



Assessment of Contributions Plan No. 24

Blacktown City Council

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Invitation for submissions

IPART invites written comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

Submissions are due by 5 July 2019

We would prefer to receive them electronically via our online submission form <www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission>.

You can also send comments by mail to:

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If you would like further information on making a submission, IPART's submission policy is available on our website.

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1 Executive Summary

Blacktown City Council (the council) submitted *Contributions Plan No. 24 for Schofields* (CP24) to IPART for review because the contributions for residential development exceed the \$30,000 per dwelling/lot threshold, which applies under the Minister for Planning's *Local Infrastructure Contributions Direction 2012*.¹

CP24 applies to the Schofields Precinct (the precinct), and is in two parts:

- ▼ *Contributions plan No.24L – Schofields (Land)* (CP24L) covers land for local infrastructure
- ▼ *Contributions Plan No.24W – Schofields (Works)* (CP24W) covers local infrastructure works and administration costs.

Throughout this report we refer to the combined CP24L and CP24W as a single plan, CP24 (2018).

We have undertaken our assessment in accordance with the guidance provided by the Department of Planning and Environment (DPE) in its *Local Infrastructure Contributions Practice Note 2019* (Practice Note).²

This report sets out our findings and recommendations to the Minister on the amendments required to ensure that the plan reflects the reasonable costs of providing the necessary local infrastructure to accommodate the development of the precinct.

This is important to ensure that NSW developers or taxpayers³ do not pay too much for local infrastructure (if costs are too high); and that other parties, such as a council's ratepayers, do not have to subsidise the new development (if costs are too low). Contributions that reflect the reasonable costs of local infrastructure provision are also important for signalling the costs of developing different areas – which, in turn, can assist in ensuring that development occurs where it should (ie, where the benefits of the development are greater than its costs).

IPART's assessment is provided to the Minister for Planning and Public Spaces (the Minister) and the Minister will advise the council of any changes that must be made. Once the council has made any changes requested by the Minister, CP24 (2018) will become an 'IPART reviewed plan'.

Clause 6A of the Ministerial Direction applies to CP24 (2018). This means that once IPART reviews the contribution plan and the council responds to any changes requested by the Minister, the maximum amount that the council can charge developers is \$45,000 per

¹ Minister for Planning, *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012*, 21 August 2012, as amended on 18 December 2018 (Ministerial Direction), clause 6A (3).

² See Department of Planning and Environment, *Local Infrastructure Contributions Practice Note*, January 2019 (Practice Note). We also assessed whether the CP24 contains information required by the *Environmental Planning and Assessment Regulation 2000*.

³ In the event that the council receives Local Infrastructure Growth Scheme (LIGs) funding from the NSW Government for the difference between the capped contributions amount and the actual contributions amount.

residential lot or dwelling from 1 July 2019. The council will be eligible to apply for Local Infrastructure Growth Scheme (LIGS) funding for the amount of any contribution which is above the cap. From 1 July 2020, the contributions cap will be removed entirely and the council can charge developers for the full amount.

1.1 The council should comprehensively review the plan

This is the second time IPART has reviewed CP24.⁴ Compared with the previous version of the plan, CP24 (2018) includes significant changes to the cost of land but minimal changes to the scope and cost of works.

Of particular note, when revising the plan the council did not have regard to:

- ▼ the higher than previously forecasted development yield
- ▼ major upcoming planning proposals for the precinct, and
- ▼ changes associated with the *North West Growth Centre (NWGC) Stormwater Management Strategy Review*.⁵

The nature, scope and type of infrastructure required to meet the demand for public amenities and services generated by development in the Schofields Precinct will be affected by all of these factors.

We also found that the estimated cost of remaining works is outdated because the council did not apply its most recent tender or quantity surveyor (QS) rates, or have regard to IPART's recent assessment of the council's other contributions plans.

As a result, our overarching recommendation is that the council undertake a comprehensive review of CP24L and CP24W within the next 18 months.

1.2 We recommend much lower contribution rates in the short term

Although we recommend that the council comprehensively review the plan, we recognise that it could take up to 18 months to do so. Therefore, we have also included recommendations for immediate changes to the plan in force. In particular, we recommend that the council:

- ▼ Update population forecasts for the development area, and apply these updated forecasts in apportioning costs and calculating contribution rates.
- ▼ Remove the land and works for four detention basins and associated basin outlets and trunk drainage lines, to be consistent with the strategy proposed by the *NWGC Stormwater Management Strategy Review*.

The combination of these recommendations would substantially lower residential contribution rates compared with those in CP24 (2018), but they would remain higher than the rates in CP24 (2015). We understand that the council is intending to complete a

⁴ IPART first assessed draft CP24 in 2014. The council addressed the Minister's recommendations and adopted the plan in 2015. See section 3.1.

⁵ GHD, *North West Growth Centre Stormwater Management Strategy Review*, February 2018.

comprehensive review of their works costs. If the council considers that the impact of our recommendations may result in under recovery of the costs required to provide local infrastructure, the council may choose to complete an earlier review of the plan.

1.3 Overview of findings

Our assessment of CP24 (2018) addresses the criteria in DPE's Practice Note.

Criterion 1: Essential works

We are required to assess whether the land and infrastructure included in CP24 (2018) are consistent with the essential works list outlined in the Practice Note. We found that all of the land, works and administration costs in CP24 (2018) are on the essential works list, except for the E2 Conservation Zone. Although the E2 Conservation Zone is not consistent with the essential works list, we still consider it reasonable for the council to include it in CP24 (2018) because of an agreement between DPE and the council.

Criterion 2: Nexus

We are required to assess whether there is nexus between the demand arising from new development and the public amenities and services to be provided 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 the new development.

We found that nexus is established for both transport and open space infrastructure, in the short term only. This is because the higher anticipated development yields and several major planning proposals for the precinct could affect the type, scope and/or location of the transport and open space infrastructure required to support development.

For stormwater management, we found that nexus is no longer established for four detention basins, and associated outlets, in light of the changes associated with the revised stormwater management strategy.

Our assessment found there is nexus for community services, plan administration and the E2 Conservation Zone.

Criterion 3: Reasonable costs

We are required to assess whether the contribution rates in the plan are based on reasonable estimates of the cost of the proposed land and works, and any actual costs in the plan. This includes assessing how the cost estimates of each item of infrastructure are derived and the method applied to calculate the contribution rates and escalate them over time.

Cost of works

We found the actual cost of works already completed are reasonable. We found most of the cost estimates for the remaining works are out dated because the council did not apply its

most recent tender or QS rates, or have regard to IPART's recent assessment of the council's other contributions plan.

While we consider the costs outdated, they were based on cost estimates in CP24 (2014) and CP24 (2015) which we previously have found to be reasonable. We have therefore accepted the council's approach and cost estimates in CP24W as reasonable in the short term. However, we recommend the council complete a comprehensive review of the plan within 18 months.

Cost of land

We found the cost of land that the council has already acquired is reasonable. We also found the council's method for estimating the cost of land which it is yet to acquire is reasonable, however the allowance applied to land in the plan to cover 'other acquisition costs' is not reasonable except the E2 Conservation Zone. The council used a rate of 5.0% for 'other acquisition costs', whereas we have recommended a rate of 2.0%.

Cost of plan administration

We found the council's use of IPART's benchmark of 1.5% of the cost of works in the plan to estimate plan administration costs is reasonable.

Indexation of contribution rates

We found the council's approach to indexing contribution rates for land and works is reasonable.

Criterion 4: Timeframe for delivery of infrastructure

We are required to assess whether the public amenities and public services in the plan can be provided within a reasonable timeframe. We found the timeframe for the delivery of land and works in CP24 (2018) is reasonable. However, the plan does not acknowledge the uncertainty arising from the two major planning proposals, which will likely affect the timing of infrastructure delivery.

Our assessment also raised concerns with the description in CP24W and CP24L about the indicative timing of infrastructure delivery and land acquisitions. We also found the prioritisation of works specified in CP24W does not align with the infrastructure already delivered and the indicative timing of infrastructure delivery, and that CP24L does not provide an indicative timeframe for the acquisition of land for most infrastructure categories.

Criterion 5: Apportionment

We are required to assess whether the contribution rates are based on a reasonable apportionment of costs.

We found the council's general approach to apportioning the costs of most infrastructure categories are reasonable, except for the approach which apportions transport costs to both residential and non-residential development.

We also found the council has used outdated population estimates for apportioning costs and calculating contribution rates for transport, open space, community services and the E2 Conservation Zone.

Criterion 6: Community consultation

We are required to assess whether the council has conducted appropriate community liaison and publicity in preparing the contributions plan. We consider the council's process for consulting on the plan satisfies the consultation criterion.

Criterion 7: Other matters

We are required to assess whether the plan complies with other matters that we consider relevant. Our assessment of CP24 (2018) identified one relevant matter, which is that the separation of CP24 into different plans for land and works (CP24L and CP24W) has reduced the transparency around land acquisitions.

1.4 Overview of recommendations

We have made 13 recommendations as a result of our assessment of CP24 (2018). Our overarching recommendation is for the council to undertake a comprehensive review of CP24L and CP24W. This recommendation would not have any immediate impact on the total cost or contribution rates in the plan.

However, we estimate that our recommended short-term adjustments to land, works and administration costs would reduce the total cost of the plan by \$27,202,192 (or 10.4%) compared to the version of the plan submitted to us for review. Our recommendation to use a higher estimated population for apportioning costs and calculating contribution rates would also have a large impact on the contribution rates for CP24 (2018).

Our short-term recommendations in relation to timeframe would have no impact on total costs or contribution rates.

1.4.1 We recommend the cost of land acquisition is reduced

Our recommended adjustments to the land acquisition costs in CP24L would reduce these costs by an estimated \$10,702,812 (7.1% of total land costs in the plan).

Our recommended adjustments to land acquisition costs are summarised in Table 1.1.

Table 1.1 Summary of recommendations – CP24 land costs (\$Mar2018)

	Cost in plan	IPART-recommended adjustment	IPART-assessed reasonable cost
Transport land	6,408,748		
Reduce allowance for 'other acquisition costs' from 5.0% to 2.0%		-126,000	
		-126,000	6,282,748
Stormwater management land	80,072,264		
Reduce allowance for 'other acquisition costs' from 5.0% to 2.0%		-1,838,000	
Remove cost of land for four detention basins and outlets		-7,131,000	
		-8,969,000	71,103,264
Open space land	57,548,260		
Reduce allowance for 'other acquisition costs' from 5.0% to 2.0%		-1,293,000	
		-1,293,000	56,255,260
Community services land	5,100,000		
Reduce allowance for 'other acquisition costs' from 5.0% to 2.0%		-101,000	
Reapportion cost of land based on revised population estimates for six precincts		-136,572	
		-237,572	4,862,428
E2 Conservation Zone land	1,704,000		
Reapportion cost of land based on revised population estimates for 10 precincts		-77,240	
		-77,240	1,626,760
Total land	150,833,272	-10,702,812	140,130,460

Source: CP24L Works Schedule and IPART analysis.

1.4.2 We recommend the cost of works and plan administration are reduced

We recommend adjustments that would result in a net reduction in the cost of works and plan administration by an estimated \$16,499,380 (14.8% of works and administration costs in the plan).

The adjustments to works and plan administration costs in CP24W are summarised in Table 1.2.

Table 1.2 Summary of recommendations – CP24 works and plan administration costs (\$Mar2018)

	Cost in plan	IPART-recommended adjustment	IPART-assessed reasonable cost
Transport	14,363,469		
		none	14,363,469
Stormwater management	67,797,333		
Remove cost of works for four detention basins and outlets		-16,228,380	
		-16,228,380	51,568,953
Open space	27,333,882		
		none	27,333,882
E2 Conservation Zone	600,227		
Reapportion cost of works based on revised population estimates for 10 precincts		-27,167	
		-27,167	573,060
Plan administration	1,651,423		
Calculate plan administration cost as 1.5% of revised costs of works		-243,833	
		-243,833	1,407,590
Total	111,746,334	-16,499,380	95,246,954

Source: CP24W Works Schedule and IPART analysis.

1.4.3 Our recommendations would reduce contribution rates

Our recommendations to reduce the cost of land and works in CP24 (2018) would also reduce the residential contribution rates under the plan. The overall reduction in costs in CP24 (2018) is 10.4%, but the impact on indicative contribution rates for different types of residential dwellings would not be uniform, particularly because of different catchments for stormwater management and how costs are apportioned within them. Our estimates of the impact on contribution rates after adjusting for the recommended costs and updated population forecasts is shown in Table 1.3 for the Eastern Creek – Eastern catchment area and Table 1.4 for the Eastern Creek – West 1 and West 2 catchment areas.

Table 1.3 Indicative IPART-adjusted contribution rates – Eastern Creek (\$Mar2018)

Type of development	Density (dwellings/ha)	Occupancy rate	Plan contribution	IPART contribution	Difference
Low density	12.5	2.9	131,464	102,525	-28,939
Low density	15.0	2.9	117,058	90,672	-26,386
Medium density	25.0	2.7	81,524	64,800	-16,724
Medium density	30.0	2.7	74,858	58,873	-15,985
High density	40.0	2.7	66,599	51,465	-15,134
High density	45.0	2.7	63,813	48,996	-14,817

Source: CP24L and CP24W Works schedule and IPART analysis.

Table 1.4 Indicative IPART-adjusted contribution rates – Eastern Creek (West) (\$Mar2018)

Catchment area	Density (dwellings/ha)	Occupancy rate	Plan contribution	IPART contribution	Difference
West 1	15.0	2.9	76,307	71,684	-4,623
West 2	15.0	2.9	54,577	49,459	-5,118

Source: CP24L and CP24W Works schedule and IPART analysis.

1.5 List of recommendations

Our draft recommendations (and the page number on which they appear) for CP24 (2018) are listed below. All require action by the council.

Nexus

- 1 Undertake a comprehensive review of CP24L and CP24W within 18 months, and in doing so investigate the provision of transport and open space infrastructure: 32
 - needed to meet the demand arising from the higher anticipated development yield in the Schofields Precinct, and
 - in response to major planning proposals for the precinct.
- 2 Remove land and works for four detention basins and associated basin outlets and trunk drainage lines to be consistent with the strategy proposed by the GHD NWGC Stormwater Management Strategy Review, which would reduce the cost of: 32
 - stormwater management works in CP24W by an estimated \$16,228,380, and
 - stormwater management land in CP24L by an estimated \$7,131,000.

