medium Density in Alex Avenue, with a view to providing more reasonable, lower, estimates in CP20, where appropriate.

The council's estimates in CP20

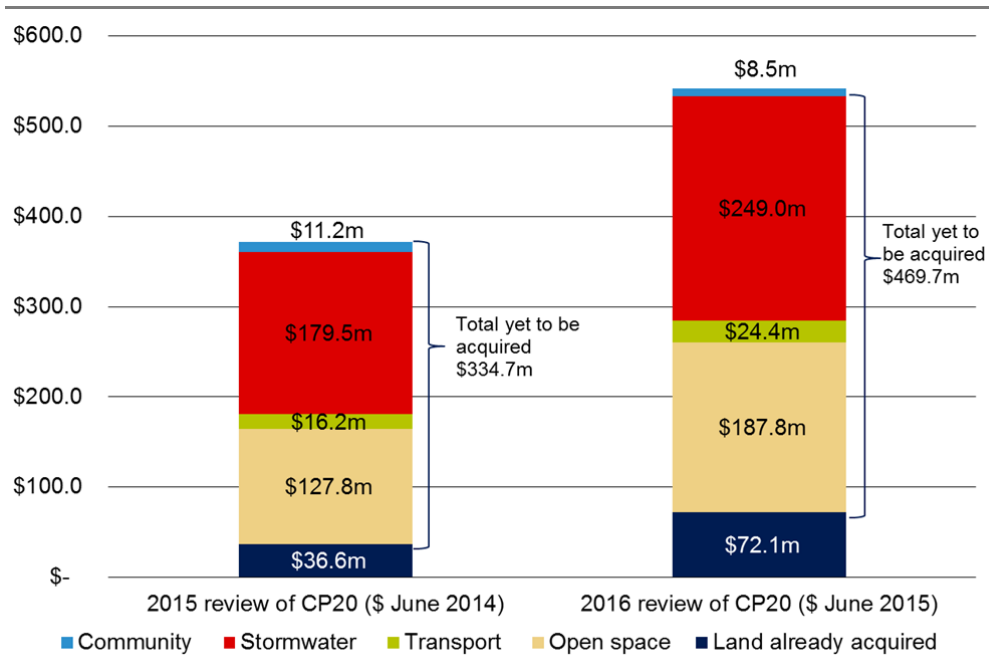
For the remaining 199.34 hectares of land to be acquired, BCC has proposed new cost estimates based on revised land valuations.⁶⁰ This has increased the cost of land to be acquired by \$157.8 million to \$469.7 million or around 44.3% of the total cost of CP20.⁶¹

The breakdown of land costs in CP20 between IPART's previous 2015 review and our current 2016 review is shown in Figure 3.1 below. Table 3.5 provides an overview of the impact of its proposed cost rates, compared with IPART's previously assessed rates in 2015. Overall, the new cost rates increased the cost of land to be acquired by around \$157.8 million.

⁶⁰ PJC Property Services, *Review of Blacktown City Council's land acquisition rates for proposed contributions plan 2015-16 – Riverstone & Alex Avenue Precincts*, March 2016, p 10.

⁶¹ CP20, Appendix E.

Figure 3.1 Breakdown of land acquisition costs in CP20 (\$ million) reviewed by IPART between 2015 and 2016



Source: IPART calculations.

Table 3.5 Proposed cost of land to be acquired in CP20 – impact of revised estimates (\$ June 2015)

Infrastructure	Precinct	Land to acquire (ha)	Previous average rate per sqm (IPART 2015) (\$ Jun-15)	Revised average rate per sqm (BCC 2016) (\$ Jun-15)	Impact on total cost of land in CP20 (\$ Jun-15)
Open space	Alex Avenue	21.24	248	350	\$21,602,305
	Riverstone	35.68	139	215	\$27,132,833
	Off-site (floodplain)	17.50	135	210	\$13,148,774
Transport	Alex Avenue	1.85	234	450	\$3,986,572
	Riverstone	3.78	169	260	\$3,458,600
	Riverstone Scheduled Lands	2.40	179	260	\$1,949,544
Stormwater	Alex Avenue	37.58	163	235	\$26,882,451
	Riverstone	76.52	135	210	\$57,496,027
Conservation Zone	Riverstone	2.47	128	175	\$1,169,165
Community Resource Hub	Riverstone	0.36	1,022	1,330	\$971,629
Total		199.34			\$157,797,889

Data source: IPART calculations based on BCC supporting spreadsheet, *Draft Review Land Acquisition Tab-Riverstone and Alex Ave Precincts*, IPART 2015 Review of CP20.

Our previous findings on land acquisition costs

BCC had revised its land value estimates in the previous version of CP20 we reviewed in March 2015. We estimated that the impact of the revision increased the cost of land to be acquired by \$83.3 million (in June 2014 dollars). At that time, we considered the increase in land values exceeded the increase in land prices in the broader market but that, overall, the increases were reasonable, noting that:

- ▼ It was reasonable to expect certain land within the precincts may increase by more than the median property price increase in the region, especially as development progresses.
- ▼ The new cost rates were similar to the indexed historical cost for land already acquired by the council.
- ▼ The actual cost incurred by the council was broadly similar to the land acquisition rates estimated in the neighbouring CP15 (Box Hill Precinct).

- ▼ The estimates were informed by advice to the council from independent consultant valuers.⁶²

Our assessment in this review

In this review, given the size of the further increases to land cost estimates and the impact on overall plan costs, we engaged a consultant to review BCC's land value methodology and estimates.⁶³

Based on our consultant's advice, we maintain that the methodology used by the council to estimate land value costs is reasonable.⁶⁴ Our consultant used a similar methodology to that of BCC, analysing data from recent sales in 2015 to determine reasonable average values for different categories of land.

For land values, we acknowledge that there was also considerable growth in the market over this time (see Box 3.2).

Box 3.2 Crown Valuation Service Valuation Report for Blacktown, November 2015

The Crown Valuation Service (CVS) report for the Blacktown LGA based on changes in valuations between 1 July 2014 and 1 July 2015 found that land values increased by:

- ▼ 44.7% for Residential zones (R1 to R4, and Z)
- ▼ 14.5% for Commercial zones (B1 to B5, and B7) and
- ▼ 17.8% for Rural zones (RU4).