Reasonable cost

- 3 Reduce the allowance for 'other acquisition costs' from 5.0% to 2.0% of the estimated market value of land yet to be acquired, except for the E2 Conservation Zone. We estimate this would reduce the total land cost in the plan by \$3,358,000. 40

- 4 The council undertake a comprehensive review of the cost estimates for transport works, stormwater management works, open space embellishment, and works in the E2 Conservation Zone (Reserve 867) within 18 months. In doing so, it should:
 - Use the latest available schedule of rates for transport and stormwater management works, ensuring that unit rates are applied consistently across different items and infrastructure categories
 - Use new QS or cost consultant advice for open space embellishment, applying updated definitions of landscaping types
 - Use up-to-date designs for all infrastructure categories, including any available designs for required works identified in the *NWGC Stormwater Management Strategy Review*.
 - Use updated cost estimates for works in the E2 Conservation Zone (Reserve 867).
- 5 Calculate the cost of plan administration for CP24W (2018) based on 1.5% of the adjusted cost of works. This would reduce the cost of plan administration by an estimated \$243,833. 46

Reasonable timeframe

- 6 Amend the description of works prioritisation in CP24W so that it is consistent with Appendix A of the plan, and include additional information in the plan to provide stakeholders with information about how planning proposals, works-in-kind (WIK) Agreements, Voluntary Planning Agreements (VPAs) or any other factors could influence when works are delivered. 47
- 7 In CP24L provide the indicative timing, or factors influencing the timing, of land acquisitions for all infrastructure categories for which contributions will be levied. 47
- 8 When undertaking a comprehensive review of CP24L and CP24W, revise the indicative timeframe for the provision of the remaining works to be delivered and land acquisition. 47

Apportionment

- 9 Update the apportionment of costs and calculation of contribution rates using a population forecast of 10,491 residents. This requires adjustment to the per person contribution rates for the transport, open space, community services, and E2 Conservation Zone infrastructure categories, and for the cost of plan administration for those infrastructure categories, where relevant. 53
- 10 Use the most recent publicly available population estimates for each of the relevant precincts (see Table 8.4) to apportion the costs of the combined precinct facilities (community services and the E2 Conservation Zone) to CP24 (2018). For CP24 (2018), we estimate this would: 54
 - reduce the cost of land for community services by \$136,572
 - reduce the cost of land for the E2 Conservation Zone by \$77,240

- reduce the cost of works for the E2 Conservation Zone by \$27,167.
- 11 Apportion the costs for transport infrastructure in CP24L and CP24W across residential development only (and thus remove the non-residential development contributions for transport infrastructure from CP24L and CP24W). 57
- 12 Update the apportionment of costs within CP24 when more information is available on the proposed development in the Transport Corridor Investigation Area. 57

Other matters

- 13 Amend CP24 (2018) to improve transparency around land acquisitions by including: 59
 - sufficient information for stakeholders to identify the land acquisitions associated with individual infrastructure items in the plan, and 59
 - mapping that enables stakeholders to identify the location of infrastructure and any land acquisitions that are not associated with infrastructure (such as riparian corridor land). 59

1.6 Structure of this Draft Report

The following chapters provide our analysis of CP24 (2018) against the criteria in the Practice Note, and explain the draft recommendations we have made to the council for making adjustments to the plan.

- ▼ Chapter 2 outlines the context for our assessment of contributions plans
- ▼ Chapter 3 provides an overview of CP24
- ▼ Chapter 4 presents our analysis of essential works (Criterion 1)
- ▼ Chapter 5 presents our analysis of nexus (Criterion 2)
- ▼ Chapter 6 presents our analysis of reasonable cost (Criterion 3)
- ▼ Chapter 7 presents our analysis of reasonable timeframe (Criterion 4)
- ▼ Chapter 8 presents our analysis of apportionment (Criterion 5)
- ▼ Chapter 9 presents our analysis of consultation (Criterion 6)
- ▼ Chapter 10 presents our analysis of other matters (Criterion 7)

1.7 How you can have a say on this Draft Report?

IPART has changed the consultation process for our assessment of contributions plans. For reviews commenced after October 2018, we will publish a Draft Report followed by a 4-week consultation period during which we will accept submissions from the public on our draft assessment, and our proposed recommendations to the Minister for Planning and Public Spaces, which are set out in this Draft Report.

We are therefore seeking written submissions from stakeholders in response to this Draft Report.

Submissions are due by 5 July 2019. Late submissions may not be accepted. More information on how to make a submission can be found on page iii of this Draft Report.

IPART's role in reviewing a contributions plan is confined to assessing the plan against the criteria in the Department of Planning and Environment's *Local Infrastructure Contributions Practice Note*, January 2019. You can access the Practice Note on IPART's website <<https://www.planning.nsw.gov.au/Policy-and-Legislation/Infrastructure/Infrastructure-policies>>.

Submissions should address the Practice Note criteria and IPART's assessment against the criteria.

We will provide our Final Report to the Minister for Planning and Public Spaces in August 2019.

2 Context and approach for this assessment

Blacktown City Council (the council) submitted CP24 (2018) to IPART for assessment on 5 December 2018. To provide context for our assessment, the sections below outline:

- ▼ What contributions plans are
- ▼ Why the council submitted CP24 (2018) for assessment
- ▼ The aim of our assessment
- ▼ Our approach and consultation process for the assessment
- ▼ What will happen next.

2.1 What are contributions plans?

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

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

- ▼ the local infrastructure required to meet the demand associated with development in a specific area,
- ▼ the estimated cost of the land, works and administration required to provide this infrastructure, and
- ▼ the contribution rates for different types of development which the council proposes to levy on developers.⁶

2.2 Why has the council submitted its plan to IPART?

IPART assesses contributions plans from councils that propose to levy contributions above \$30,000 per residential lot or dwelling in identified greenfield areas and \$20,000 per residential lot or dwelling in other areas.⁷

An IPART-reviewed contributions plan entitles the council to levy:

- ▼ For specified transition areas, up to a capped amount (currently \$40,000 in greenfield areas and \$30,000 elsewhere) and apply for Local Infrastructure Growth Scheme (LIGS) funding for the amount of any contribution which is above the cap.

⁶ A consent authority may impose a condition under section 7.11 of the *Environmental Planning and Assessment Act 1979* (EP&A Act) only if it is in accordance with a contributions plan. The *Environmental Planning and Assessment Regulation 2000* (EP&A Regulation) makes provision for or with respect to the preparation and approval of contributions plans, including the format, structure and subject-matter of plans.

⁷ See Department of Planning and Environment, *Local Infrastructure Contributions Practice Note*, January 2019 (Practice Note).

- ▼ For other areas, the full contribution amount.

The Schofields Precinct is a specified transition area. This means that once IPART reviews the contribution plan and the council responds to any changes requested by the Minister, the council can levy contributions under CP24 (2018) up to the maximum contribution of \$45,000 per residential lot or dwelling from 1 July 2019. Where the per lot or dwelling contribution amount exceeds the cap, the council intends to apply for LIGS funding. From 1 July 2020, the contributions cap will be removed entirely and the council can levy the full contribution amount.⁸

2.3 What is the aim of our assessment?

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

If costs in the plan are too high (ie, higher than the reasonable costs of infrastructure with a nexus to the development), developers or the NSW Government will pay too much for local infrastructure. Development could be unduly impeded, particularly when the caps on contributions are removed entirely (ie, from July 2020 onwards). On the other hand, if costs in the plan are too low (ie, lower than the reasonable costs of infrastructure with a nexus to the development), then the new development would effectively be subsidised by the council's ratepayers.

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

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

⁸ Department of Planning and Environment, *Changes to section 94 local infrastructure contributions*, Planning Circular PS 17-002, 27 July 2017, p 1.

2.4 What approach did we use for this assessment?

In assessing CP24 (2018) we considered:

- ▼ the criteria set out in the *Local Infrastructure Contributions Practice Note* (Practice Note) issued by the Department of Planning and Environment (DPE)⁹
- ▼ the Minister's advice to the council about the recommendations from our 2014 assessment of CP24 (2014), and
- ▼ changes to the precinct since our previous assessment, including changes to the projected population of the precinct and other precincts where costs are shared and the revised stormwater management strategy.

2.4.1 We considered the assessment criteria in the Practice Note

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

As required by these terms of reference, we have assessed CP24 in accordance with the criteria set out in the Practice Note. The criteria required us to assess whether:

1. The public amenities and public services in the plan are on the essential works list.
2. The proposed public amenities and public services are reasonable in terms of nexus.¹⁰
3. The proposed development contribution is based on a reasonable estimate of the cost of the proposed public amenities and public services.
4. The proposed public amenities and public services can be provided within a reasonable timeframe.
5. The proposed development contribution is based on a reasonable apportionment of costs.
6. The council has conducted appropriate community liaison and publicity in preparing the contributions plan.
7. The plan complies with other matters we consider relevant.

We also assessed whether the plan contains the information required by Clause 27 of the *Environmental Planning and Assessment Regulation 2000*. A summary of our assessment of CP24 against these requirements is provided in Appendix B.

⁹ Department of Planning and Environment, *Practice Note – Local Infrastructure Contributions*, January 2019. The January 2019 Practice Note replaces the January 2018 *Practice Note – Local Infrastructure Contributions*. The 2019 revision clarifies the timing of when a council can adopt a contributions plan (particularly where the draft plan proposes a rate above the maximum cap amount in the Direction). The assessment criteria for our review remain the same.

¹⁰ Nexus ensures that there is a connection between the land and facilities in a contributions plan and the demand for them arising from the new development.

2.4.2 We considered the Minister's advice on the recommendations from our 2014 assessment of CP24 (2014)

We completed an assessment of CP24 (2014) in August 2014, which enabled the council to apply for funding from the State Government to meet the gap between the contributions cap and the "IPART-assessed" cost of infrastructure in the plan. The Minister requested the council make 17 amendments to CP24 before the plan was eligible for gap funding.¹¹ The council advised that it incorporated the requested changes and formally amended CP24 in 2015.

The council has subsequently separated CP24 into two parts: CP24L and CP24W, and has submitted the adopted versions of CP24L (2018) and CP24W (2018) to IPART for assessment. In assessing CP24L (2018) and CP24W (2018), we have considered how the council has amended the plan to reflect the Minister's advice on CP24 (2014).

2.4.3 We considered changes in the precinct since our previous assessment

There have been changes in the Schofields Precinct since our previous assessment of the plan, including changes to the dwelling yield and therefore the projected population and the stormwater management strategy. In addition to these changes, Defence Housing Australia which is one of the two major land holders in the precinct is preparing a planning proposal to amend the Growth Centres State Environment Planning Policy (SEPP), which will affect zonings in the southern portion of the Schofields Precinct. The council is also collaborating with DPE to coordinate the planning for the Schofields Precinct Town Centre. These changes are outlined further in Chapter 3.

We considered the impact of these changes to the precinct in our assessment of the local infrastructure in CP24 (2018).


The Works Schedules for CP24L (2018) and CP24W (2018) show that the council has acquired 18.3% of land in the plan (by area) and completed 10.6% of works in the plan (by cost). Our assessment of CP24 (2018) has therefore considered the reasonableness of the costs for land acquisitions and completed works as well as the council's estimates for land that it is yet to acquire and works that have not been completed.

2.5 What consultation process did we follow?

During our assessment we met with council officers who provided an overview of the plan. We also:

- ▼ made several requests for information from the council (and received responses to the requests), and
- ▼ sought information on aspects of the plan from DPE.

¹¹ See Appendix C.



We are now seeking submissions on our draft findings and recommendations and invite comments from interested parties until **5 July 2019**. You can find details of how to make a submission on page iii of this Draft Report.

A list of our draft recommendations is in section 1.5 of Chapter 1.

2.6 What happens next?

We will take stakeholder submissions into account in determining our recommendations in the Final Report. As required by the Ministerial Direction, we will deliver our Final Report to the Minister for Planning and Public Spaces and the council.

The Minister will then consider our assessment and, if appropriate, request the council to amend the contributions plan. Once the council has made any requested amendments, the plan becomes an IPART-reviewed plan and the council may levy development contributions up to a capped amount (which is \$45,000 from July 2019) and apply for Local Infrastructure Growth Scheme funding for the amount of any contribution which is above the cap.

3 Overview of plan

CP24 applies to the development in the Schofields Precinct in Sydney's North West Growth Area. The precinct was zoned for urban development in 2012.

The total cost of land, works and plan administration in CP24 (2018) is \$262.58 million (\$March2018). This comprises:

- ▼ \$150.83 million (57.4%) for the acquisition of land for local infrastructure
- ▼ \$110.09 million (41.9%) for local infrastructure works, and
- ▼ \$1.65 million (0.6%) for plan administration.

3.1 Status of CP24

IPART completed an assessment of the draft CP24 in August 2014 (CP24 (2014)) to enable the council to apply for gap funding from the NSW Government. The Minister requested the council make 17 changes in response to our assessment. The council subsequently adopted CP24 and the plan came into force on 27 May 2015 (CP24 (2015)). The council advised that CP24 (2015) incorporated changes requested by the Minister following IPART's assessment.

The council has now revised CP24 and separated the plan in two parts:

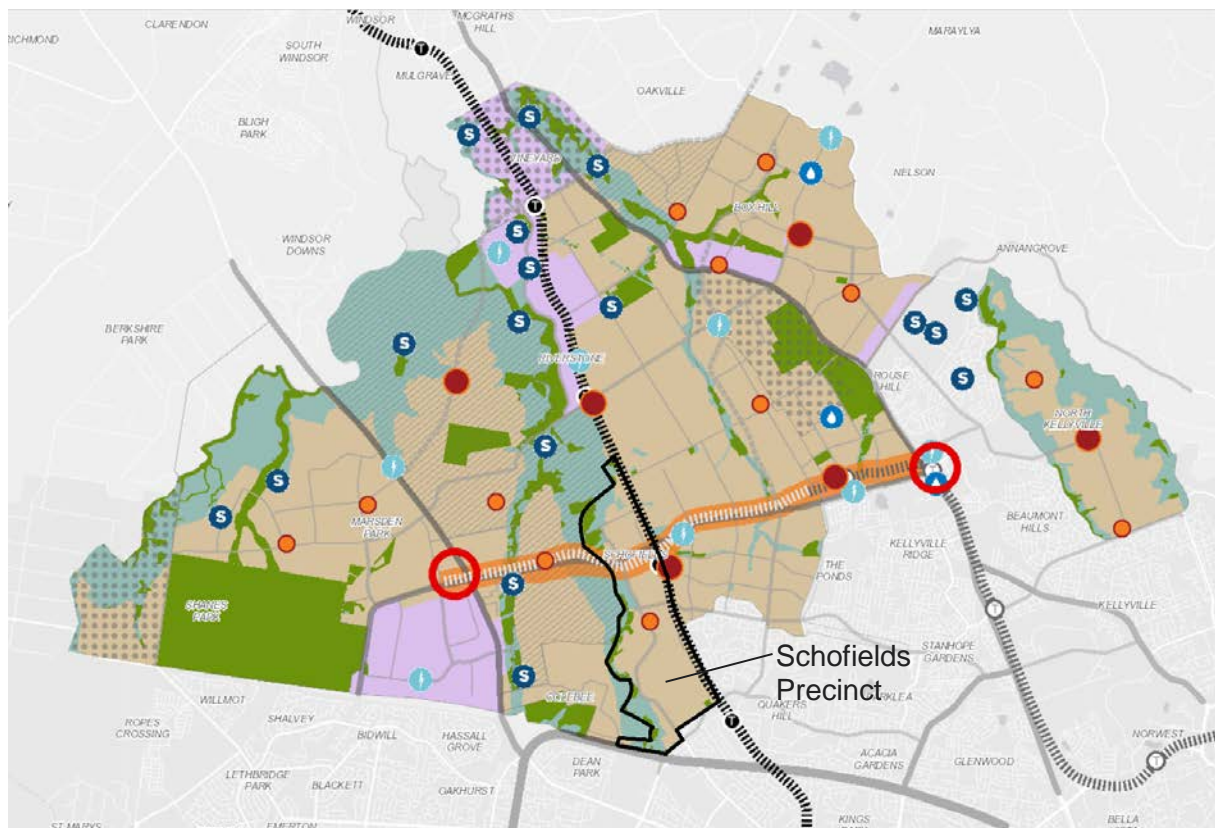
- ▼ CP24L – Schofields (Land) includes only land for local infrastructure
- ▼ CP24W – Schofields (Works) includes local infrastructure works and administration costs.

The council exhibited the draft plan between 27 June 2018 and 24 July 2018 and adopted it on 10 October 2018 (CP24 (2018)). It submitted the adopted CP24 (2018) to IPART for assessment and we commenced our assessment of the plan on 5 December 2018.

3.2 Land and development in the Schofields Precinct

The Schofields Precinct is part of the North West Growth Area, shown in Figure 3.1. It is bounded by Eastern Creek to the north and west, the M7 and Quakers Hill Parkway to the south and the Richmond Railway line to the east.

Figure 3.1 North West Growth Area



Source: NSW Department of Planning and Environment, August 2017.

Most of the development in the Schofields Precinct will be residential with a mix of low and medium density dwellings. When the Schofields Precinct was zoned for urban development in 2013, DPE anticipated it would accommodate:

- ▼ a population of 8,158 people in approximately 2,813 dwellings,¹² and
- ▼ 19,800 square metres of commercial/retail floor space for mixed use development (B1 – Neighbourhood Centre and B2 – Local Centre) on 4.5 hectares of land.

The council excluded 823 of the anticipated 8,158 residents from the plan's estimated population, representing the area covered by the Transport Corridor Investigation Area (this is discussed further at Chapter 8). This exclusion reduced the projected population for the Schofields Precinct to 7,335 people.

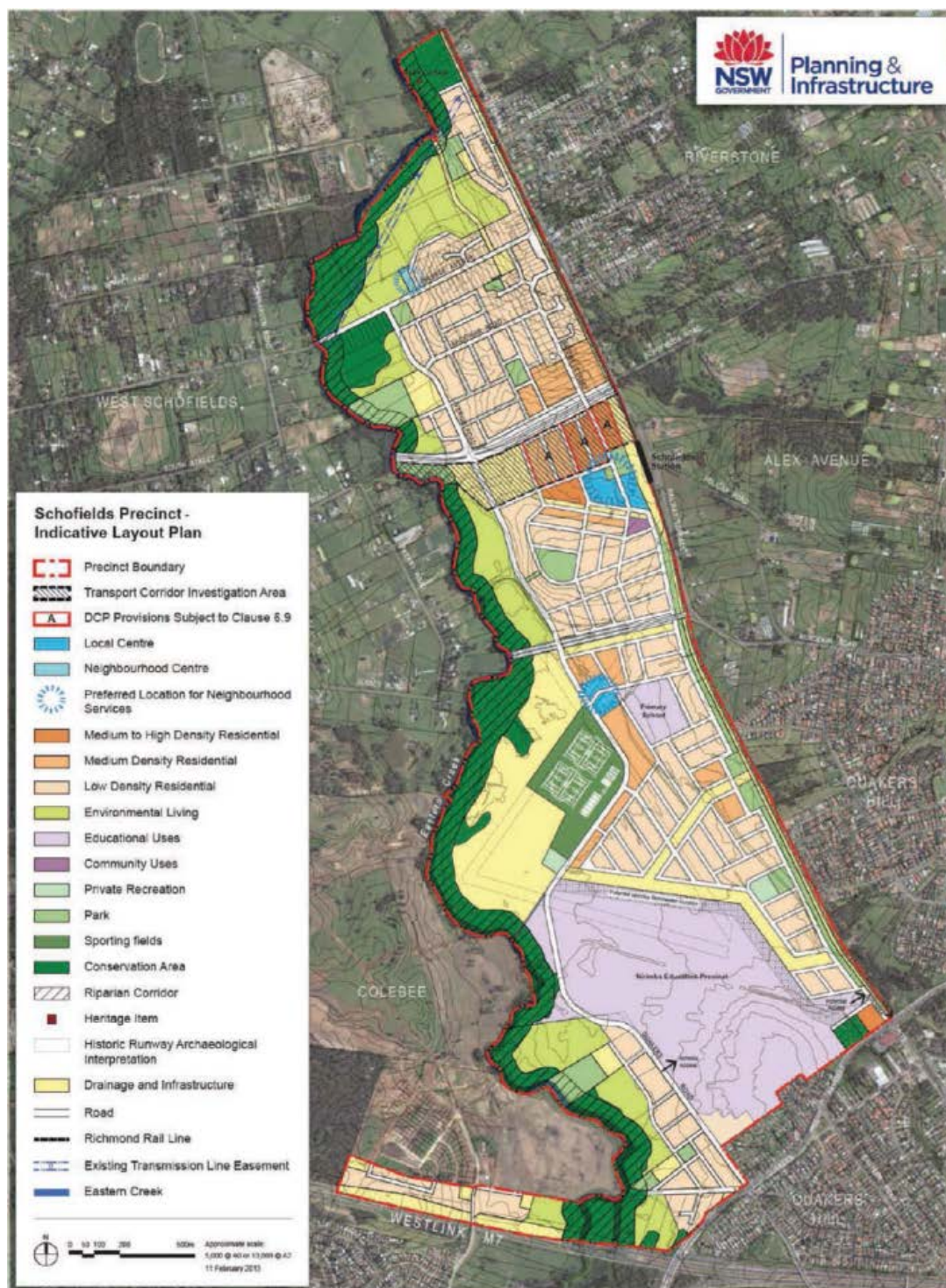
The council expects that development in the precinct will occur over approximately 25 years (ie, by year 2038). Since 2013, approximately half of the Schofields Precinct has been developed or has development applications approved.¹³ There are two major developers in the precinct, Stocklands and Defence Housing Australia, which together own around two thirds of the developable area.

¹² Department of Planning and Environment, *Post Exhibition Finalisation Report Schofields Precinct*, January 2013, p 9.

¹³ Blacktown City Council, Application for assessment of CP24L and CP24W, 5 December 2018, p 19.

Figure 3.2 is the Schofields Indicative Layout Plan (ILP) prepared at the time of rezoning. It shows the anticipated mix of land uses anticipated at that time. The council used this ILP to prepare CP24 (2018).

Figure 3.2 Schofields Indicative Layout Plan (2013)



Source: CP24W (2018), p 3.

For the purposes of calculating the net developable area (NDA) for the precinct, the plan excludes:

- ▼ 77.7 hectares of land for the Nirimba Education Precinct in the south
- ▼ 24.7 hectares of land for existing infrastructure that is unlikely to be redeveloped
- ▼ 0.4 hectares of land for flood prone land
- ▼ 36.5 hectares of land for environmental living
- ▼ 198.3 hectares of land for state and local public infrastructure, and
- ▼ 8.0 hectares of land for the Transport Corridor Investigation Area.¹⁴

The adjusted NDA of the Schofields Precinct is 139.5 hectares.

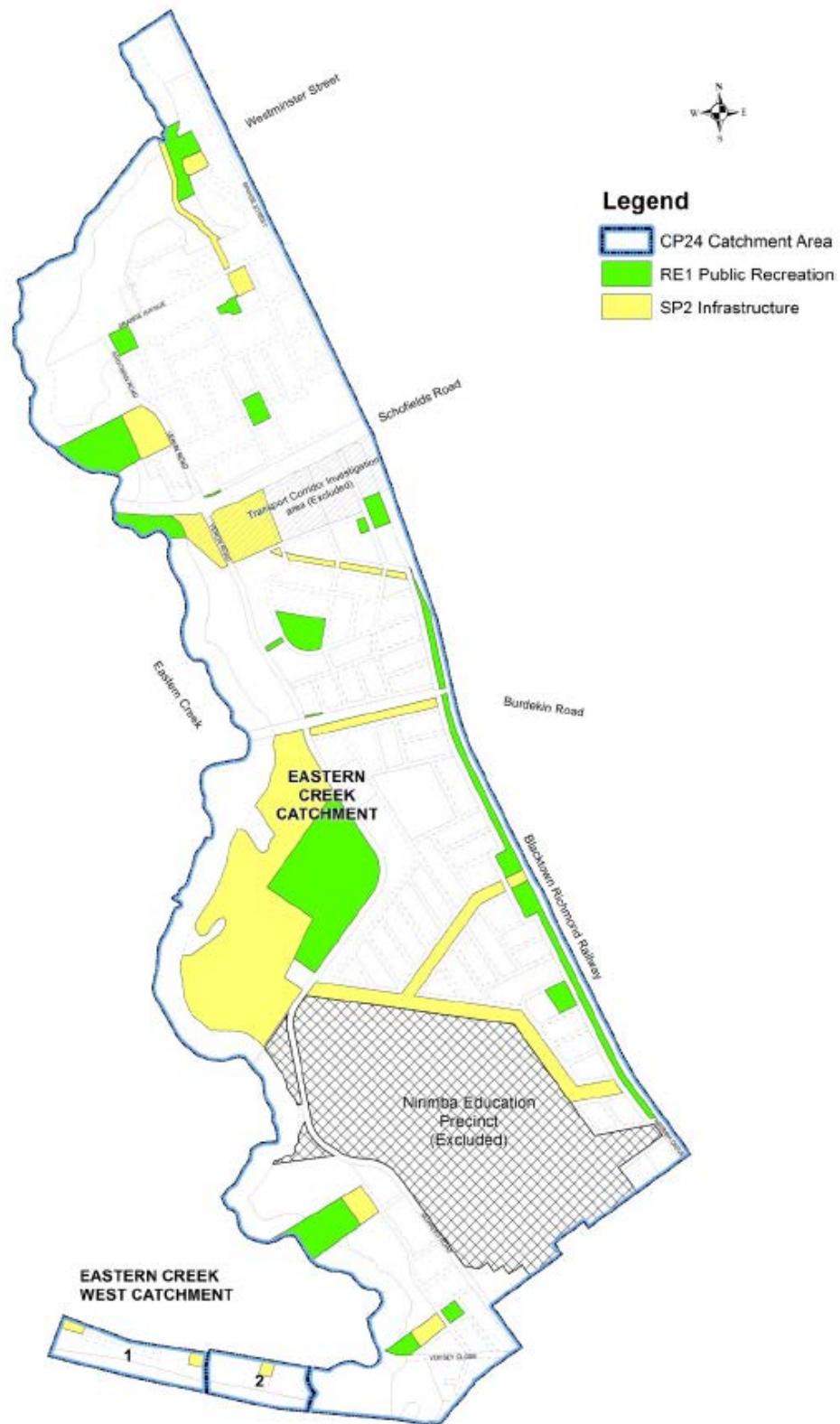
The council has also divided the precinct into 3 catchment areas (see Figure 3.3):

- ▼ Eastern Creek – to the east of the Eastern Creek riparian corridor
- ▼ Eastern Creek – West 1 – to the west of the Eastern Creek riparian corridor (marked ‘1’ on map), and
- ▼ Eastern Creek – West 2 – to the west of Eastern Creek riparian corridor (marked ‘2’ on map).

The division reflects the different infrastructure needs of different areas in the precinct and is used to calculate the contribution rates. Only low density residential development is permitted in the Eastern Creek West 1 and West 2 catchment areas. The council’s proposed contributions in CP24 (2018) are outlined in section 3.4 below.

¹⁴ The state has preserved transport corridors within rezoned Precincts in the North West Priority Growth Area for future transport requirements (ie, extension to the Sydney Metro Norwest).

Figure 3.3 CP24 (2018) Catchment areas



Source: CP24L (2018), Appendix A1 and CP24W (2018), Appendix A.

3.2.1 CP24 (2018) adopts minor revisions to population estimates

Since we assessed CP24 (2014), the council has revised the estimates of the residential population to be accommodated in the Schofields Precinct. The revised estimates account for a higher expected population (an additional 178 people) arising from the rezoning of Bridge Street and part of the Nirimba Education Precinct for residential development.

Table 3.1 shows the population assumptions the council has used to calculation contributions in CP24 (2018).

Table 3.1 Proposed dwelling yield, population and developable area in CP24 (2018)

Catchment	Total dwellings	Population	Adjusted NDA
Eastern Creek ^a	2,508	7,275	134.12
Eastern Creek – West 1 ^b	50	145	3.28
Eastern Creek – West 2 ^b	32	93	2.11
Total^c	2,590	7,513	139.51

^a The Eastern Creek catchment is used to apportion the costs of transport, stormwater management and open space within that catchment.

^b The Eastern Creek - West catchments are used to apportion the costs of stormwater management within those catchments.

^c The total catchment area is also known as the District Facility catchment for apportioning the costs of the open space (district facility), and is used to apportion costs for community services and the E2 Conservation Zone.

Source: CP24 (2018), Works Schedule.

3.2.2 CP24 (2018) does not reflect other changes to population projections

In early November 2018, DPE advised Blacktown City Council that it should use updated population estimates for CP22 Rouse Hill, which were higher than the council's assumptions in that plan¹⁵. These updated population estimates were based on analysis underpinning the *North West Growth Priority Area Land Use and Infrastructure Plan*, released by DPE in May 2017, and the *AEC Housing Market Needs Analysis*.¹⁶ In response to our Draft Report for CP22 Rouse Hill, an officer from DPE advised us that all contributions plans for the North West Growth Area prepared after May 2017 should use the population estimates in the AEC report.¹⁷

The AEC report estimates that the Schofields Precinct will accommodate 3,876 dwellings. This is 1,065 dwellings (approximately 38%) more than the dwelling yields assumed in CP24 (2018).

We have estimated that 3,876 dwellings would accommodate approximately 11,241 residents, based on an occupancy rate of 2.9 people per dwelling. This estimate of anticipated population is likely to be conservative because we have used an occupancy rate which is lower than the recently observed average of 3.2 people per dwelling in the North West Growth

¹⁵ IPART, *Assessment of Contributions Plan 22 for Rouse Hill (Area 20 and Riverstone East)*, December 2018, p 9.

¹⁶ See DPE, *North West Growth Priority Area Land Use and Infrastructure Implementation Plan*, May 2017, p 22 and AEC Group, *Priority Growth Areas: NWGC, Housing Market Needs Analysis*, (AEC Report), July 2015, p 41. The NWPGA is now known as the North West Growth Area (NWGA).

¹⁷ Email from Department of Planning and Environment, 23 November 2018.

Area.¹⁸ Maintaining the council's exclusions, we estimate the total population for the precinct will be 10,491 residents (see Table 3.2).

Table 3.2 Schofields Precinct – population estimates for CP24

Catchment	CP24 (2018) population	IPART-estimated population
Eastern Creek	7,275	10,253
Eastern Creek – West 1	145	145 ^a
Eastern Creek – West 2	93	93 ^a
Total	7,513	10,491

^a We have not adjusted the population estimates for catchments West 1 and West 2 because it is unlikely that higher dwelling yields (and therefore population) will be achieved in these catchment areas resulting from changes to the precinct (ie, planning proposals for the Schofields Town Centre and DHA landholding).

Source: CP24 (2018), Works Schedule and IPART estimates.

We note a higher estimated population for the precinct may affect the demand for infrastructure and the apportionment of costs in the plan. The demand for infrastructure is usually 'lumpy', which means that an increase in the population will not usually require a proportionate increase in infrastructure. Beyond a tipping point, however, a higher population will require more land and works: for example, 1 extra person will not generate the need for more road capacity, however 5,000 extra people might.

This means that, while beyond a point an increase in population forecasts will increase infrastructure costs in a contributions plan, the effect of higher population forecasts will generally be to lower contribution rates in plans as costs are allocated across more people.

3.2.3 Changes to the stormwater management strategy

In 2018, the council engaged GHD to investigate stormwater detention strategies across the North West Growth Area. The GHD *North West Growth Centre Stormwater Management Strategy Review* (the GHD Review) identified areas where significant cost savings are achievable through rationalisation and removal of detention basins. The GHD Review was recently endorsed by the Office of Environment and Heritage. This strategy has superseded the stormwater management strategy for Schofields prepared during precinct planning.

3.2.4 Possible planning proposals for the Schofields Precinct

There are two areas within the Schofields Precinct where zonings are likely to change:

- ▼ Schofields Town Centre Priority Precinct, and
- ▼ Defence Housing Australia (DHA) landholding.