The report also notes that:

- ▼ recent sales show price movements that are 'nothing less than extraordinary' with some areas influenced by zoning changes from amendment of the Blacktown Local Environmental Plan and introduction of new laws encouraging secondary dwellings that have increased the price for properties with land large enough land to accommodate a secondary dwelling, and
- ▼ some areas have been influenced by improved infrastructure and transport such as the Sydney Metro Northwest rail link and new bus services.

Source: Crown Valuation Services, *Final Report Base Date 1st July 2015, District of Blacktown (214)*, 18 November 2015.

⁶² IPART's 2015 Assessment of CP20, March 2015, pp 29- 30.

⁶³ PJC Property Services, *Review of Blacktown City Council's land acquisition rates for proposed contributions plan 2015-16 – Riverstone & Alex Avenue Precincts*, March 2016.

⁶⁴ Under BCC's methodology, land value rates are based on market value, adopting latest available sales at the time of review, including council purchases and disposals, with a preference for open market transactions.

However, based on recent sales, our consultant found that BCC's proposed average land values appeared high for the land with the following underlying zonings:

- ▼ **B2 Local Centre (retail and commercial uses) and B4 Mixed Use (high density commercial/residential uses) \$850 per square metre.** Recent sales in nearby areas showed rates of around \$400 per square metre, which is around half the rate of \$850 per square metre used for both zones.
- ▼ **R2 Low Density (single dwellings lots) \$275 to \$350 per square metre.** Recent sales showed that the maximum rate is \$300 per square metre, which is less than the maximum rate of \$350 per square metre used by BCC.
- ▼ **R3 Medium Density (higher density single dwellings eg, villas) - \$600 per square metre.** Recent sales showed that the rate should be around \$350 to \$450 per square metre.⁶⁵

In response to our consultant's report, BCC stated:

- ▼ that some rates were based on negotiations or agreements undertaken around August 2015, which were not available for our consultant to review. In particular BCC stated that for land with an underlying zoning of R2 Low Density, several acquisitions were negotiated or settled around August 2015 at the rate \$350 per square metre for land.
- ▼ However, for land with an underlying zoning of R3 Medium Density, BCC stated the rate could be adjusted to \$450 per square metre (from \$600 per square metre) at the next review, subject to up-to-date valuation advice.
- ▼ Also, for B2 Local Centre and B4 Mixed Use, the rate of \$850 per square metre was based on negotiations undertaken at the time and BCC plans to revise this rate to the agreed price of \$835 per square metre.⁶⁶

Therefore, we recommend BCC considers the findings of our consultant, and considers revising its estimates for the land acquisition costs for R3 – Medium Density, B2 Local Centre and B4 Mixed Use lands identified above as part of its major review of CP20 later this year.

Information needed to assess land acquisition costs

In our previous reviews of CP20, we made specific recommendations to reduce the cost of land by infrastructure category ie, by transport, stormwater, open space or community land. However, for this review, we have not done so because the data provided by BCC was based on zoning, rather than by infrastructure type.

⁶⁵ PJC Property Services, *Review of Blacktown City Council's land acquisition rates for proposed contributions plan 2015-16 – Riverstone & Alex Avenue Precincts*, March 2016, pp 11-13.

⁶⁶ Email correspondence from BCC, 14 June 2016.

To provide an accurate estimate, further information is required for each infrastructure type, in addition to the information provided by BCC, such as:

- ▼ site details/addresses
- ▼ underlying zonings
- ▼ cost estimates, and
- ▼ any encumbrance.

This information is used by councils to formulate their estimates and so it should be readily available to provide to IPART to review the reasonableness of their proposals. In Criterion 7: *Other matters* (section 3.7) we have made two recommendations relating to provision of this information for each site within a plan in future reviews.

3.3.3 Stormwater Management Costs

IPART finding

- 6 Stormwater management costs in CP20 are disproportionately high compared with those in other contributions plans we have recently assessed. In particular, the land costs for this infrastructure and secondary and tertiary stormwater quality measures are more than three times the cost in other recent contributions plans submitted for IPART assessment.

Recommendation

- 6 As part of the review of stormwater infrastructure and costs that we have recommended in Recommendation 3, DPE, in consultation with BCC, should consider in particular:
- the cost of stormwater land and the design and cost of stormwater quality infrastructure.

In our first assessment of CP20 in 2011, we noted that overall stormwater costs were very high, with cost estimates prepared by BCC based on a concept design prepared by GHD. We noted that Cardno had reviewed the stormwater costs in CP20 for DPE and had made a number of recommendations to reduce costs.⁶⁷

In our 2015 review, we noted that the Minister required the issue of soil disposal costs to be addressed before BCC would be able to claim LIGS funding for CP20.⁶⁸ However, we understand that this issue remains unresolved.

⁶⁷ IPART's 2011 Assessment of CP20, p 30.

⁶⁸ IPART's 2015 Assessment of CP20, pp 26-27.

Given that BCC is to undertake a major review of CP20 infrastructure costs in the second half of 2016, we consider it especially timely for stormwater management infrastructure design and costs to be reviewed in detail by DPE, to ensure these costs are efficient.

Stormwater cost comparison with other contributions plans

We have compared the stormwater costs in CP20 with costs in three other contributions plans recently submitted to us for assessment: CP15 for Box Hill in The Hills Shire Council LGA (reviewed in 2015-16); the West Dapto Contribution Plan in the Wollongong LGA (under review in 2016); and CP24 for Schofields also in the Blacktown LGA (reviewed in 2014-15).

Box Hill and Schofields are in close proximity to Riverstone and Alex Ave but have very little flood affected land, unlike the CP20 precincts.

West Dapto, on the other hand, is some distance away but has large tracts of flood affected land, similar to the CP20 precincts.

Table 3.6 shows the stormwater costs in these precincts.

Table 3.6 Stormwater Cost Comparison (\$millions -nominal)

	NDA	Population	Stormwater Land (\$m)	Stormwater Infrastructure (\$m)	Stormwater Total Cost (\$m)
	(ha)				
Riverstone & Alex Ave	819	44,228	299.9	279.0	580.1
Schofields	201	8,567	22.5	63.2	85.7
West Dapto	1,705	56,579	56.8	99.7	156.5
Box Hill	771	30,687	30.4	77.9	108.3

Sources: (1) CP20, Appendix E & Supporting spreadsheet; (2) Blacktown City Council section 94 draft contributions plan No.24, Schofields precinct October 2013, p 4 -5, Appendix G; (3) IPART Assessment of The Hills Shire Council's Section 94 Contributions Plan No 15, Box Hill Precinct, March 2016, p17, 20-21; (4) Wollongong City Council Draft West Dapto Section 94 Development Contributions Plan 2016, p 1, West Dapto Section 94 Plan "Work Schedule" Spreadsheet "Drainage" Tab.