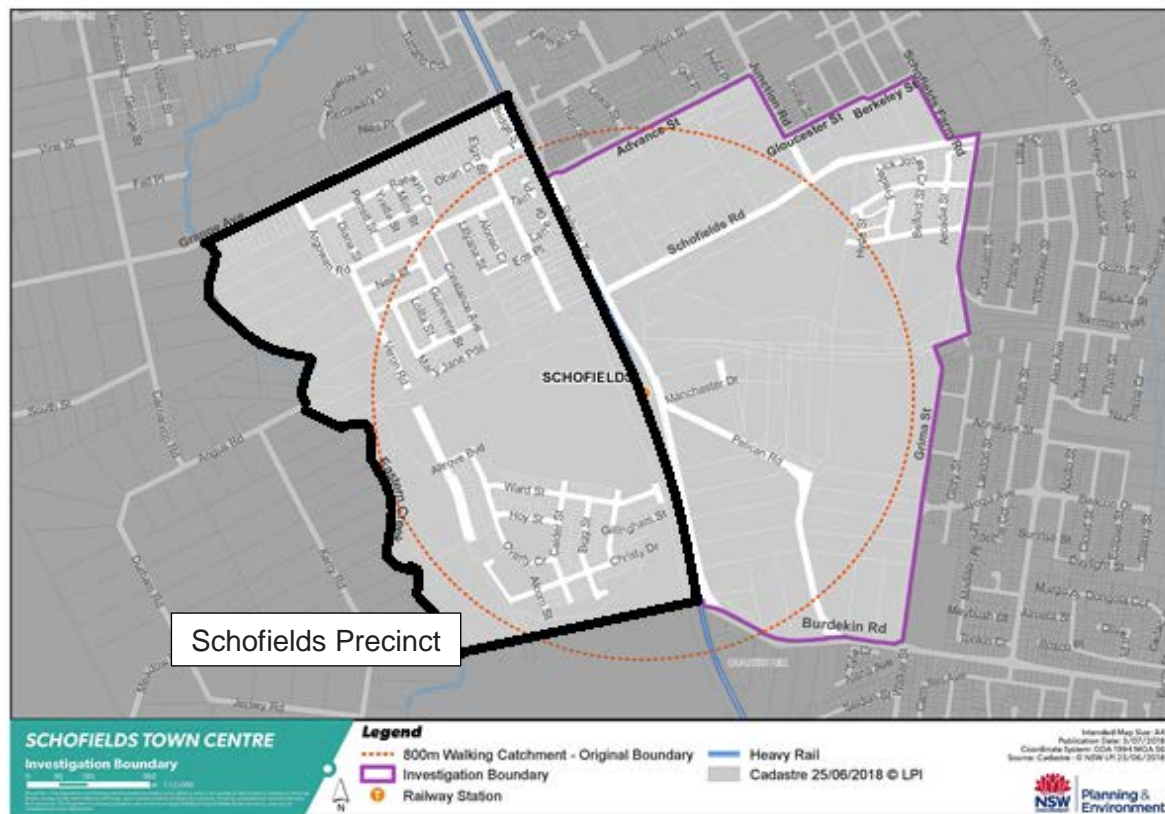
Schofields Town Centre Priority Precinct

DPE, in collaboration with the council, is currently coordinating the planning for the Schofields Town Centre Priority Precinct. It recently defined the boundary for the Schofields

¹⁸ GHD, *Report for Department of Planning and Environment – Priority Growth Areas Open Space Audit – North West Area*, April 2016, p 33.

Town Centre. The Schofields Town Centre is bounded by Eastern Creek to the west, Burdekin Road to the South, Grima Street to the East and Grange Avenue and Advance Street to the North. The Schofields Town Centre is split along Railway Terrace between the Schofields, Riverstone and Quakers Hill Precincts. Figure 3.4 is a map of the proposed Schofields Town Centre.

Figure 3.4 Proposed Schofields Town Centre Map



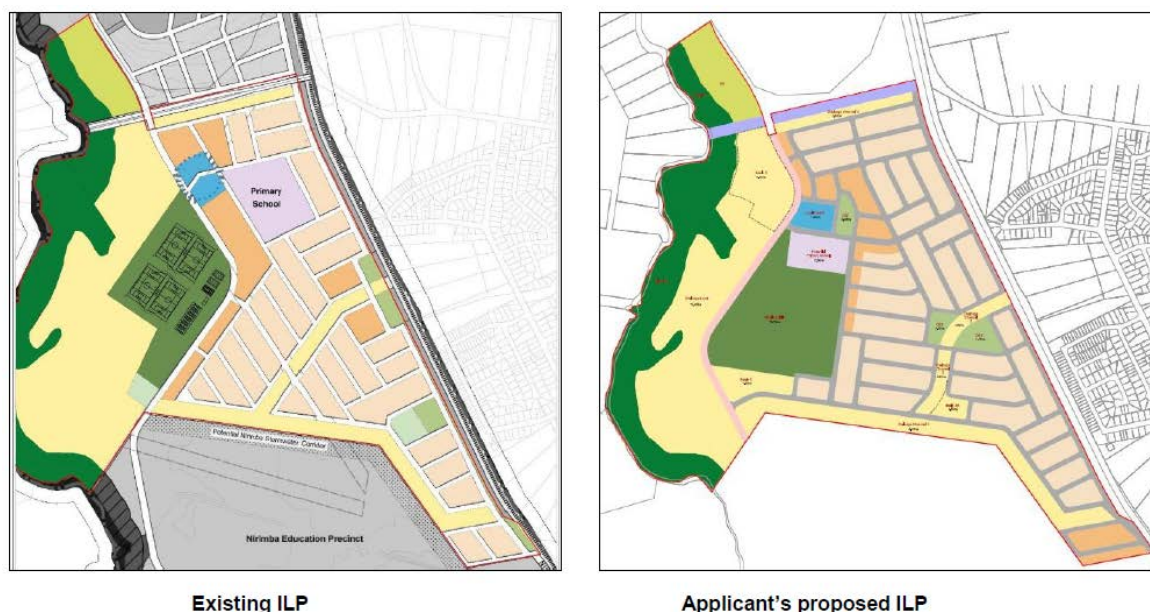
Source: <https://www.planning.nsw.gov.au/Plans-for-your-area/Priority-Growth-Areas-and-Precincts/Schofields-Town-Centre/Map>

Planning proposal – DHA landholding, Schofields Precinct

Defence Housing Australia submitted a request to the council to prepare a planning proposal to amend the Growth Centres SEPP as it applies to its landholdings in the southern portion of the Schofields Precinct. The proposal seeks to reconfigure the existing suite of land use zones and make consequential amendments to the land reservation acquisition, height of buildings, floor space ratio and residential density maps. The proposal also includes consequential amendments to the Growth Centres Development Control Plan (DCP) Schedule 5 (Schofields Precinct), including the Indicative Layout Plan (ILP).¹⁹ Figure 3.5 shows the planning proposal from DHA.

¹⁹ Blacktown City Council, Planning, Development, Historical & Assets Committee Business Paper, meeting of 05 December, 2018.

Figure 3.5 Planning proposal – DHA landholding, Schofields Precinct



Source: Blacktown City Council, Planning, Development, Historical & Assets Committee Business Paper – Attachment for meeting of 05 December, 2018.

On 23 April 2019, a Gateway Determination was issued by the Director, Sydney Region West Planning Services as Delegate of the Minister for Planning and Public Spaces to proceed with the planning proposal subject to conditions stipulated in the Gateway Determination. The council is preparing a revised planning proposal based on ongoing discussions with the Department of Education and DHA.²⁰ The final plan may result in changes to the scope and location of essential infrastructure in the precinct.

3.3 Cost of land, works and administration in CP24 (2018)

Table 3.3 provides a breakdown of costs in CP24 (2018) by infrastructure category.

Table 3.3 Cost of land and works in CP24 (2018) (\$Mar2018)

Infrastructure category	Land	Works	Administration	Total
Transport	6,408,748	14,363,469	215,452	20,987,669
Stormwater	80,072,264	67,797,333	1,016,960	148,886,557
Open space	57,548,260	27,333,882	410,008	85,292,150
Community services	5,100,000			5,100,000
E2 Conservation Zone	1,704,000	600,227	9,003	2,313,230
Total	150,833,272	110,094,911	1,651,423	262,579,606

Source: CP24L (2018), p 42 and CP24W (2018), p 56.

²⁰ Information from Blacktown City Council, 4 June 2019.

3.4 Contribution rates

CP24 (2018) calculates contributions for residential development on either a per person or per net developable area (NDA) basis, depending on the infrastructure category.

Table 3.4 and Table 3.5 set out the contribution rates for each infrastructure category in CP24 (2018).

Table 3.4 Contribution rates – CP24L (\$Mar2018)

Infrastructure category	Catchment	Residential	Non-residential
Transport	Eastern Creek	\$881 per person	\$47,783 per ha NDA
Stormwater	Eastern Creek	\$584,850 per ha NDA	\$584,850 per ha NDA
	Eastern Creek – West 1	\$333,183 per ha NDA	\$333,183 per ha NDA ^c
	Eastern Creek – West 2	\$254,734 per ha NDA	\$254,734 per ha NDA ^c
Open space	Eastern Creek ^a	\$5,983 per person	n/a
	Schofields – District facility ^a	\$1,866 per person	n/a
Community services ^b	Schofields	\$679 per person	n/a
E2 Conservation Zone	Schofields	\$227 per person	n/a

^a The Eastern Creek catchment will contribute to the cost of open space reserves in Eastern Creek Catchment and the district facility. The Eastern Creek – West catchments will contribute to the cost of the district facility only.

^b Community services includes land for the neighbourhood community centre and land for a combined precinct facility (ie, aquatic facility).

^c A non-residential contribution rate is provided for the Eastern Creek – West catchments, however these catchments do not have non-residential development within their catchment area.

Source: CP24L (2018), Appendix E.

Table 3.5 Contribution rates – CP24W (\$Mar2018)

Infrastructure category	Catchment	Residential	Non-residential
Transport	Eastern Creek	\$2,004 per person	\$108,699 per ha NDA
Stormwater	Eastern Creek (R2 & E4) ^a	\$498,273 per ha NDA	\$498,273 per ha NDA
	Eastern Creek (other) ^a	\$410,103 per ha NDA	\$410,103 per ha NDA
	Eastern Creek – West 1	\$579,084 per ha NDA	\$579,084 per ha NDA ^c
	Eastern Creek – West 2	\$331,740 per ha NDA	\$331,740 per ha NDA ^c
Open space	Eastern Creek ^b	\$1,254 per person	n/a
	Schofields – District facility ^b	\$2,478 per person	n/a
Community services ^b	Schofields	n/a	n/a
E2 Conservation Zone	Schofields	\$81 per person	n/a

^a Eastern Creek has two sub-catchments, where Eastern Creek (R2& E4) is for low residential and environmental living. Eastern Creek (other) applies to all other development within Eastern Creek sub catchment.

^b The Eastern Creek catchment will contribute to the cost of open space reserves in Eastern Creek Catchment and the district facility. The Eastern Creek – West catchments will contribute to the cost of the district facility only.

^c A non-residential contribution rate is provided for the Eastern Creek – West catchments, however these catchments do not have non-residential development within their catchment area.

Source: CP24W (2018), Appendix F.

3.4.1 Indicative residential contributions

The contribution amount for a particular residential lot or dwelling will depend on which catchment the development is in, as well as the size of the lot and the expected number of residents in the dwelling (dwelling occupancy rate).

Table 3.6 sets out the indicative (un-capped) contributions rates for various types of residential development in Eastern Creek, Eastern Creek – West 1 and Eastern Creek – West 2 catchments.

Table 3.6 Indicative residential contributions per dwelling/ lot for CP24 (2018) (\$Mar18)

Type of development	Dwellings per ha	Occupancy rate per dwelling	Eastern Creek (\$)	Eastern Creek – West 1 (\$)	Eastern Creek – West 2 (\$)
Low density	12.5	2.9	131,464		
Low density	15	2.9	117,058	76,307	54,577
Medium density	25	2.7	81,524		
Medium density	30	2.7	74,858		
High density	40	2.7	66,599		
High density	45	2.7	63,813		

Source: CP24L (2018), section 8.6, p 31 and CP24W (2018), section 6.7, p 26.

3.4.2 Indexation of contribution rates

CP24 (2018) provides for quarterly indexation of contribution rates in CP24L and CP24W in accordance with the Consumer Price Index – All Groups Sydney (CPI). The base contribution rates are in March 2018 dollars.²¹

3.4.3 Credits and exemptions

Both CP24L and CP24W provide that the plan applies to all developments that require the submission of a development application or an application for a complying development certificate, including the intensification of use of a site involving expansion of area occupied by a development and/or the addition of population.²² No development is specified to be exempt from contributions.

As indicated in section 3.2 above, the NDA in the plan is adjusted to take account of land for public infrastructure, the Nirimba Education Precinct, the Transport Corridor Investigation Area, environmental living, flood prone land and land with existing development for existing infrastructure that is unlikely to redevelop. Contributions under CP24 (2018) will not be levied on development on this land.

A credit will be made available for existing development that will generate demand for local infrastructure in the precinct. In the Schofields Precinct, the council has determined that a

²¹ CP24L (2018), section 9.4 and CP24W (2018), section 7.4.

²² CP24L (2018) and CP24W (2018), section 1.7



contribution credit of 450 square metres and occupancy of 2.9 people will apply to all existing lots previously zoned R2 in the existing Schofield's township.²³

²³ CP24L (2018), section 9.3 and CP24W (2018), section 7.3.

4 Criterion 1: Essential works

We found that most land and works in CP24 (2018) are consistent with the essential works list in the Practice Note, except the E2 Conservation Zone – Reserve 867. Table 4.1 summarises the items in the plan that are on the essential works list for each infrastructure category.

Table 4.1 Summary of all infrastructure on the essential works list in CP24 (2018)

Infrastructure	Items on the essential works list	
Transport	<ul style="list-style-type: none"> ▼ new roads and road upgrades ▼ roundabouts ▼ shared pathways ▼ signalised intersections 	<ul style="list-style-type: none"> ▼ bus shelters ▼ foot bridge ▼ land for transport infrastructure
Stormwater management	<ul style="list-style-type: none"> ▼ detention basins ▼ channels ▼ culverts ▼ trunk drainage lines 	<ul style="list-style-type: none"> ▼ bio-retention basins ▼ gross pollutant traps ▼ land for stormwater management infrastructure
Open space	<ul style="list-style-type: none"> ▼ District park – playing fields, amenities block, carpark, netball and tennis courts, playground, exercise trail, picnic and BBQ areas, seating, pathways, cycleways, fencing, landscaping, signage, site services ▼ Local parks – playgrounds, seating, fencing, pathways, cycleways, landscaping, signage, riparian corridor planting ▼ Basin parks – pathways, landscaping, fencing, riparian corridor planting 	<ul style="list-style-type: none"> ▼ Neighbourhood park – playground, exercise trail, seating, picnic area, pathway, cycleway, fencing, landscaping ▼ Village parks – seating, pathways, cycleways, fencing, landscaping ▼ Linear open space – pathways, fencing, landscaping ▼ Land for open space
Community services	<ul style="list-style-type: none"> ▼ land for a community centre 	<ul style="list-style-type: none"> ▼ land for a neighbourhood centre
Plan administration	<ul style="list-style-type: none"> ▼ plan preparation and administration costs 	

Source: CP24L (2018) and CP24W (2018) works schedule.

To reach our finding that all open space embellishment in CP24W is on the essential works list, we required additional information from the council about some components of ‘Riparian corridor works’ and ‘Landscaping type 3’. This information was required so that we could assess whether these works satisfy the Practice Note’s provision that “works for environmental purposes (eg, riparian corridors) are not essential works except where they serve a dual purpose with one or more categories of works on the essential works list”.

The council explained that ‘Landscaping type 3’ consists of tree planting in mulch, which is consistent with the essential works list.

Although the council did not explain what ‘riparian corridor works’ included, we consider that land on which the works are located is clearly consistent with the essential works list as it is required for open space. Some embellishment would be required on this land. We compared the rate of the ‘riparian corridor works’ with the cost of the most likely alternative

embellishment (ie, Landscaping type 1) and found the substitution would not materially reduce the open space embellishment costs in CP24W.

Rather than make a finding in respect of riparian corridor works in relation to Criterion 1 Essential works, we consider the uncertainty can be better dealt with by a recommendation for the council, when reviewing the cost estimates for open space embellishment:

- ▼ to clearly define the work involved in the different landscaping treatments, and
- ▼ to clearly specify the nature of work proposed for Basin parks 3, 4, 7 and 8 and Local park 971 where CP24W currently proposes riparian corridor works, and ensure they are consistent with the essential works list.

4.1 E2 Conservation Zone

CP24 (2018) includes cost of land and works for an E2 Conservation Zone of 20.37 hectares (Reserve 867) located in the nearby Riverstone Precinct. Reserve 867 serves an environmental purpose, and is not required to meet the open space or other infrastructure needs of development in Schofields. Therefore, its inclusion in the plan does not meet either the essential works or nexus criterion.

However, our past assessments of Blacktown City Council's contributions plans have found that the inclusion of reserve 867 is reasonable because of the agreement between DPE and the council, which gives effect to the council's designation as the acquisition authority for the land under the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006*.²⁴

²⁴ See, for example, our assessments of CP21 Marsden Park, p 122, CP22 Rouse Hill, p 72 and CP20 Riverstone and Alex Avenue, p 17.

5 Criterion 2: Nexus

In assessing whether there is nexus between the land and works for the infrastructure in CP24 (2018) and development in the precinct, we considered:

- ▼ The technical studies commissioned by DPE, on which the council relied to establish nexus for transport works, stormwater management works and open space embellishment in CP24 (2014) and CP24 (2018).
- ▼ The findings from our assessment of CP24 (2014) for each infrastructure category.
- ▼ The inclusion of infrastructure not identified in the technical studies.
- ▼ The impact of the higher anticipated development yield in the precinct on the need for additional infrastructure.
- ▼ The impact of the NWGC stormwater management strategy review on the need for stormwater management infrastructure.

We found that the council relied on the same technical studies used in CP24 (2014) to determine the infrastructure needs for CP24 (2018). These studies were completed between 2010 and 2012.

We found that nexus is established for both transport and open space infrastructure, in the short term only. This is because the technical studies have not been updated to account for the higher anticipated development yields for the precinct. There are also several major planning proposals which may impact the type, scope and/or location of transport and open space infrastructure required for development.

For stormwater management, the strategy endorsed during precinct planning has been superseded by the GHD *North West Growth Centre Stormwater Management Strategy Review* (the GHD Review).²⁵ We found that the council did not consider the revised strategy when preparing CP24 (2018) and therefore nexus is not established for some detention basins and its associated outlets.

Based on our findings, we recommend the council:

- ▼ undertake a comprehensive review of CP24L and CP24W, which would include detailed investigation of the demand for transport and open space infrastructure arising from the higher anticipated development yield in the Schofields Precinct, as well as the potential changes being contemplated in major planning proposals for the precinct, and
- ▼ make adjustments to the plan based on the GHD Review that we estimate would reduce the cost of stormwater management land and works by around \$23.02 million.

²⁵ GHD, *NWGC Stormwater Management Strategy Review*, February 2018.

Draft recommendations

- 1 Undertake a comprehensive review of CP24L and CP24W within 18 months, and in doing so investigate the provision of transport and open space infrastructure:
 - needed to meet the demand arising from the higher anticipated development yield in the Schofields Precinct, and
 - in response to major planning proposals for the precinct.
- 2 Remove land and works for four detention basins and associated basin outlets and trunk drainage lines to be consistent with the strategy proposed by the GHD NWGC Stormwater Management Strategy Review, which would reduce the cost of:
 - stormwater management works in CP24W by an estimated \$16,228,380, and
 - stormwater management land in CP24L by an estimated \$7,131,000.

5.1 Transport

Our assessment of CP24 (2014) found that the technical studies listed in Table 5.1 establish nexus for most transport land and works in the plan.

Table 5.1 Technical studies for transport infrastructure in CP24 (2018)

Author	Title	Date
AECOM Australia Pty Ltd	<i>Schofields Precinct – Transport and Access Strategy</i>	24 June 2011
AECOM	<i>Burdekin Road Link Study</i>	2 June 2011

Note: The technical studies were commissioned by the Department of Planning and Environment.

The council relied on the same technical studies for CP24 (2018). Since our last assessment of the plan, there has been a substantial increase in the anticipated development yield for the precinct. There are also major planning proposals being prepared for the precinct.

We found that the inclusion of collector and local roads that were not derived from the technical studies and were not specifically addressed during our last assessment of CP24 (2014) was reasonable. We also found that there is sufficient nexus between the land and works for transport infrastructure and development in the Schofields Precinct in the short term. However, the council should undertake a comprehensive review of CP24L and CP24W to investigate the impact of:

- ▼ a higher anticipated development yield, and
- ▼ major planning proposals on the demand for transport infrastructure.

5.1.1 The inclusion of collector and local roads in the plan is reasonable

CP24 (2018) includes 10 sections of collector and local roads that were not identified as necessary by the technical studies. The council has included the half width and full width costs of these roads on a selective basis to make the contributions as affordable as possible. These roads are:

- ▼ upgrades of existing roads fronting public or environmental land, or
- ▼ new roads with no potential for a developer to construct a section of the road as a condition of development consent.²⁶

We consider the council's approach is reasonable and that nexus is established for the inclusion of these road items.

5.1.2 The increase in anticipated development yield is unlikely to change the scope of transport infrastructure in CP24 (2018)

CP24 (2018) assumes a net increase of 2,590 residential dwellings, which is 61 dwellings (2.5%) greater than the dwelling estimate used in CP24 (2014). As discussed in section 3.2.2, we consider that the dwelling estimate for Schofields should be significantly higher than the council has included in CP24 (2018).

Our assessment of CP24 (2014) found that the scope of transport infrastructure had spare capacity and the difference between forecast dwellings in the plan and the AECOM transport study would not materially affect the level and grade of the transport infrastructure to be provided. Based on updated population forecasts, we now expect approximately 676 more dwellings (21%) in the precinct than AECOM assumed.²⁷ We consider that the 'tipping point' for needing to provide additional transport infrastructure is likely to be quite high and the additional dwellings will not necessarily change the transport infrastructure required in the plan.

We find that the transport infrastructure in CP24 (2018) is likely to be reasonable in the short-term, but the council should undertake a comprehensive review to consider the need for any changes.

5.1.3 Planning proposals for Schofields may affect the need for transport infrastructure

Defence Housing Australia has submitted a request to prepare a planning proposal to amend the Growth Centres SEPP as it applies to its landholdings in the southern portion of the Schofields Precinct. The council is also undertaking planning for the Schofields Town Centre.²⁸

²⁶ Blacktown City Council, CP24W (2018), p 17 and CP24L (2018), p 19.

²⁷ Based on updated population estimates in the AEC report. See also section 3.2.2 of this report.

²⁸ See section 3.2.4 of this report.

Both planning proposals may involve changes to the planned transport infrastructure (including reconfiguration of the road network) in the precinct.²⁹ However, details of these proposals are not yet publicly available.

We find the transport infrastructure in CP24 (2018) is likely to be sufficient to meet the transport needs in the precinct in the short term. However, we recommend the council undertake a comprehensive review of the plan to investigate the need for additional transport infrastructure as a result of these major planning proposals.

5.2 Stormwater

Our assessment of CP24 (2014) found the supporting technical studies listed in Table 5.2 established nexus for most stormwater management land and works in the plan, except for the inclusion of a culvert (SE7.2). The Minister requested the council remove the culvert.

Table 5.2 Technical studies for stormwater infrastructure in CP24

Author	Title	Date	Commissioned by
J. Wyndham Prince	<i>Schofields Precinct Water Cycle Management Strategy Report Incorporating Water Sensitive Urban Design Techniques – Post Exhibition Report</i>	May 2012	Department of Planning and Infrastructure
Opus International	<i>Blacktown City Council Schofields Precinct Review of Water Cycle Management Strategy</i>	November 2012	Blacktown City Council

Source: CP24W (2018) Appendix A.

In CP24 (2018), instead of removing the culvert, the council replaced the culvert with a 51 metre wide channel (also named SE7.2). The council also changed the adjacent channel to a basin outlet (SE7.1).

The council relied on the same technical studies for CP24 (2018). As discussed in section 3.2.3, the council engaged GHD to prepare a revised stormwater strategy to reduce the costs of stormwater works. The GHD *North West Growth Centre Stormwater Management Strategy Review* (the GHD review) was recently endorsed by the Office of Environment and Heritage. However, the council did not consider the GHD review when preparing CP24 (2018).

We found the GHD review has superseded the technical studies prepared during precinct planning and the Minister's recommendation should be considered in light of the GHD review.

We find that nexus is not established for:

- ▼ some detention basins and their associated outlets, and
- ▼ land for the detention basins that GHD recommended the council remove.

²⁹ Blacktown City Council, Committee Business Paper for meeting of Wednesday 5 December, 2018.

5.2.1 Nexus is not established for some detention basins and associated outlets

The GHD Review recommended that the council should:

- ▼ remove six detention basins (SE4.2, SE1.4, SE6.2, SE7.1, SE8.1 and SE9.1)
- ▼ remove items specific to those detention basins, such as basin high flow outlets, but
- ▼ retain the water quality measures in the location of those detention basins.

The GHD Review also found that where the council removes a basin, compensatory works (eg, drainage channels and culverts) may be required to manage the stormwater flows.³⁰

Table 5.3 shows the stormwater items GHD recommended the council remove and the corresponding stormwater quantity and quality items in CP24 (2018).

Table 5.3 CP24 (2018) stormwater items identified for removal by the GHD Review

GHD – items for removal	Basins and associated outlets – CP24 (2018)		Associated water quality items – CP24 (2018)	
SE1.4	Basin SE1.4	Outlet SE1.7 ^a	Bio-retention SE1.5	GPT SE1.6
SE4.2	Basin SE4.2	Outlet SE4.1	Bio-retention SE4.3	GPT SE4.4
SE6.2	Basin SE6.2	Outlet SE6.1	Bio-retention SE6.3	GPT SE6.4
SE7.1 ^b	Basin SE7.3	Outlet SE7.1	Bio-retention SE7.12	GPT SE7.13
	Channel SE7.2 ^c			
SE8.1			Bio-retention SE8.1	GPT SE8.2
SE9.1			Bio-retention SE9.1	GPT SE9.2

^a This is a trunk drainage line and not an outlet pipe to the basin.

^b The GHD Review has incorrectly labelled basin SE7.3 as SE 7.1.

^c The Minister recommended the council remove SE7.2.

Sources: CP24W (2018), Appendix A and GHD, *Report for BCC NWGC Review*, February 2018 p 36.

We found the council has removed two basins (SE8.1 and SE9.1). However, it has retained four basins and associated outlets that GHD identified for removal. We consider that nexus is not established in CP24W (2018) for these four basins (SE1.4, SE4.2, SE6.2 and SE7.3) and associated outlets (SE1.7, SE4.1, SE6.1 and SE 7.1).

The Minister recommended the council remove culvert SE7.2. The council replaced the culvert with a 51 metre wide channel (also named SE7.2). GHD identified that this channel is required as compensatory works for the removal of basin SE7.3. We found that this establishes nexus for channel SE7.2.

We recommend that the council remove four detention basins and the water quantity items associated with these basins that GHD identified for removal. This would reduce the stormwater costs in CP24W (2018) by \$16,228,380 (\$23.9% of stormwater works).

³⁰ GHD, NWGC Stormwater Management Strategy Review, February 2018, pp 31 and 37.

5.2.2 Nexus is not established for land for basins identified for removal

The GHD review estimated that 7.15 hectares of land could be removed for detention basins SE1.4, SE6.2 and SE7.1.³¹ Table 5.4 shows our estimate of the cost of land associated with the basins that GHD identified for removal.

Table 5.4 Estimated land saving for basins identified for removal

Basins for removal	GHD land saving (ha)	Land in CP24L (2018) (ha)	Value in CP24L (2018) (\$)	Land saving (ha)	Land saving (\$)	Land saving plus 5% allowance (\$)
SE1.4	0.64	0.58	1,257,970	0.58	1,257,970	1,321,000
SE6.2	3.34	26.42 ^a	23,077,400	3.34	2,839,000	2,981,000 ^b
SE7.1	3.17			3.17	2,694,500	2,829,000 ^b
SE4.2 ^c	0	1.81	5,175,081	0	0	0
Total	7.15	28.81	29,510,451	7.09	6,791,470	7,131,000

^a Of the 26.42 hectares of land, 23.96 hectares is constrained land and 2.47 hectares is E4 environmental living land.

^b We have estimated the value of all land using the constrained land value of \$85/m².

^c The council has already acquired the land for this basin. The land serves a dual purpose function with open space.

Source: CP24L (2018), Land acquisition schedule,

We recommend the council remove the cost of land and the 5.0% allowance for other acquisition costs applied to the land for basins SE1.4, SE6.2 and SE7.1 from the plan. This would reduce the cost of land for stormwater management in CP24L (2018) by an estimated \$7,131,000 (9.0% of stormwater land costs).³²

5.3 Open space

Our assessment of nexus for open space considers the overall rate of provision of land for open space and recreation purposes, as well as the number and types of facilities for active and passive recreation.

CP24 (2018) includes a total of 27.53 hectares for open space, comprising:

- ▼ 15.38 hectares for local open space in the Eastern Creek catchment (local, neighbourhood, village, linear and basin parks), and
- ▼ 11.94 hectares for Reserve 980 (playing fields).

Recreational facilities consist of playing fields (4), netball courts (2), tennis courts (3), playgrounds (7) and exercise trails (2).

The council relied on the *Demographic and Social Infrastructure Assessment – Schofields Precinct* report, commissioned by the Growth Centres Commission and prepared by Elton Consulting in July 2011 (Elton Study) to determine amount of open space land and embellishment for CP24 (2014) and CP24 (2018).

³¹ Basin SE4.2 was not included because the council had already acquired the land for this basin. It also serves an open space function.

³² Our estimated adjustment does not include land that the council already owns.

5.3.1 The amount of open space land in CP24 (2018) is reasonable in the short term

With an area of open space land of 27.53 hectares and an estimated population of 7,513, the overall rate of provision in CP24L (2018) is 3.66 ha/1,000. As discussed in section 3.2.2, we consider the dwelling estimate for Schofields should be 3,876 dwellings, which we estimate would increase the population to 10,253. This would reduce the rate of open space provision of land to 2.69 ha/1,000 residents, which is below the rate recommended in the Elton Study of 2.92 ha/1,000.

Our assessment of CP24 (2014) found that the rate of open space provision of land (3.80 ha /1,000 residents) was high. We recommended the council remove three reserves, which would have reduced the overall rate of provision. The Minister declined to adopt our recommendation.

We consider that the provision of open space land in CP24L (2018) is reasonable in the short term. However, given that a higher anticipated development yield has been identified for the precinct, we recommend the council undertake a comprehensive review of CP24L (2018) to investigate whether additional land for open space would be needed to meet the demand arising from the likely increase in the number of new residents in the Schofields Precinct.

5.3.2 The level of embellishment is reasonable in the short term

We also found the type and number of sports fields (4) in CP24W (2018) is consistent with the recommendations of the Elton Study, and there are 5 courts compared with 6 recommended by the Elton Study. The council reduced the number of tennis courts as we previously recommended.

We consider there is nexus for all open space embellishment in CP24W (2018) in the short term. However, given the higher anticipated development yield in the precinct, we recommend the council undertake a comprehensive review of CP24W (2018) to investigate whether a higher level of embellishment would be needed to meet the demand arising from the likely increase in the number of new residents in the Schofields Precinct.


5.4 Community services

CP24L (2018) includes land for a local community neighbourhood centre. It also includes land for a district level 'aquatic facility'³³ located in Marsden Park to serve residents in six precincts, including Schofields.

We found the provisions in CP24L (2018) for land for community services are consistent with the recommendations in the Elton Study.

With the higher anticipated development yield for Schofields, the council may need to consider whether the facility on the site for the local community neighbourhood centre should be expanded to meet demand from a higher population. However, capital costs for community facilities are not funded by local infrastructure contributions. We consider that it

³³ CP24L section 7.3, p 29. The 'aquatic facility' will include space for community services facilities to serve six precincts in the Blacktown LGA.



is unlikely that additional land would need to be acquired in order to expand the floor space, if this were to be assessed as necessary.

We found that nexus for the land for community services in CP24L (2018) is established.

5.5 E2 Conservation Zone

As discussed in section 4.1, the E2 Conservation Zone serves an environmental purpose and does not meet the nexus criterion. However, our past assessments of the council's contributions plans have found that the inclusion of the reserve is reasonable because of the agreement between DPE and the council, which gives effect to the council's designation as the acquisition authority for the land under the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006*.³⁴ We maintain this position in our current assessment of CP24 (2018).