While the CP20 precincts and West Dapto both have significant water detention basins to prevent flooding, (as discussed in more detail later in Section 3.3.4) there are large soil disposal costs included in stormwater works cost in CP20. We have used a figure of \$139,931,108 in this assessment for soil disposal costs, however this is only the tipping fees; it does not include haulage fees for getting soil from the site to landfill. Cartage costs add another \$21.08 million to soil disposal costs.⁶⁹

⁶⁹ IPART calculations based on Email from BCC, 24 May 2011.

If strategies to reduce or eliminate the cost of soil disposal (Section 3.3.4) are realised, then, the stormwater infrastructure cost ratio for CP20, whilst still higher, is nevertheless more comparable to the other two precincts as shown in Table 3.7.

Table 3.7 Stormwater cost comparison with soil disposal costs removed: CP20 and CP24 (\$ million-nominal)

	NDA (ha)	Population	Stormwater Land (\$m)	Stormwater Infrastructure (\$m)	Stormwater Total Cost (\$m)
Riverstone & Alex Ave	819	44,228	299.9	116.1	416.0
West Dapto	1705	56,579	56.8	99.7	156.5
Box Hill	771	30,687	30.4	77.9	108.3
Schofields	201	8,567	22.5	59.1	81.6

Note: A small segment of the Box Hill precinct is in the Rouse Hill Development Area and stormwater infrastructure is provided by Sydney Water. We have adjusted the total NDA down by 55.45 hectares in the Box Hill precinct for these comparisons to remove the effect of Second Ponds Creek catchment.

Sources: (1) As per Table 3.5; (2) Email from BCC 16 March 2016; (3) BCC Supporting information to CP24 Application CP24 Schofields Stormwater – *Adoption Workbook*.

Stormwater land cost

Table 3.7 above also shows a large difference in the cost of stormwater land where the total cost in Riverstone and Alex Ave is considerably higher than that of the other three precincts.

Table 3.8 shows the total stormwater land area and the average dollar per square metre rates across the three precincts.

Table 3.8 Stormwater land cost \$ per square metre (\$nominal)

	Stormwater Land (ha)	\$	\$/m ²
Riverstone & Alex Ave	144.47	\$299,914,990	207.60
Schofields	48.00	\$22,497,000	46.87
West Dapto	411.10	\$56,822,865	13.82
Box Hill	44.27	\$30,388,358	68.64

Source: As per Table 3.5 and IPART Calculations.

In our assessment, we found that one possibility for the relatively high cost of stormwater land in the Riverstone and Alex Avenue precincts could be the estimated rate of acquisition for the land based on the underlying zonings. We note that the average acquisition rate for the stormwater land is considerably higher than the cost of flood-affected land. This suggests that much of the land zoned for stormwater purposes is not considered to be affected by flood or other encumbrances.

BCC uses \$75/m² as the cost of acquiring flood affected land in the Riverstone precinct. It uses a value range of \$250 to \$300/m² for non-flood affected residential land (R2).⁷⁰ Our consultant observed an average acquisition rate of \$212.94/m² for 97.97 hectares of stormwater land in Riverstone. This indicates that approximately two thirds of the land being purchased for stormwater drainage purposes in the Riverstone precinct has either:

- ▼ an underlying zoning of residential land (R2) and is therefore above the 1:100 flood level, or
- ▼ an error has been made in assigning underlying (alternative use) zones to some of the stormwater drainage land.

We recommend that the relatively high cost of stormwater land and the relatively high per square metre rate for stormwater land acquisitions should be considered further as part of a broader review of stormwater management costs in CP20.⁷¹

Stormwater quality treatment costs

In our assessment, we have also found that stormwater quality treatment costs are disproportionately high in the BCC contributions plans (CP20 & CP24) compared with the other two plans. Table 3.9 below disaggregates the cost of secondary and tertiary water costs from the total stormwater costs in Table 3.6.

Table 3.9 Stormwater quality treatment cost comparison (\$ nominal)

Precinct	NDA (ha)	Population	Cost (\$)	\$/person	\$/NDA
Riverstone & Alex Ave	819	44,228	64,108,193	1,449	78,310
Schofields	201	8,567	10,182,398	1,189	50,785
West Dapto	1705	56,579	27,539,487	487	16,162
Box Hill	715	30,687	11,460,000	373	16,021

Note: The stormwater treatment costs in this table exclude primary treatment strategies such as gross pollutant traps.

Sources: As per Table 3.5 and IPART calculations.

⁷⁰ PJC Property Services, *Review of Blacktown City Council's land acquisition rates for proposed contributions plan 2015-16 – Riverstone & Alex Avenue Precincts*, March 2016, p 14.

⁷¹ As an example, some of our questions would relate to the volume of land needed for stormwater, whether the amount of non-flood affected purchases can be reduced and how the underlying zonings are impacting the projected cost of the stormwater land.

Table 3.9 shows that on a per person basis, CP20 has water treatment costs between three to four times as high as the two precincts outside the Blacktown LGA. If measured on an NDA basis, the stormwater treatment costs are approximately five times those of the other two precincts.

Despite the significant differences in treatment costs among the plans, the Box Hill DCP, the Riverstone and Alex Avenue DCP, and the Schofields DCP all have the same water quality objectives. These are shown in Table 3.2. Even though the targets are the same, we acknowledge that there may be reasonable explanations for the differences in treatment configurations to meet them. We consider that this should form a significant focus in the review of total stormwater management costs that we are recommending. In addition, any specific council policies or standards which might be contributing to the higher costs should be identified through this review.

BCC responded that it has been pro-actively engaged in trying to reduce stormwater costs in CP20, most notably through its involvement in a North West Growth Centre stormwater detention strategy working group with DPE that will likely see a reduction in the number of detention basins in the Eastern Creek catchment in CP20.

BCC is to be commended for this work, however, we consider that there may be significantly more cost savings realised in CP20 with a targeted review of the stormwater land and infrastructure costs in this plan and again we note BCC's commitment to reducing costs and working with DPE to achieve this.⁷²

Therefore, we recommend that DPE, in consultation with BCC, conduct this review, with the aim of making development in the precincts more affordable.