5.6 Plan administration

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

³⁴ See, for example, our assessments of CP21 Marsden Park, p 122, CP22 Rouse Hill, p 72 and CP20 Riverstone and Alex Avenue, p 17.

6 Criterion 3: Reasonable cost

Criterion 3 of the Practice Note requires IPART to assess whether the contribution rates in the plan are based on reasonable estimates of the costs of the proposed land and works.

The total cost of land, works and plan administration in CP24 (2018) is \$262.58 million (\$March2018). This comprises:

- ▼ \$150.83 million (57.4%) for the acquisition of land for local infrastructure
- ▼ \$110.09 million (41.9%) for local infrastructure works, and
- ▼ \$1.65 million (0.6%) for plan administration.

We have separately assessed the cost of land, works and plan administration in the plan. We also assessed the reasonableness of the plan's provisions for indexation of the base contribution rates.

Our assessment is that:

- ▼ The cost of land in the plan is mostly reasonable except for the allowance added for land that is yet to be acquired in the Schofields Precinct.
- ▼ The cost of works in the plan is reasonable in the short term.
- ▼ The cost of plan administration is mostly reasonable.
- ▼ The indexation of contribution rates is reasonable.

6.1 Land costs in the plan are mostly reasonable

CP24L includes 80.87 hectares of land, at a total cost of \$150,833,272. As Table 6.1 shows, the council has already acquired 14.7 hectares of this land (or 18.3%) at a cost of \$23.83 million. The remaining 66.1 hectares (81.7%) is yet to be acquired, and is included at an estimated cost of \$127.01 million.

Most of this land is within the Schofields Precinct. However, some land for community services and an E2 Conservation Zone is outside the precinct. This land is for establishing facilities that will be shared by several precincts within the Blacktown LGA.

Table 6.1 Land costs in CP24L (2018) (\$Mar2018)

Infrastructure category	Total area (ha)	Total cost in plan (\$)	Area acquired (ha)	Cost of land acquired (\$)	Area yet to be acquired (ha)	Cost of land yet to be acquired (\$)
Transport	2.24	6,408,748	1.00	1,993,748	1.24	4,415,000
Stormwater	49.06	80,072,264	6.61	8,670,264	42.45	71,402,000
Open space	27.53	57,548,260	6.42	12,240,260	21.11	45,308,000
Community services	0.91	5,100,000	0.00	0.00	0.91	5,100,000
E2 Conservation Zone	1.13	1,704,000	0.75	922,000	0.39	782,000
Total	80.87	150,833,272	14.77	23,826,272	66.10	127,007,000
<i>As a % of total</i>			18.3%	15.8%	81.7%	84.2%

Source: CP24L Works Schedule and IPART analysis.

We assessed the land costs included in the plan by considering the method the council used to estimate these costs. The methods are different, depending on whether the land has already acquired been or is yet to be acquired.

We found that:

- ▼ The cost for land already acquired in the plan is reasonable.
- ▼ The cost for land yet to be acquired within the Schofields Precinct is reasonable, except for a 5.0% allowance the council included for 'other acquisition costs'. We consider 2.0% of the estimated cost of this land is reasonable to cover other acquisition costs.
- ▼ The cost of land yet to be acquired outside the Schofields Precinct is reasonable.

Draft recommendation

- 3 Reduce the allowance for 'other acquisition costs' from 5.0% to 2.0% of the estimated market value of land yet to be acquired, except for the E2 Conservation Zone. We estimate this would reduce the total land cost in the plan by \$3,358,000.

6.1.1 Cost of land already acquired is reasonable

To estimate the cost of land already acquired, the council used its actual acquisition cost (historical cost) and indexed this by the CPI (All Groups) for Sydney to the base period of the plan (March 2018). This method is consistent with recoupment of costs as prescribed in the *Environmental Planning and Assessment Regulation 2000* for contributions plans.³⁵ On this basis, we consider the cost of land already acquired that is included in the plan is reasonable.

³⁵ *Environmental Planning and Assessment Regulation 2000*, cl. 251.

6.1.2 Cost of land yet to be acquired within Schofields Precinct is reasonable except for the 5.0% allowance for other acquisition costs

To estimate the cost of land yet to be acquired, the council:

- ▼ Engaged a qualified valuer to recommend average market values (dollars per square metre) for each underlying zoning of land in the precinct.³⁶
- ▼ Estimated the market value of each parcel of land to be acquired, based on the valuer's recommended average values and its own assumptions about:
 - the underlying zoning for each parcel of land, and
 - whether there are any encumbrances or development constraints on each parcel of land.
- ▼ Added an allowance equal to 5.0% of the estimated market value of each parcel for 'other acquisition costs'.

We consider that this method is reasonable, but we consider a 5.0% allowance to cover other acquisition costs is not reasonable.

The council indicated that this allowance is to cover any fee that it may have to pay in association with 'valuation costs and expert reports on planning, hydrology, native vegetation and surveying required to negotiate land purchases'.³⁷ In our view, this allowance is excessive because:

- ▼ The actual acquisitions data do not support applying a 5.0% allowance. For parcels of land the council has already acquired for CP24L (2018), the other acquisition costs were less than 2.0% of land values on average.
- ▼ The cost of expert reports as named by the council, in our opinion, would amount to much less than the total provision made in the plan.
- ▼ Some of the technical studies may be required only to inform the cost of works. Including these in the land costs may result in double counting of the same expense.
- ▼ More than 90% of the land yet to be acquired is located in the Stockland and DHA sites, and most of this land would be subject to a VPA or dedicated by the developer.³⁸

We consider that a 2.0% allowance as 'other acquisition costs' is reasonable and should give the council sufficient buffer for potential on-costs at the time of acquiring the remaining land within the Schofields Precinct in the plan. Reducing the allowance to 2.0% would reduce land costs by an estimated \$3,358,000.

6.1.3 Cost of land yet to be acquired outside Schofields Precinct is reasonable

As noted above, CP24L (2018) includes the cost of some land yet to be acquired *outside* the Schofields Precinct. This land is for establishing an E2 Conservation Zone and an aquatic

³⁶ Civic MJD, *Periodic review of Contributions Plan No24 – Schofields Precinct- Average Estimated land values*, 13 June 2018.

³⁷ Information from Blacktown City Council, 18 March 2019.

³⁸ Information from Blacktown City Council, 8 May 2019.

centre that will be shared with the Riverstone and Marsden Park precincts within the Blacktown LGA.

To estimate the cost of this land, the council used the estimated market values it obtained when preparing plans for the Rouse Hill and Marsden Park precincts, and added a 5.0% allowance for other acquisition costs. We consider this method is reasonable.

Although we consider that a 5.0% allowance for other acquisition costs is not reasonable for land in the Schofields precinct, we consider that a 5.0% allowance is reasonable for land acquired in the Rouse Hill and Marsden Park precincts. This is because land ownership is fragmented in those precincts which may result in higher costs when acquiring each individual parcel of land. The allowance applied also reflects the average value of such costs for land that the council has already acquired in those precincts.³⁹ This view is consistent with our previous findings on the council's Rouse Hill and Marsden Park Precinct contributions plans.

6.2 The cost of works is reasonable in the short term

In assessing whether the proposed development contributions are based on a reasonable estimate of the cost of the proposed infrastructure, we considered:

- ▼ the cost of works already constructed, and
- ▼ the basis for estimates of the cost of works not yet constructed.

We also considered our previous assessment of CP24 (2014) and its relevance to our current assessment of CP24W (2018), as it relates to Criterion 3 (Reasonable costs) for all infrastructure categories.

Our assessment of CP24 (2014) found the cost estimates were mostly reasonable, but recommended the council make cost adjustments for some stormwater and open space works. The Minister requested the council make these changes; the council made these requested changes and adopted the costs in CP24 (2015).

We found that:

- ▼ The actual costs included in the plan, which have already been incurred by the council, are reasonable.
- ▼ The remaining costs, based on estimates of the costs of works yet to be incurred, are reasonable in the short term until the council comprehensively revises the plan.

Draft recommendation

- 4 The council undertake a comprehensive review of the cost estimates for transport works, stormwater management works, open space embellishment, and works in the E2 Conservation Zone (Reserve 867) within 18 months. In doing so, it should:

³⁹ IPART, *Assessment of Contributions Plan 22 for Rouse Hill (Area 20 and Riverstone East)*, December 2018, p 9.

- Use the latest available schedule of rates for transport and stormwater management works, ensuring that unit rates are applied consistently across different items and infrastructure categories
- Use new QS or cost consultant advice for open space embellishment, applying updated definitions of landscaping types
- Use up-to-date designs for all infrastructure categories, including any available designs for required works identified in the *NWGC Stormwater Management Strategy Review*.
- Use updated cost estimates for works in the E2 Conservation Zone (Reserve 867).

6.2.1 The actual cost of works is reasonable

CP24W (2018) includes \$11.70 million or 10.6% of total costs based on what the council identifies as actual costs incurred (see Table 6.2).

Of the total 'actual costs' in CP24W (2018), approximately 95.1% are works delivered through a works-in-kind agreement (WIK) or voluntary planning agreement (VPA), as shown in Table 6.3. The remaining 'items constructed' have been delivered by the council.

Table 6.2 Cost of works in CP24W (2018) (\$March 2018)

Infrastructure category	Actual cost of works completed	Projected cost of works not yet completed	Total cost
Transport	5,653,786	8,709,683	14,363,469
Stormwater	4,770,211	63,027,122	67,797,333
Open space	1,273,282	26,060,600	27,333,882
E2 Conservation Zone	0	600,227	600,227
Total	11,697,279	98,397,632	110,094,911

Note: These amounts exclude the cost of plan administration for each infrastructure category.

Source: CP24W (2018) Appendix E and Works Schedule.

Table 6.3 Actual costs of works in CP24W (2018) (\$March 2018)

Infrastructure category	Actual works subject to a WIK or VPA	Actual works constructed by the council	Total actual works cost
Transport	5,537,496	116,290	5,653,786
Stormwater	4,318,803	451,408	4,770,211
Open space	1,273,282	0	1,273,282
Total	11,129,581	567,698	11,697,279

Note: Value of works subject to WIK or VPA is as per plan (ie, includes indexation)

Source: CP24W (2018) Works Schedule and IPART calculations.

Accordingly, most of the 'actual costs' in CP24W (2018) have not been directly incurred by the council, but reflect the value of contribution credits in the WIK agreements and VPAs, indexed to the base year of the plan.

The value of contribution credits in WIK agreements and VPAs is established in accordance with the relevant Blacktown City Council policy.⁴⁰ As such, they reflect cost estimates in CP24 (2015), which our assessment of CP24 (2014) found were reasonable except for some errors and double-counting which have been corrected. Consistent with the provisions of the *Environmental Planning and Assessment Regulation 2000*, the council has indexed these WIK agreements or VPA values from the date of the agreements to the base period of CP24W (2018) by CPI.⁴¹

We therefore consider that the actual costs in CP24W (2018) for works subject to a WIK agreement or VPA are reasonable.

The remainder of the actual costs are for items that are partially complete and they are based on invoices for work undertaken by the council. To assess whether these costs are reasonable, we compared the total costs for each item (actuals plus remaining costs) in CP24W (2018) with the indexed cost estimates in CP24 (2014) that we previously assessed to be reasonable.

We found that these costs in CP24W (2018) are generally lower than the cost estimates in CP24 (2014), and have a variance of less than 10% compared with the CP24 (2014) indexed cost estimates. On this basis, we consider they are reasonable.

6.2.2 The cost estimates for remaining works are reasonable in the short term

Our analysis of the reasonable cost criterion considers whether the costing method and cost estimates are reasonable. Table 6.4 sets out the council's approaches used for different infrastructure categories in CP24W (2018).

Table 6.4 The council's approaches for estimating remaining works costs

Infrastructure category	Costing approach
Transport and stormwater management	Council's schedule of rates in 2012/13, indexed to the base period of the plan using CPI
Open space	QS rates obtained in 2012, indexed to the base period of the plan using CPI
E2 Conservation Zone	Rates and quotes from past orders in 2008, indexed to the base period of the plan using CPI

Since we assessed CP24 (2014), the council has updated the cost estimates used in CP24W (2018) by indexing the adopted CP24 (2015) costs to the base period of the plan (March 2018) using the CPI. For the E2 Conservation Zone, the council continues to index the original (2008) estimate.

When preparing or revising contributions plans, councils should use the best available information to estimate the cost of the necessary local infrastructure. We found that the estimated cost of remaining works is outdated because the council did not apply its most recent tender or QS rates, or have regard to IPART's recent assessment of the council's other contributions plan:

⁴⁰ Blacktown City Council, *WIK Policy and WIK agreement template*, and *Voluntary Planning Agreements (VPAs) Council policy (Draft)*.

⁴¹ *Environmental Planning and Assessment Regulation 2000*, cl 32 (3) (b) (i).

- ▼ From our assessment of CP22 (2018), we know that the council has updated civil construction rates for the 2017-2018 financial year. The council did not apply these updated rates to derive its estimates for CP24W (2018).
- ▼ From our assessment of CP21 (2017) and CP22 (2018), we know that the council has updated QS advice but it has not used this updated advice in CP24W (2018). Our assessment of CP22 (2018) found that there were internal inconsistencies and inexplicable assumptions in the rate or scope of works within the council's latest QS advice. We found that this was unreasonable and recommended the council adjust the rates using the advice provided to IPART by Morrison Low.

We asked the council to revise and resubmit:

- ▼ its estimated cost of transport and stormwater management works using the latest available schedule of rates, and
- ▼ its estimated cost of open space using the rates adjusted by Morrison Low in our assessment of CP22.⁴²

The council did not revise its cost estimates, explaining that this would be resource intensive and it would not be able to complete the revisions within our assessment timeframe. The council also noted that revising the cost estimates would have little value at this time because it intends to do a major review of CP24 (2018) to take into account the recommendations in the GHD NWGC *Stormwater Management Strategy Review*.⁴³

While we consider the costs outdated, they were based on cost estimates in CP24 (2014) and CP24 (2015) which we previously have found to be reasonable. We have therefore accepted the council's approach and cost estimates in CP24W (2018) as reasonable in the short term. However, we recommend the council complete a comprehensive review of the plan within 18 months.

6.3 The cost of plan administration is mostly reasonable

CP24W (2018) includes \$1.65 million for plan preparation and administration. The plan does not include administration costs as a standalone category. Instead, it is included as a component of the contributions rate for each category of works.⁴⁴ This amount is 1.5% of works costs, consistent with the benchmark we proposed in our *Local Infrastructure Benchmark Costs Report*⁴⁵.

We found that using the IPART-recommended 1.5% of works costs as the basis for estimating plan administration costs in CP24W (2018) is reasonable.

⁴² We also asked the council to update the population estimates to reflect the higher anticipated development yields advised by Department of Planning and Environment in the Housing Market Needs Analysis draft report. We discuss the impact of the higher population on the demand for local infrastructure in section 3.2.2 of this report and the impact on apportionment is discussed in Chapter 8 of this report.

⁴³ Information from the council, 22 February 2019.

⁴⁴ CP24W (2018), Appendix E.

⁴⁵ IPART, *Local Infrastructure Benchmark Report*, April 2014, p 60.

We estimate that applying 1.5% to our recommended costs of works (as opposed to the costs of works currently in the plan) would reduce the cost of plan administration in CP24W (2018) by \$243,833.

Draft recommendation

- 5 Calculate the cost of plan administration for CP24W (2018) based on 1.5% of the adjusted cost of works. This would reduce the cost of plan administration by an estimated \$243,833.

6.4 Indexation of contribution rates

CP24 (2018) provides for quarterly indexation of contribution rates in accordance with movements in the Consumer Price Index – All Groups Sydney (CPI) for both land and works. This approach is consistent with the Regulation and is reasonable.

7 Criterion 4: Reasonable timeframe

Criterion 4 of the Practice Note requires IPART to assess whether the proposed public amenities and services can be provided within a reasonable timeframe. We do this by assessing whether the proposed timing of infrastructure delivery appears realistic. In so doing, we consider whether the plan provides IPART, the Minister and other stakeholders with enough information to understand the council's priorities. For this assessment of CP24 (2018), we considered:

- ▼ The findings from our assessment of CP24 (2014).
- ▼ The proposed timing of delivery of land and infrastructure works, having regard to what the council had proposed in CP24 (2014).
- ▼ The council's capacity to provide the proposed infrastructure within a reasonable timeframe.

We found the timeframe for delivery of land and works in the plan is reasonable. However, the plan does not acknowledge the uncertainty of the two major planning proposals which will likely impact the timing of infrastructure delivery. We also found the prioritisation of works specified in CP24W does not align with the infrastructure already delivered and the indicative timing of infrastructure delivery, and that CP24L does not provide an indicative timeframe for the acquisition of land for most infrastructure categories.

Draft recommendations

- 6 Amend the description of works prioritisation in CP24W so that it is consistent with Appendix A of the plan, and include additional information in the plan to provide stakeholders with information about how planning proposals, works-in-kind (WIK) Agreements, Voluntary Planning Agreements (VPAs) or any other factors could influence when works are delivered.
- 7 In CP24L provide the indicative timing, or factors influencing the timing, of land acquisitions for all infrastructure categories for which contributions will be levied.
- 8 When undertaking a comprehensive review of CP24L and CP24W, revise the indicative timeframe for the provision of the remaining works to be delivered and land acquisition.

7.1 Timeframe for delivery of works

Our assessment of CP24 (2014) found the timeframe for infrastructure delivery is reasonable. The prioritisation of works in CP24W is consistent with CP24 (2014). CP24W states that the council will prioritise the delivery of works according to infrastructure category. From highest to lowest, the priorities are: stormwater management, transport, open space, community services, and the E2 Conservation Zone.⁴⁶

⁴⁶ CP24L (2018) and CP24W (2018), p 7.

During our assessment we observed that:

- ▼ The council has extended the overall timeframe for delivery of works to 2034.
- ▼ The delivery of works to date is not consistent with the indicative timeframe for infrastructure delivery in CP24 (2014) or CP24 (2015).
- ▼ The council has updated the indicative timing for the delivery of the remaining works in CP24W.

While we consider the revised timing of infrastructure delivery reasonable, the plan does not acknowledge the uncertainty arising from two major planning proposals. The proposed timing of the remaining works is also not consistent with the infrastructure prioritisation stated in CP24W. We therefore recommend that in the short term, the council amend its description of works prioritisation and include additional information in the plan so that stakeholders understand the factors that will influence the timing of infrastructure delivery. In addition, when the council undertakes a comprehensive review of CP24L and CP24W it should revise the indicative timeframe for the provision of the remaining works.

7.1.1 The overall timeframe for delivery of infrastructure has been extended to 2034

Table 7.1 shows the indicative timeframe for the provision of works in CP24W (2018) compared with CP24 (2014) and CP24 (2015). The indicative timeframe in CP24W (2018) is four years longer than the indicative timeframe specified in CP24 (2014).

Table 7.1 Indicative timeframe for infrastructure delivery

Plan	Tranche 1	Tranche 2	Tranche 3
Draft CP24 (2014)	2013 – 2018	2019 – 2024	2025 – 2030
Adopted CP24 (2015)	2015 – 2020	2021 – 2026	2027 – 2032
Adopted CP24W (2018)	2013 – 2018 ^a	2019 – 2023	2024 – 2034

^a Includes actual completed costs (2013 -2018) and current (2018).

Source: CP24 (2014), Appendix A; CP24W (2018), Appendix A.

The council explained that the delivery of infrastructure is predominantly dictated by development and the actual delivery will only occur when there is development demand. The council initially adjusted the indicative timing to begin when the plan was adopted in 2015. It made further adjustments when it revised the plan to take into account actual delivery and development of the precinct.⁴⁷

7.1.2 The works delivered are not consistent with the indicative timeframe for infrastructure delivery in previous versions of the plan

Table 7.2 shows that compared with the council's expectations in CP24 (2014) and CP24 (2015):

- ▼ Overall, a smaller proportion of works have been completed.
- ▼ The types of works completed are different.

⁴⁷ Information from Blacktown City Council, 8 May 2019.

Table 7.2 Comparison of expected and actual infrastructure delivered during 2013 – 2018 in CP24 plans

Infrastructure category	CP24 (2014) expected	CP24 (2015) expected	CP24W (2018) actual	Difference between CP24 (2018) and CP24 (2015)
Transport	7.0%	7.1%	39.4%	+32.3%
Stormwater	34.6%	38.1%	7.0%	-31.0%
Open space	16.4%	16.7%	4.7%	-12.0%
E2 Conservation Zone	0.0%	0.0%	0.0%	0.0%
All categories	25.3%	28.4%	10.6%	-17.8%

Source: Draft CP24 (2014), CP24 (2015), CP24W (2018) Works Schedule and IPART calculations.

The council explained that this is because most works (95.1%) were provided through WIK or planning agreements with developers, and therefore it has had little control over the timing.

7.1.3 The council has updated the indicative timing for delivery of infrastructure in CP24W

The council explained that the delivery of the remaining works is likely to be influenced by developers, noting that the two major landholders (DHA and Stocklands) own over 50% of the Schofields Precinct and will provide approximately 76% of the remaining stormwater infrastructure and 74% of the open space infrastructure under VPAs or WIK agreements.⁴⁸

Table 7.3 shows that the council expects most of the remaining transport and open space embellishment, and around half of the remaining stormwater works will be completed within the next four years.

Table 7.3 Indicative timing of infrastructure delivery by category in CP24W (2018)

Infrastructure category	Completed (2013-2018) ^a	Current (2018) ^a	2019-2023	2024-2034
Transport	39.4%	2.2%	42.9%	15.5%
Stormwater	7.0%	3.7%	40.7%	48.6%
Open space	4.7%	0.1%	79.2%	16.0%
E2 Conservation Zone	0.0%	0.0%	0.0%	100.0%
All categories	10.6%	2.6%	50.3%	36.4%

^a Completed costs show the actual costs completed to date. Current shows the remaining cost of infrastructure expected to be complete by 2018.


Source: CP24W (2018) Works Schedule and IPART calculations.

For transport, the council has not changed the indicative timing of the remaining works.

For stormwater management, the council delayed the timing of works within the DHA site because it is subject to a planning proposal. The council intends to amend the proposed timing of the works when it knows the outcomes of the planning proposal.⁴⁹

⁴⁸ Information from Blacktown City Council, 8 May 2019.

⁴⁹ Information from Blacktown City Council, 18 March 2019.



For open space embellishment, the council has moved works to the 2024-2034 period in areas where the rate of development has been slower than previously expected, where a WIK agreement includes provisions for the works to be delivered in this period, and where it is unsure whether the works will be required.⁵⁰

For the E2 Conservation Zone, the council has shifted the timing of delivery to align with the timing specified in other contribution plans. This zone services a number of precincts in the North West Growth Area.

7.2 The proposed timing of land acquisitions appears reasonable

CP24L shows that since May 2016, the council has acquired only one piece of land (Item 976, in March 2018). The council explained that 91% of the land it is yet to acquire is located in the Stockland and DHA sites. Most of this land would be subject to a VPA or dedicated by the developer. The council has been negotiating the acquisition of some land outside of the areas subject to planning proposals, but these negotiations were not finalised before the exhibition of the revised CP24L.⁵¹

We note that CP24L provides indicative timing for the acquisition of land only in relation to land for community facilities. While we are satisfied with the council's explanations for the timing of land acquisitions, we consider that CP24L should outline the indicative timing, or factors influencing the timing, of land acquisitions for all infrastructure categories. This could include factors such as the rate of development, provisions of VPAs and the timing of delivery of infrastructure related to the land acquisition.

⁵⁰ Information from Blacktown City Council, 18 March 2019.

⁵¹ Information from Blacktown City Council, 8 May 2019.

8 Criterion 5: Apportionment

Criterion 5 of the Practice Note requires IPART to assess whether the apportionment of costs within CP24 (2018), and between CP24 (2018) and other contributions plans, is reasonable.

Apportionment refers to the allocation of the costs of land and works for local infrastructure between all those who create the need for the infrastructure, including any existing population. 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 and within developments.

The approach to apportionment in CP24 (2018) is shown in Table 8.1.

Table 8.1 Approach to apportionment in CP24 (2018)

Infrastructure category	Catchment	Type of development	Unit of apportionment	Cost shared with other precincts
Transport	Eastern Catchment (excludes tail in south west)	▼ Residential ▼ Non-residential	▼ Per person ▼ Per hectare of NDA	Yes (two items)
Stormwater management	Three catchments: ^a ▼ Eastern Catchment ▼ Eastern Creek West 1 ▼ Eastern Creek West 2	▼ Residential ▼ Non-residential	▼ per hectare of NDA ^b ▼ per hectare of NDA ^b	No
Open space	Two catchments: ▼ District Facility (entire precinct) ▼ Eastern Catchment (excludes tail in south west)	Residential	Per person	No
Community services	Single catchment	Residential	Per person	Yes (combined precinct facility)
E2 Conservation Zone	Single catchment	Residential	Per person	Yes
Plan administration	Follows catchment for infrastructure category works	▼ Residential ▼ Non-residential	▼ Per person ▼ Per hectare of NDA ^c	No

^a Varies for stormwater quantity/quality measures.

^b NDA adjusted for stormwater quality works.

^c Follows unit of apportionment of the infrastructure category works.

Note: Costs are apportioned only to new development, and catchments for all infrastructure categories exclude the Nirimba Education Precinct and the Transport Corridor Investigation Area.

Source: CP24L (2018) and CP24W (2018).

In assessing the apportionment of the cost of land and works for the infrastructure in CP24 (2018) we considered:

- ▼ the demand for infrastructure in the plan, arising from the expected development inside and outside the Schofields Precinct
- ▼ the capacity of any existing infrastructure and the needs of the existing population
- ▼ the demand generated by different types of development that will occur in the precinct
- ▼ our previous assessment of apportionment in CP24 (2014) and its relevance to our current assessment of CP24W (2018).

We found the council's general approach to apportioning costs to be reasonable, except for:

- ▼ using outdated estimates for the population of the Schofields Precinct (and other precincts for the combined facilities), and
- ▼ the approach which apportions transport costs to both residential and non-residential development.

We also found that our recommendation from our review of CP24 (2014) that the council update the apportionment of costs within CP24 when more reliable plans are available for proposed development in the Transport Corridor Investigation Area, remains relevant.

8.1 Catchment population estimates are too low

As discussed in section 3.2.1, we consider the population forecasts used in CP24 (2018) to apportion costs on a per person basis are too low.

To calculate an up-to-date estimate of the anticipated population of the Schofields Precinct, we adopted the AEC's *Housing Market Needs Analysis* estimates that the Schofields precinct will accommodate 3,876 dwellings, an increase of 1,065 dwellings, which are in CP24 (2018).⁵² Using this estimate of dwelling yield, assuming a conservative occupancy rate of 2.9 residents per dwelling and maintaining the council's exclusions, we estimate the total population for the precinct would be 10,491 residents (see Table 3.2).

In considering whether the higher anticipated development yield in the precinct would require an increase in the amount of infrastructure in a plan, our view is that:

- ▼ For transport infrastructure, the 'tipping point' for needing to provide additional transport infrastructure is likely to be quite large and the additional dwellings will not necessarily change the transport infrastructure required.⁵³
- ▼ For open space embellishment, we recommend the council undertake a comprehensive review of CP24W (2018) to investigate whether a higher level of embellishment would be needed to meet demand from the likely increase in the number of new residents.⁵⁴

⁵² AEC Group, *Priority Growth Areas: NWGC, Housing Market Needs Analysis*, July 2015, p 41. The NWPGA is now known as the North West Growth Area (NWGA).

⁵³ See section 5.1.2 of this report.

⁵⁴ See section 5.3.1 of this report.

- ▼ For land for community services facilities, is unlikely that additional land would need to be acquired in order to expand the floor space, if this were to be assessed as necessary to meet the needs of the additional new residents.⁵⁵

In the absence of evidence that more infrastructure would be required as a result of the higher estimated dwelling yield and residential population, if CP24 (2018) is amended to reflect the updated population forecasts, this should reduce the contribution rates for those categories of infrastructure apportioned on a per person basis, namely transport, open space, community services, the E2 Conservation Zone and plan administration. If the council does not use the updated population estimates in calculating contribution rates, it could ultimately collect revenue that, in total, exceeds the costs in the plan.

If the council had used the higher population estimate when preparing CP24 (2018), and assuming this higher population estimate does not trigger the need for additional infrastructure, we estimate that the per person contribution rate:

- ▼ for transport land and works combined would have been \$2,035, rather than the rate of \$2,885 in the plan, and
- ▼ for open space land and embellishment would have been \$8,007, rather than the rate of \$11,581 in the plan.

Draft recommendation

- 9 Update the apportionment of costs and calculation of contribution rates using a population forecast of 10,491 residents. This requires adjustment to the per person contribution rates for the transport, open space, community services, and E2 Conservation Zone infrastructure categories, and for the cost of plan administration for those infrastructure categories, where relevant.

8.2 Population estimates for other precincts are also out-dated

CP24 (2018) includes the cost of two combined precinct facilities which are to be shared with contributions plans of other precincts: a community resource hub to be located in Marsden Park, and the E2 Conservation Zone.

Consistent with recommending the council update the population estimate for Schofields, we also recommend the council use the most up-to-date publicly available population estimates for those other precincts when apportioning the share of costs to CP24 (2018).

Using the revised population estimates for the combined precinct facilities shown in Table 8.2 and Table 8.3, we have calculated the revised percentage of costs to be allocated to CP24 (2018). The changes to the share of costs allocated to CP24 (2018) would be:

- ▼ a decrease from 12.6% to 11.5% for the cost of land for the combined precinct facility for community services, and
- ▼ a decrease from 5.6% to 5.3% for the cost for the E2 Conservation Zone.

⁵⁵ See section 5.4 of this report.

Draft recommendation

- 10 Use the most recent publicly available population estimates for each of the relevant precincts (see Table 8.4) to apportion the costs of the combined precinct facilities (community services and the E2 Conservation Zone) to CP24 (2018). For CP24 (2018), we estimate this would:
- reduce the cost of land for community services by \$136,572
 - reduce the cost of land for the E2 Conservation Zone by \$77,240
 - reduce the cost of works for the E2 Conservation Zone by \$27,167.

Table 8.2 IPART-adjusted apportionment of the combined precinct community services facility

Precinct	CP24 population estimate	CP24 apportionment %	CP24 apportioned cost	IPART population estimate	IPART apportionment %	IPART apportioned cost
Marsden Park Industrial	3,504	5.9	\$739,000	4,045	4.5	\$558,468
Marsden Park	30,238	50.9	\$6,379,000	40,608	44.7	\$5,606,498
Schofields	7,513	12.6	\$1,585,000	10,491	11.5	\$1,448,428^a
Marsden Park North	11,200	18.8	\$2,363,000	19,917	21.9	\$2,749,819
West Schofields	5,600	9.4	\$1,181,000	14,381	15.8	\$1,985,497
Shanes Park	1,400	2.4	\$295,000	1,400	1.5	\$193,289
Total	59,455	100	\$12,542,000	90,842	100	\$12,542,000

Source: CP24 and IPART calculations.