3.3.4 Cost of soil disposal

IPART finding

- 7 The Minister's requirement that a working group be established to review soil disposal issues before BCC is eligible for LIGS funding has not yet been met.

Recommendation

- 7 That \$139.93 million of estimated soil disposal costs be removed from the cost of essential works for CP20 until the issue has been resolved to the Minister's satisfaction.

⁷² BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016.

In our March 2015 assessment of CP20, we reiterated our concern about the very high cost of soil disposal. We also noted that the Minister required BCC to find a resolution to the high cost of soil disposal as part of the conditions of LIGS funding.⁷³

Correspondence between the Minister and BCC in 2012 shows that DPE was to establish a working group to look specifically at the issue of soil disposal costs.⁷⁴ However, this has not yet occurred.

Scale of the issue

CP20 currently includes an estimated cost of \$162.89 million for disposing of 699,044m³ of excess soil from the construction of stormwater and transport facilities. The total of \$162.89 million is composed of \$22.96 million for soil cartage and \$139.93 million for tipping charges.⁷⁵

There have already been a number of options canvassed to reduce soil disposal costs in CP20. These are summarised in Box 3.3.

⁷³ IPART's 2015 Assessment of CP20, p 35.

⁷⁴ BCC, Response to IPART queries, 24 February 2015.

⁷⁵ BCC, Response to IPART queries, 16 March 2016, and IPART calculations.

Box 3.3 Examples of soil disposal solutions already canvassed

By BCC - In our 2011 Assessment of CP20, BCC advised it had investigated using the Western Sydney Parklands and Whalan Reserve to dispose of soil but considered these unacceptable due to the risk of flooding on those sites. BCC also considered that using a contractor to dispose of the soil may leave it open to substantial financial risk.

By consultant, GHD - GHD looked at stepping basins to reduce land cut and estimated this could save 213,000 m³ of land fill.

By consultant, Cardno - Cardno also reviewed these costs as part of a broader review of stormwater costs for DPE. Cardno proposed some other options:

- ▼ reducing the cut depth for basins by raising the surrounding land by more than 900mm to facilitate drainage to the basins
- ▼ increasing the batter slopes of the basins from 1:6 to 1:4 which would reduce the size of the basins and the excess soil
- ▼ making greater use of on-line rather than off-line basins thus reducing their number, and
- ▼ storing of fill and/or going to tender for disposal cost.

Cardno commented that BCC had reservations about reducing the cut depth and spreading the soil over large residential development areas because it would exceed the council's 900mm limit on soil fill and because of the fragmented nature of the land ownership. There was also concern about increasing the angle of batter slopes as this may prevent people from escaping from some of the basins in a flash flood. Cardno considered that the provision of exit paths would address this concern.

Sources: IPART's 2011 Assessment of CP20, p 31; GHD, *Report for Riverstone and Alex Avenue Precincts, Post Exhibition Flooding and Water Cycle Management (incl. Climate Change impact on Flooding)*, May 2010, p 29; Cardno, *Alex Avenue and Riverstone Precincts Section 94 Engineering Review, Prepared for the Department of Planning*, June 2010, pp 4-9.

In response to our draft copy of this report, BCC advised that DPE commenced a review but that it appears to have stalled. We also note that BCC is keen to progress work on a regional solution with DPE.⁷⁶

We consider that there are a number of other possible options that could be assessed by a working group or other review body. If required by the Premier, IPART could conduct a review of these issues and costs in consultation with DPE, BCC and other stakeholders, along with public consultation.

In the meantime BCC has been proactively seeking solutions within its control to reduce soil disposal costs. To that end it has found that it can substantially reduce the cost of soil disposal by separating the cut into clean soil, mixed and other categories. BCC indicates that the clean soil is the substantial majority of the soil that will go to land fill and its new strategy will reduce the tipping fees

⁷⁶ BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016, p 4.

for clean soil by approximately 80%. However, this will be offset to a minor extent by increased tipping costs for contaminated soil.⁷⁷

BCC does not agree with our recommendation to remove \$139.93 million of soil disposal costs from CP20.⁷⁸ However, given that a substantial amount of the soil disposal costs will be removed from CP20 with BCC's new tipping disposal strategy and many other options for further reductions are still to be pursued, we recommend that \$139.93 million of estimated soil disposal tipping costs be removed from the essential works costs of CP20. We have not recommended the removal of soil cartage costs at this time as a number of the proposed solutions would require cartage of the soil to a different location.

We consider that the soil disposal tipping costs are not reasonable in CP20 when there are a range of possible solutions which could reduce the costs, at least in part. When the matter has been resolved to the Minister's satisfaction, then the efficient costs of soil disposal, if any, can be reinstated.

3.3.5 Administration costs

IPART finding

- 8 The inclusion of administration costs in CP20, based on the allowance of 1.5% of capital works costs, is reasonable.

Recommendation

- 8 BCC recalculates administration costs using 1.5% of the reduced costs of CP20 recommended in this assessment.

CP20 includes \$7.66 million in administration costs. This is equal to 1.5% of the revised estimate of \$510.06 million of capital works. The quantum of administration costs will decline with the recommended reductions to the cost of essential works in this assessment. Once the Minister has considered our assessment, BCC will need to adjust the administration costs accordingly.

3.4 Criterion 4: Timing

IPART finding

- 9 The 20-year time frame for CP20 is reasonable.

⁷⁷ BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016, p 4.

⁷⁸ BCC, Email response to IPART's Draft Assessment of CP20, 13 July 2016, p 4.

3.4.1 Timing of infrastructure delivery

In our March 2015 assessment of CP20 we estimated, and BCC confirmed, that development would be completed by 2031.⁷⁹ There has been no change to this expected time frame, and we maintain that it is reasonable.

We also acknowledge that the council continues to demonstrate its commitment to providing local infrastructure to support development in the area as evident in its land acquisitions to date and the refinement to its timing thresholds related to infrastructure provision.

3.5 Criterion 5: Apportionment

IPART findings

- 10 BCC has apportioned transport costs amongst residential developments on a per hectare basis.
- 11 BCC has exempted 26.91 hectares of land zoned for State schools from the precincts' NDA for the purpose of calculating development contributions.

Recommendations

- 9 BCC consider apportioning the residential component of transport costs between residential developments on a per person basis during its major review of CP20 later this year.
- 10 BCC only exclude land from the precincts NDA for development contribution purposes where there is a Ministerial direction to exempt that development. Therefore, BCC should reinstate 26.91 hectares of State school land into the precincts NDA for development contributions purposes.
- 11 The Minister consider issuing a Section 94E exemption for schools. This would enable IPART to recommend these costs be borne by the developers and LIGS funding in each contribution plan area.

Apportionment refers to the share of the relevant costs of public amenities and services that is borne by the future development. The concept of apportionment is based on ensuring that developers pay only for the portion of demand that results from their new development. While nexus is about establishing a relationship between the development and demand for infrastructure, apportionment is about quantifying the extent of the relationship by ensuring that costs are shared appropriately between new and existing developments.

⁷⁹ IPART's 2015 Assessment of CP20, p 38.

Apportionment should take into account and quantify:

- ▼ the demand generated by different types of development covered by a contributions plan, including residents in new dwellings, workers in new workplaces and visitors in tourist accommodation
- ▼ the capacity of existing infrastructure
- ▼ the proportional needs of the existing population, if any, and
- ▼ demand for infrastructure in the plan arising from existing or expected development outside the development area.

IPART must advise whether costs have been divided equitably between those who will benefit from the infrastructure. Costs can be apportioned between:

- ▼ existing and new development
- ▼ different residential development densities
- ▼ residential and non-residential uses, and
- ▼ demand from development within and outside the precinct.

We found that most of the costs have been reasonably apportioned in CP15 to the expected development within the Alex Ave and Riverstone Precincts. However, we consider that the apportionment of some costs should be revised.

3.5.1 Allocating transport costs

In our 2015 assessment of CP20, we recommended that BCC consider apportioning transport costs amongst residential development on a per person basis which is also consistent with the Arup transport study commissioned by the Department.⁸⁰ However, whilst we consider that it is theoretically more equitable to apportion transport costs on a per person basis amongst residential developments the difference between the per person and per hectare apportionment methods is relatively small, as shown in Table 3.10.

Table 3.10 Residential transport apportionment comparison

Residential Density	Low	Low	Low/Med	Med
Lot size (sqm)	667	571	500	400
Dwelling per ha	15	17.5	20	25
Persons per dwelling	2.9	2.9	2.7	2.5
Contributions rate (per ha)	\$12,040	\$10,320	\$9,030	\$7,224
Contributions rate (per person)	\$9,694	\$9,694	\$9,026	\$8,357
Difference	\$2,346	\$626	\$4	-\$1,133

Source: CP20 and IPART Calculations.

⁸⁰ IPART's 2015 Assessment of CP20, p 40.

3.5.2 Exclusion of land from the precincts' NDA

BCC may voluntarily exempt properties from paying development contributions if the council considers there is a public benefit in doing so. However, we consider that BCC should not exclude the land from the precincts' NDA for development contributions purposes. To exclude the land would mean that the cost is borne by all other developments in the precincts.

The exception to this is where the Minister has directed the council to exempt developments from paying development contributions through a section 94E direction.⁸¹

BCC has elected to exempt 26.91 hectares of State school land from paying a development contribution. In doing so, council has apportioned the costs applicable to this land to other developers. However, there are currently no section 94E directions for council to do so.

While the council can voluntarily exempt the State school developments from paying development contributions based on the school providing a public benefit to the precincts there is no Ministerial direction to do so and therefore BCC should normally bear this cost.

In response, BCC supports a Section 94E direction being issued by the Minister in relation to State school exemptions. However, BCC states that currently, the Department of Education frequently declines to pay development contributions and BCC cannot compel them to do so. Therefore, if BCC cannot exclude the State school from the NDA for contribution purposes, then the council notes that it would effectively pay the State schools development contribution, rather than the other developments in the precinct. We acknowledge BCC's concerns which are similar to those expressed by The Hills Shire Council in our recent review of Contribution Plan No 15.⁸²

Nevertheless, we consider that clarity and consistency in this area would be served by a clear policy decision from the Minister.

We therefore recommend that, in that absence of a Section 94 direction to exempt any developments in Riverstone or Alex Ave precinct, the State school NDA (26.91 ha) should be included in the precincts' NDA. This will result in an increase of the precincts' NDA for development contribution purposes, and therefore, the contribution rate for all developments will be lower than would otherwise be the case. This recommendation is estimated to reduce the contribution rates by approximately 3.2%.⁸³

⁸¹ *Environmental Planning and Assessment Act 1979*, section 94E.

⁸² IPART, *Assessment of The Hills Shire Council's Section 94 Contributions Plan No 15, Box Hill Precinct*, March 2016, p 9.

⁸³ The NDA will rise from 818.65 hectares to 845.55 hectares when the exempted properties are reinstated in the NDA. This should not affect the open space portion of development charges as these are not allocated to non-residential developments such as schools. It will, however, affect the stormwater and traffic components of development contributions.

3.5.3 Properties exempted from stormwater contributions

BCC has exempted 3.68 hectares of land in the First Ponds Creek catchment and 0.83 hectares of land in the Eastern Creek catchment from the NDA for the purpose of calculating stormwater contributions.⁸⁴ BCC states that it will not be able to provide stormwater infrastructure in these areas and therefore the property owners will be responsible for providing on-site solutions.

It may be argued that these properties will still gain a benefit from the roads and open space in the area, and therefore should pay a percentage of the stormwater component. However, given the small total area (4.51 hectares), the impact on the contributions rate is not material, and therefore we make no recommendation to address this issue.

3.6 Criterion 6: Consultation

IPART findings

- 12 BCC conducted appropriate community liaison and publicity in preparation for CP20 in 2015.

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

3.6.1 Our assessment of BCC's consultation for CP20

The Draft Contributions Plan was exhibited from 16 September 2015 to 14 October 2015. BCC received no submissions about the amended plan.⁸⁵ Given the extensive consultation process that has already been undertaken for CP20, and that this version of CP20 was ostensibly only changing land values, we find that BCC has undertaken the appropriate level of consultation.

3.7 Criterion 7: Other matters

IPART findings

- 13 BCC could provide greater transparency around land costs by disclosing the amount of land acquired and land yet to be acquired in CP20.
- 14 Further site-specific information is required from BCC to facilitate IPART's assessment of the reasonableness of estimated land values. This information is

⁸⁴ BCC, Supporting information to CP20 Application ('Exclusions-Mastercopy Riverstone Alex Ave-Adoption 2015' workbook, 'Summary' tab), December 2015.