Table 8.3 Revised population estimates for apportionment of costs of the E2 Conservation Zone

Precinct	CP24 population estimate	CP24 percentage	IPART population estimate	IPART percentage
Riverstone	26,229	19.4%	44,835	22.7%
Alex Avenue	17,999	13.3%	27,216	13.8%
Area 20	13,420	9.9%	15,878	8.0%
Riverstone East	17,817	13.2%	18,560	9.4%
Marsden Park Industrial	3,504	2.6%	4,045	2.0%
Marsden Park	30,238	22.4%	40,608	20.6%
Schofields	7,513	5.6%	10,491	5.3%
Marsden Park North	11,200	8.3%	19,917	10.1%
West Schofield	5,600	4.2%	14,381	7.3%
Shanes Park	1,400	1.0%	1,400	0.7%
Total	134,920	100%	197,331	100%

Source: CP24 (2018) and IPART calculations.

Table 8.4 Source of estimates for apportionment of combined precinct facilities

Precinct	Source of estimate
Riverstone Alex Avenue (CP20)	AEC Group, <i>Priority Growth Areas: NWGC, Housing Market Needs Analysis</i> , July 2015
Area 20 Riverstone East (CP22)	Analysis underpinning DPE, <i>North West Growth Priority Area Land Use and Infrastructure Implementation Plan</i> , May 2017 and using higher occupancy rates, as advised by DPE in November 2018 (see IPART, <i>Assessment of Blacktown City Council's CP22 Rouse Hill</i> , December 2018)
Marsden Park Industrial Marsden Park	AEC Group, <i>Priority Growth Areas: NWGC, Housing Market Needs Analysis</i> , July 2015
Schofields	IPART estimate
Marsden Park North	<i>Marsden Park North Precinct Exhibition Discussion Paper</i> (September 2018), or the precinct planning finalisation report when available
West Schofield	<i>West Schofields Precinct Exhibition Discussion Paper</i> (September 2018), or the precinct planning finalisation report when available
Shanes Park	CP24 (2018) (as DPE advises not be rezoned in the near future)

8.3 Approach to apportioning costs to non-residential development is not reasonable

The plan divides the developable area in the transport catchment between residential and non-residential development land zonings, and applies a different basis to apportion costs within each. The plan provides that costs are to be levied:

- ▼ on a per person basis in residential zoned developable areas, and
- ▼ on a net developable area (NDA) basis in non-residential zoned developable areas.

Apportionment calculations for transport works are set out in Table 8.5. The catchment size used for apportioning costs for per person rates is the residential population forecast of 7,275 in CP24W (2018).⁵⁶ The catchment size for apportioning costs to non-residential development is the total NDA for the Schofields Precinct (134.12 hectares). The same approach is used to apportion the cost of land, resulting in a per person rate of \$881 and a per hectare rate of \$47,783.

Table 8.5 Apportionment of transport works in CP24W (2018)

	Calculation	Base Rate
Total transport works costs		\$14,578,921
NDA of transport catchment in Schofields Precinct (ha)		134.12 (ha)
Population of the precinct (people)		7,275 (people)
Residential development (per person)	$= 14,578,921 / 7,275$	$= \$2,004$
Non-residential development (per hectare)	$= 14,578,921 / 134.12$	$= \$108,699$

Source: Blacktown City Council, CP24W (2018), Works Schedule and IPART analysis.

We consider the council's approach to apportioning costs between residential and non-residential development is likely to result in a small over recovery of costs. This is because the council has not adjusted the catchment size to reflect the split between the area of land zoned for residential and non-residential development.

Our preferred approach is for the council to apportion costs only to residential development and remove the charge on non-residential development. We consider this is the simplest way to address the potential over recovery of costs. It also recognises that the non-residential development, which will occur on land zoned B1 and B2, will largely meet the needs of local residents for neighbourhood or local centre retail/commercial facilities, rather than being large commercial development likely to generate traffic from outside the precinct. Our approach avoids the need to make assumptions about the potential mix of residential and non-residential development within the land zoned B1 and B2, which would be necessary if the split of costs between residential and non-residential were maintained.

⁵⁶ This is the population of the Eastern Creek Catchment. The estimated population of the south-western 'tail' of the precinct (238) is excluded from the residential population for apportionment of transport costs.

Draft recommendation

- 11 Apportion the costs for transport infrastructure in CP24L and CP24W across residential development only (and thus remove the non-residential development contributions for transport infrastructure from CP24L and CP24W).

8.4 Exclusion of the Transport Corridor Investigation Area is reasonable in the short term

The Transport Corridor Investigation Area (TCIA) was included in the zoning when the Schofields Precinct was incorporated into the Growth Centres SEPP in 2012. Its purpose was to reserve land from development while the NSW Government determined its needs for providing public transport to service the North West Growth Centre.⁵⁷ The TCIA covers 8.04 hectares of residential zoned land with potential densities of between 30-40 lots per hectare. As it is possible this area may not be developed residentially, the council excludes a potential 284 dwellings (823 persons) from the catchments of CP24 (2018).⁵⁸

For all infrastructure categories, CP24 (2018) excludes the land and residents within the TCIA from the net developable area (NDA) and population catchment when apportioning the cost of infrastructure. This is because the council assumes that the entire area will be developed for state transport infrastructure.

We maintain that it is reasonable for the council to exclude the Transport Corridor Investigation Area from the plan catchment in CP24 as an interim measure. We recommend, however, that the council review and update the apportionment of costs in the plan when more information about development in the corridor area is available.

Draft recommendation

- 12 Update the apportionment of costs within CP24 when more information is available on the proposed development in the Transport Corridor Investigation Area.

⁵⁷ DPE, *Schofields Precinct Post-Exhibition Planning Report*, May 2012, pp 8 and 25.

⁵⁸ CP24L (2018), pp 5-6.

9 Criterion 6: Consultation

Criterion 6 of the Practice Note requires IPART to assess whether the council has conducted appropriate community liaison and publicity in preparing the contributions plan.

The council publicly exhibited the draft plan from 27 June 2018 to 24 July 2018, and wrote to major developers in the Schofields Precinct informing them about the exhibition. No submissions were received.

For CP24 (2018), we consider the council has satisfied the Practice Note's consultation criterion.

10 Criterion 7: Other matters

This chapter presents our assessment of other matters (Criterion 7). We found that the presentation of information in CP24 (2018) should be more transparent around all land acquisitions.

Draft recommendation

- 13 Amend CP24 (2018) to improve transparency around land acquisitions by including:
- sufficient information for stakeholders to identify the land acquisitions associated with individual infrastructure items in the plan, and
 - mapping that enables stakeholders to identify the location of infrastructure and any land acquisitions that are not associated with infrastructure (such as riparian corridor land).

10.1 Separation of the plan for land and works reduces transparency

CP24 (2018) is separated into different plans for land and works:

- ▼ CP24L – Schofields (Land) includes only land for local infrastructure, and
- ▼ CP24W – Schofields (Works) includes local infrastructure works and administration costs

Most of the contributions plans IPART has assessed so far present the land and works in one combined plan that enables easy identification of land acquisitions for the associated local infrastructure works. We find that it is difficult for stakeholders to do this or identify how timeframes for land acquisitions compare with the associated works when land and works plans are separated. It is also not possible for stakeholders to identify any land that is not associated with local infrastructure (such as riparian corridors).

This information has been mostly available for IPART to extract from the more detailed and confidential costing and works schedules provided by the council. However, the separation of CP24 (2018) into separate plans for land and works and changes to the presentation of the works schedules in each plan have reduced the transparency of the size and location of land acquisitions for other stakeholders.

We recommend the council amend the plan to provide sufficient information for stakeholders to identify the land acquisitions associated with individual infrastructure items in the plan, and mapping that enables stakeholders to identify the location of infrastructure and any land acquisitions that are not associated with infrastructure (such as riparian corridor land). We made a similar recommendation in our assessment of Blacktown City Council's CP22 for Rouse Hill in December 2018.

A Terms of reference

INDEPENDENT PRICING AND REGULATORY TRIBUNAL ACT 1992 TERMS OF REFERENCE

Reviewable Contributions Plans - *Environmental Planning and Assessment Act 1979*

I, GLADYS BEREJIKLIAN MP, Premier, under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* approve provision, by the Independent Pricing and Regulatory Tribunal (**IPART**), of services to the Minister for Planning with respect to reviewing Reviewable Contributions Plans, in accordance with the following terms of reference.


Premier
Dated: 15/11/15

Background

The Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012 contemplates that a Council may submit a Contributions Plan to IPART for review, where the Plan would (but for the Direction) authorise a contribution under section 7.11 of the EP&A Act that exceeds the maximum amount that the Direction allows to be imposed as a contribution in relation to residential development.

The Minister for Planning may also refer any contributions plan to IPART for review where the Minister considers there is merit in having an independent assessment.

Services

On and from the date that these terms of reference are issued to IPART, IPART is to review each Reviewable Contributions Plan submitted to it and provide the Minister for Planning and the relevant Council with a report on its review.

In providing the services, IPART must:

- (a) review the relevant Reviewable Contributions Plan in accordance with the assessment criteria set out in the Practice Note, including whether the public amenities and services to which the Contributions Plan relates are on the essential works list (if any) set out in the Practice Note;
- (b) consider, in its review of the Reviewable Contributions Plan, whether the estimate of the costs of providing those public amenities and services, as set out in the Plan, are reasonable;
- (c) publish a report of its review on its website; and
- (d) provide a copy of the report to the Minister for Planning and the relevant Council.

Consultation

In conducting a review under these terms of reference, IPART must:

- (a) consult with the Department of Planning and Environment (NSW);
- (b) consult with the relevant Council and any other person IPART considers appropriate; and
- (c) consider any criteria set out in the Practice Note (in addition to any other matters IPART considers relevant).

Definitions

Contributions Plan means a contributions plan or draft contributions plan prepared by the relevant Council for the purposes of imposing conditions under section 7.11 of the EP&A Act.

Council has the same meaning as it has in the *Local Government Act 1993*.

EP&A Act means the *Environmental Planning and Assessment Act 1979*.

Practice Note means the "Revised Local Development Contributions Practice Note: For the assessment of Local Contributions Plans by IPART" issued by the Department of Planning and Environment and dated January 2018, as amended or replaced from time to time.

Reviewable Contributions Plan means a Contributions Plan submitted to IPART as contemplated by the *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* or referred to it by the Minister for Planning.

B Assessment against information requirements in the EP&A Regulation

Clause 27 of the *Environmental Planning and Assessment Regulation 2000* requires certain information to be included in a contributions plan. As part of our assessment we have checked whether CP24 (2018) contains the information required by this clause of the Regulation. A summary of this analysis is provided in the table below.

Assessment against information requirements in the EP&A Regulation

Subclause	Location in CP24
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 3.1, 4.1, 5.1, 6.1 and 7.1 of CP24L Sections 2.1, 3.1, 4.1, 5.1 of CP24W
1(d) The formulas to be used for determining the section 7.11 contributions required for different categories of public amenities and services.	Section 3.5, 4.4, 5.4, 6.7 and 7.2 of CP24L Sections 2.5, 3.4, 4.3 and 5.2 of CP24W
1(e) The section 7.11 contribution rates for different types of development, as specified in a schedule in the plan.	Appendix E of CP24L Appendix F of CP24W
1(g) The council's policy concerning the timing of the payment of monetary section 7.11 contributions, section 7.12 levies and the imposition of section 7.11 conditions or section 7.12 conditions that allow deferred or periodic payment.	Sections 9.2 and 9.6 of CP24L Sections 7.2 and 7.6 of CP24W
(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 E of CP24L Appendices A to F of CP24W
1(i) If the plan authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes, the priorities for the expenditure of the contributions or levies, particularised by reference to the works schedule.	Section 1.21
1A Despite subclause (1) (g), a contributions plan made after the commencement of this subclause that makes provision for the imposition of conditions under section 7.11 or 7.12 of the Act in relation to the issue of a complying development certificate must provide that the payment of monetary section 7.11 contributions and section 7.12 levies in accordance with those conditions is to be made before the commencement of any building work or subdivision work authorised by the certificate.	Sections 1.9 and 1.10

2	In determining the section 7.11 contribution rates or section 7.12 levy percentages for different types of development, the council must take into consideration the conditions that may be imposed under section 4.17 (6)(b) of the Act or section 97 (1)(b) of the <i>Local Government Act 1993</i> .	No such conditions mentioned in the plan
3	A contributions plan must not contain a provision that authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes unless the council is satisfied that the pooling and progressive application of the money paid will not unreasonably prejudice the carrying into effect, within a reasonable time, of the purposes for which the money was originally paid.	Section 1.21

C CP24 (2014) – IPART recommendations and Ministerial advice

Table C.1 Minister's advice to the council on CP24 (2014)

IPART recommendation	Did the Minister ask the council to make a change?	Has the council implemented the requested change?
1. The council removes the cost of facilities for culvert SE7.2. This would reduce the cost of essential works in CP24 by \$817,075 (including administration costs).	Yes	No – addressed in chapter 5
2. The council: – clarifies in CP24 that it has omitted stormwater measures to manage flows at the Elgin Street extension because the nearby lots are unlikely to be developed and will not require the stormwater infrastructure – updates the location and cost of land and works for Basin 9 (SEW1.1 to 1.3) when a feasible alternative site is found.	Yes Yes – when alternative is found.	Yes No longer relevant – see discussion in chapter 5
3. The council removes \$7,646,355 from the cost of CP24 (including administration costs), comprising: – land and embellishment for Reserve 974 (\$2,971,605) – land and embellishment for Reserve 977 (\$1,547,605) – land and embellishment for Reserve 989 (\$2,436,945) – embellishment for two tennis courts for Reserve 980 (\$690,200).	No No No Yes	 Yes
4. To increase transparency, the council includes an explanation of its methods for estimating the cost of land in CP24.	Yes	Yes
5. The council updates the cost of land for the aquatic facility in CP24 when precinct planning for the Marsden Park Precinct is complete	Yes	Yes
6. The council reduces the cost of Basin 2 (SE1.4) by \$322,770 (including administration costs) to correct a cost estimate for the piped outlet.	Yes	Yes – see discussion in chapter 5
7. The council reduces the cost of open space embellishment in CP24 by \$11,055,380 (including administration costs), as set out in its revised open space cost sheets submitted on 23 June 2014. This excludes the revision for the plan of management for Reserve 980.	Yes	Yes
8. The council updates the base costs for works to the E2 Conservation Zone when CP20 – Riverstone and Alex Avenue is reviewed.	Yes	Yes

IPART recommendation	Did the Minister ask the council to make a change?	Has the council implemented the requested change?
9. The council removes the relevant lots adjacent to Elgin Street (which are unlikely to be developed) from the apportionment calculations for all infrastructure categories.	Yes	Yes
10. The council not apportions the cost of open space infrastructure to the residential population expected in the Eastern Creek West catchments, except for the costs for the district park sports complex (Reserve 980) and the land for the aquatic facility.	Yes	Yes
11. The council reviews and update the population estimates used in the apportionment calculation for the land for the aquatic facility to reflect the latest population estimates prior to the adoption of CP24.	Yes	No – addressed in chapter 8
12. The council reviews and updates the population estimates used in the apportionment calculation for Reserve 867 to reflect the latest population estimates prior to the adoption of CP24.	Yes	No – addressed in chapter 8
13. The council updates the apportioned costs within CP24 when more reliable plans are available for the Transport Corridor Investigation Area.	Yes, when available	No – addressed in chapter 8
14. The council includes additional guidance in CP24 about the offset arrangements for works-in-kind.	Yes	Yes
15. The council undertakes a quality assurance check of CP24 prior to its adoption to implement corrections and address inconsistencies between CP24 and relevant supporting information.	Yes	Yes – the council's application form states that quality assurance has been undertaken
16. All councils undertake a quality assurance check of their contributions plans and relevant supporting information, prior to submitting their contributions plan to IPART for review. This check should seek to correct any errors and outdated information before the plan is submitted for assessment.	Yes	Yes – the council's application form states that quality assurance has been undertaken
17. As noted in IPART's report, the reduced costs of infrastructure should also be reflected in the costs of plan administration	Yes	Yes – see discussion in chapter 5

Source: IPART, *Assessment of Blacktown City Council's Draft Section 94 Contributions Plan No 24*, August 2014, Letter from Minister for Planning to Blacktown City Council dated 4 March 2015.