⁸⁵ Blacktown City Council, *Application for assessment of a revised section 94 Development Contributions Plan No 20 – Riverstone & Alex Avenue Precincts*, December 2015 (CP20 Application Form), pp 2 and 9.

used by BCC to formulate its estimates and should be readily available to provide to IPART.

- 15 CP20 satisfactorily complies with the information requirements set out in the EP&A Act and Regulation and is generally consistent with the *Development Contributions Practice Note (2005)*.

Recommendations

- 12 BCC disclose the amount of land acquired and land yet to be acquired in the schedule of values in CP20 to provide context for the land costs.
- 13 To facilitate IPART's future assessment of estimated land values, BCC and other councils submitting contributions plans to IPART for assessment should provide, as part of the land acquisitions estimates in the application, further site-specific information, including:
 - site details/addresses
 - underlying zonings
 - cost estimates, and
 - any encumbrance.

3.7.1 Land cost and site detail information

As noted in sections 3.3.1 and 3.3.2, the size of increases to actual land costs and land cost estimates in this amendment of CP20 have had a significant impact on overall costs. Currently CP20 provides the value of land acquired and estimated value of land yet to be acquired, but not the amount of land these values represent. This does not provide sufficient transparency or context for readers to evaluate the reasonableness of proposed land cost increases. This is particularly important for CP20 where land cost increases have been significant.

We therefore recommend that BCC discloses the amount of land acquired and land yet to be acquired in the schedule of values in CP20 to provide context for the land costs.

Furthermore, during this review we found that further information was required to properly assess land value estimates, in addition to the information provided by BCC. This information includes, for each property:

- ▼ site details/addresses
- ▼ underlying zonings
- ▼ cost estimates, and
- ▼ any encumbrance.

This is information that councils use to formulate their estimates and should be readily available to provide to IPART to review the reasonableness of their proposals. We therefore recommend that this site-specific information be provided by councils in their applications for future reviews.

3.7.2 Other information presented in the contributions plan

Three documents that set out the information councils what councils should include in a contributions plan:

- ▼ the EP&A Act (Sections 94 to 94EC) which sets out the provisions for the making of a contributions plan
- ▼ the EP&A Regulation (clause 27) which lists the particulars that must be included in the contributions plans, and
- ▼ the *Development Contributions Practice Notes (2005)*.

We found that the information provided in CP20 generally complies with the requirements of the Regulation (see Appendix C) and is set out in a manner that is consistent with the guidelines in the 2005 Practice Notes.



Appendices

A | List of Findings and Recommendations

Criterion 1: Essential Works

IPART finding

- 1 All infrastructure items in CP20 are on the Essential Works List except for the frog habitat (F13.5) which is for environmental purposes. 23

Recommendation

- 1 BCC removes the cost of the frog habitat (\$1,216,000) from the cost of essential works in CP20. 23

Criterion 2: Nexus

IPART findings

- 2 All infrastructure items in CP20 satisfy the nexus criterion except for the bridge (BR3) over the northern corner of the State Conservation Zone where a culvert presents a lower cost alternative for the transport link in this location. 27
- 3 It is unclear whether stormwater quality measures in CP20 are necessary to meet pre-development water quality targets or whether they achieve outcomes beyond the impact of the new development. 31

Recommendation

- 2 The cost of BR3 (\$14,612,000) be removed from the cost of essential works in CP20, and the reasonable cost of the replacement culvert be included. 28
- 3 That DPE, in consultation with BCC, undertake a review of stormwater management infrastructure design and costs in CP20. The purpose of the review should be to standardise more cost efficient solutions for stormwater management in these precincts, and for other precincts in the Growth Centres, as appropriate. The review should include consideration of: 31

- whether water quality measures are necessary to meet the pre-development water quality targets or whether they achieve outcomes beyond the impact of the new development. 31

Criterion 3: Reasonable costs

IPART findings

- 4 The cost of land already acquired in CP20 is reasonable, except for the value of some land already owned by council prior to the precincts' rezoning, which has since been transferred to CP20. 33
- 5 The methodology used by BCC to estimate the cost of land to be acquired remains reasonable. However, there is evidence to suggest that the per square metre rates for certain land with the underlying zonings B2 Local Centre in Riverstone and Alex Avenue, B4 Mixed use in Alex Avenue, and R3 Medium Density in Alex Avenue, are unreasonably high and require revision. 37
- 6 Stormwater management costs in CP20 are disproportionately high compared with those in other contributions plans we have recently assessed. In particular, the land costs for this infrastructure and secondary and tertiary stormwater quality measures are more than three times the cost in other recent contributions plans submitted for IPART assessment. 42
- 7 The Minister's requirement that a working group be established to review soil disposal issues before BCC is eligible for LIGS funding has not yet been met. 46
- 8 The inclusion of administration costs in CP20, based on the allowance of 1.5% of capital works costs, is reasonable. 49

Recommendations

- 4 BCC reviews the cost of land already owned by council prior to the precincts' rezoning based on more market reflective valuations. 33
- 5 BCC review its acquisition cost estimates for land with the underlying zonings of B2 Local Centre in Riverstone and Alex Avenue, B4 Mixed use in Alex Avenue, and R3 Medium Density in Alex Avenue, with a view to providing more reasonable, lower, estimates in CP20, where appropriate. 37
- 6 As part of the review of stormwater infrastructure and costs that we have recommended in Recommendation 3, DPE, in consultation with BCC, should consider in particular: 42
 - the cost of stormwater land and the design and cost of stormwater quality infrastructure. 42

- | | | |
|---|---|----|
| 7 | That \$139.93 million of estimated soil disposal costs be removed from the cost of essential works for CP20 until the issue has been resolved to the Minister's satisfaction. | 46 |
| 8 | BCC recalculates administration costs using 1.5% of the reduced costs of CP20 recommended in this assessment. | 49 |

Criterion 4: Timing

IPART finding

- | | | |
|---|--|----|
| 9 | The 20-year time frame for CP20 is reasonable. | 49 |
|---|--|----|

Criterion 5: Apportionment

IPART findings

- | | | |
|----|---|----|
| 10 | BCC has apportioned transport costs amongst residential developments on a per hectare basis. | 50 |
| 11 | BCC has exempted 26.91 hectares of land zoned for state schools from the precincts' NDA for purpose of calculating development contributions. | 50 |

Recommendations

- | | | |
|----|---|----|
| 9 | BCC consider apportioning the residential component of transport costs between residential developments on a per person basis during its major review of CP20 later this year. | 50 |
| 10 | BCC only exclude land from the precincts NDA for development contribution purposes where there is a Ministerial direction to exempt that development. Therefore, BCC should include 26.91 hectares of State school land back into the precincts NDA for development contributions purposes. | 50 |
| 11 | The Minister issues a Section 94E exemption for the Department of Education which will enable IPART to recommend these costs be borne by the developers and LIGS funding in each contribution plan area. | 50 |

Criterion 6: Consultation

IPART finding

- | | | |
|----|--|----|
| 12 | BCC conducted appropriate community liaison and publicity in preparation for CP20 in 2015. | 53 |
|----|--|----|

Criterion 7: Other matters

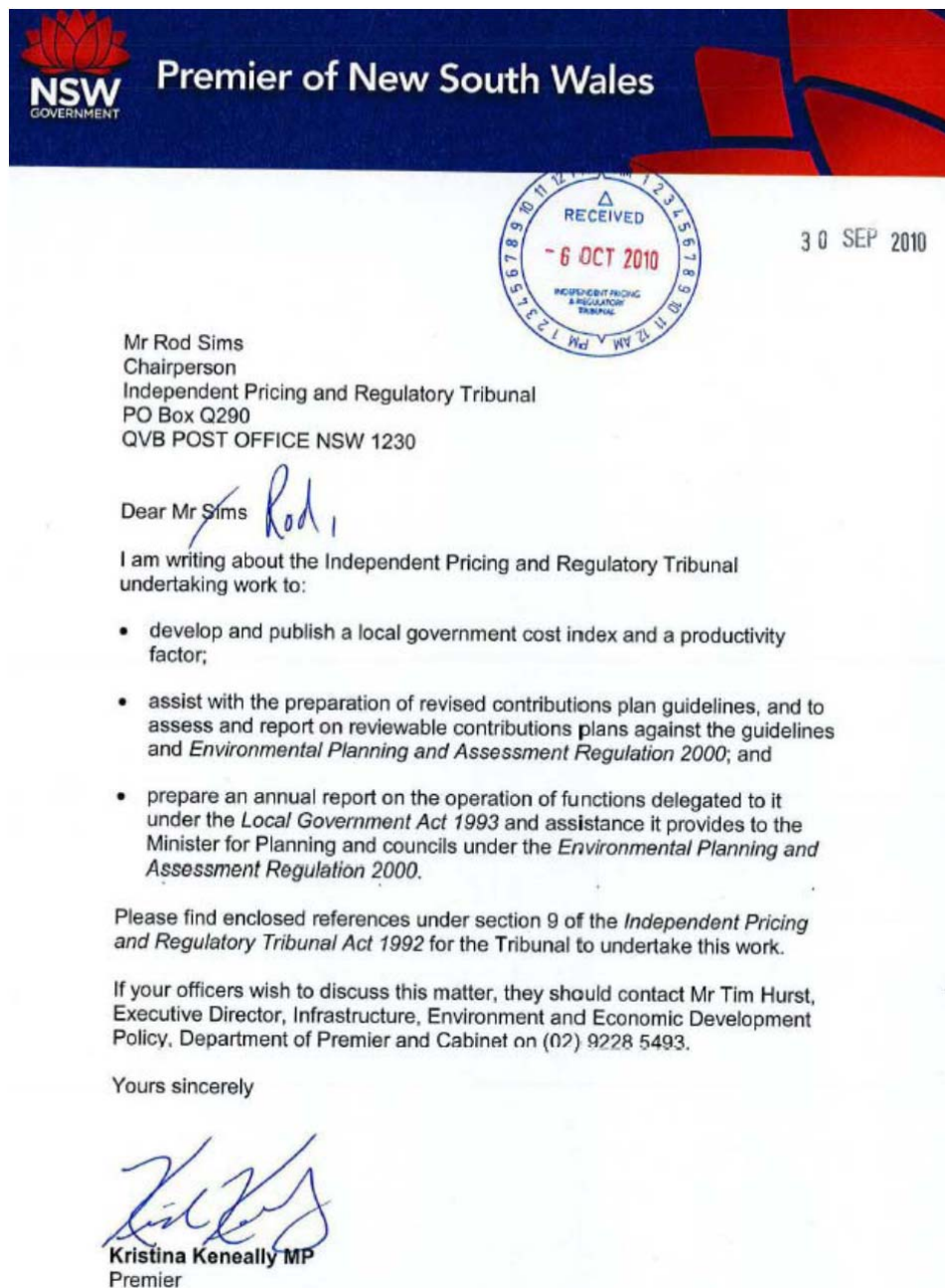
IPART findings

- | | | |
|----|---|----|
| 13 | BCC could provide greater transparency around land costs by disclosing the amount of land acquired and land yet to be acquired in CP20. | 53 |
| 14 | Further site-specific information is required from BCC to facilitate IPART's assessment of the reasonableness of estimated land values. This information is used by BCC to formulate its estimates and should be readily available to provide to IPART. | 53 |
| 15 | CP20 satisfactorily complies with the information requirements set out in the EP&A Act and Regulation and is generally consistent with the <i>Development Contributions Practice Note (2005)</i> . | 54 |

Recommendations

- | | | |
|----|--|----|
| 12 | BCC disclose the amount of land acquired and land yet to be acquired in the schedule of values in CP20 to provide context for the land costs. | 54 |
| 13 | To facilitate IPART's future assessment of estimated land values, BCC and other councils submitting contributions plans to IPART for assessment should provide, as part of the land acquisitions estimates in the application, further site-specific information, including: | 54 |
| | – site details/addresses | 54 |
| | – underlying zonings | 54 |
| | – cost estimates, and | 54 |
| | – any encumbrance. | 54 |

B Terms of Reference



C Assessment of CP20 against the information requirements in Clause 27 of the EP&A Regulation

Table C.1 Assessment of CP20 against the information requirements in Clause 27 of the EP&A Regulation

Subclause	Location in CP20
1(a) Purpose of the plan.	Section 1.2
1(b) Land to which the plan applies.	Section 1.6
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.	Sections 2 to 5
1(d) The formulas to be used for determining the section 94 contributions required for different categories of public amenities and services.	Section 6
1(e) The section 94 contribution rates for different types of development, as specified in a schedule in the plan.	Section 6.8 & Appendix F
1(g) The council's policy concerning the timing of the payment of monetary section 94 contributions, section 94A levies and the imposition of section 94 conditions or section 94A conditions that allow deferred or periodic payment.	Section 7.2
1(h) A map showing the specific public amenities and services proposed to be provided by the council, supported by a works schedule that contains an estimate of their cost and staging (whether by reference to dates or thresholds).	Appendices A to D
1(i) If the plan authorises monetary section 94 contributions or section 94A 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.	Sections 1.15 to 1.17
1A Despite subclause (1) (g), a contributions plan made after the commencement of this subclause that makes provision for the imposition of conditions under section 94 or 94A of the Act in relation to the issue of a complying development certificate must provide that the payment of monetary section 94 contributions and section 94A levies in accordance with those conditions is to be made before the commencement of any building work or subdivision work authorised by the certificate.	Section 7
2 In determining the section 94 contribution rates or section 94A levy percentages for different types of development, the council must take into consideration the conditions that may be imposed under section 80A (6)(b) of the Act or section 97 (1) (b) of the <i>Local Government Act 1993</i> .	Section 7 (generally)
3 A contributions plan must not contain a provision that authorises monetary section 94 contributions or section 94A levies paid for different purposes to be pooled and applied progressively for those purposes unless the council is satisfied that the pooling and progressive application of the money paid will not unreasonably prejudice the carrying into effect, within a reasonable time, of the purposes for which the money was originally paid.	N/A

Glossary

ABS	Australian Bureau of Statistics
Apportionment	The division of the costs equitably between all those who will benefit from the infrastructure, including any existing population. Full cost recovery from contributions should only occur where the infrastructure is provided to meet the demand from new development.
BCC	Blacktown City Council
Condition of development consent	Conditions imposed by a consent authority (eg, council) when approving an application for development.
Contributions cap	The maximum contribution payable by a developer for local infrastructure per residential dwelling or lot.
Contribution charge	The rate used to calculate the total contributions payable by the developer for different infrastructure categories.
Contributions plan	A plan that a council uses to impose a contribution on new development to help fund the cost of providing new local infrastructure and services to support that development.
CP15	The Hills Shire Council, <i>Section 94 Contributions Plan No 15 – Box Hill Precinct</i> , June 2015.
CP24	Blacktown City Council, <i>Draft Section 94 Contributions Plan No 24 – Schofields Precinct</i> , October 2013.
West Dapto CP	Wollongong City Council, <i>Draft Section 94 Contributions Plan West Dapto Precinct</i> , March 2016.
CPI	Consumer Price Index
DPE	Department of Planning & Environment
EP&A Act	<i>Environmental Planning and Assessment Act 1979</i>

EP&A Regulation	<i>Environmental Planning and Assessment Regulation 2000</i>
Essential Works List (EWL)	<p>The following public amenities or public services are considered essential works:</p> <ul style="list-style-type: none"> - land for open space (for example, parks and sporting facilities) including base level embellishment - land for community services (for example, childcare centres and libraries) - land and facilities for transport (for example, road works, traffic management and pedestrian and cyclist facilities), but not including carparking - land and facilities for stormwater management, and - the costs of plan preparation and administration.
GFA	Gross Floor Area
Greenfield	Undeveloped land that is suitable for urban development, usually located in the fringe areas of existing urban development and requiring significant provision of new infrastructure and services to facilitate development.
Growth Centres Development Code	Growth Centres Commission, <i>Growth Centres Development Code</i> , October 2006.
Growth Centres SEPP	<i>State Environmental Planning Policy (Sydney Region Growth Centres) 2006</i>
Indicative Layout Plan	A plan illustrating the broad land uses, main road pattern, infrastructure requirements, urban connections, activity centres, landscape corridors and stormwater management measures for a precinct.
IPART	Independent Pricing and Regulatory Tribunal
IPART's Benchmark report	IPART, <i>Local Infrastructure Benchmark Costs - Costing Infrastructure in Local Infrastructure Plans - Final Report</i> , April 2014.
Net Developable Area (NDA)	The land occupied by development, including internal streets plus half the width of any adjoining access roads that provide vehicular access, but excluding public open space indicated on the Precinct Plan and other non-residential and non-industrial zoned land.

Nexus	The connection between the demand created by the new development, and the public facilities provided, which is assessed to ensure that equity exists for those funding the facilities.
North West Growth Centre	A group of 16 greenfield development precincts in north west Sydney across 3 local government areas – The Hills Shire Council, Blacktown City Council and Hawkesbury Council.
Plan administration costs	<p>Plan administration costs are those costs directly associated with the preparation and administration of the contributions plan. These costs represent the costs to a council of project managing the plan in much the same way as the project management costs that are incorporated into the cost estimates for individual infrastructure items within a plan. Plan administration costs may include:</p> <ul style="list-style-type: none"> - background studies, concept plans and cost estimates that are required to prepare the plan, and/or - project management costs for preparing and implementing the plan (eg, the employment of someone to coordinate the plan).
Practice Note (2014)	NSW Planning and Infrastructure, <i>Revised Local Development Contributions Practice Note - For the assessment of Local Contributions Plans</i> by IPART, February 2014.
Precinct planning	<p>Precinct planning coordinates the planning and delivery of water, wastewater, recycled water, power, roads, transport and other services in time to service new communities in Sydney's Growth Centres.</p> <p>Precinct planning involves detailed investigations into appropriate land use options, physical environment constraints and infrastructure requirements.</p>
Riparian	The riparian area is defined as the part of the landscape adjoining rivers and streams that has a direct influence on the water and aquatic ecosystems within them. It includes the stream banks and a strip of land of variable width along the banks.
RMS	Roads and Maritime Services

Section 94 contributions	<p>Section 94 contributions are imposed by way of a condition of development consent or complying development, and can be satisfied by:</p> <ul style="list-style-type: none"> - dedication of land - monetary contribution - material public benefit, or - a combination of some or all of the above.
SEPP	State Environmental Planning Policy
SIC	State Infrastructure Contributions
Terms of Reference	Refer to the Terms of Reference received by IPART from the Premier of NSW on 30 September 2010 outlining IPART's role to assist with the preparation of revised contributions plan guidelines, and to assess and report on reviewable contributions plans against the guidelines and EP&A Regulation.
Works-in-kind	The construction or provision of the whole or part of a public facility that is identified in a works schedule in a contributions plan.