

FACT SHEET

Summary of Section 94 contributions plans reviewed by IPART

Based on IPART's assessment of Blacktown City Council's Draft Section 94 Contributions Plans No 21 – Marsden Park Industrial Precinct and Draft Section 94 Contributions Plans No 22 – Area 20.

Background

Under Section 94 of the *Environmental Planning and Assessment Act 1979*, councils can obtain contributions from developers to fund local infrastructure required for new development. Councils seeking contributions must prepare a contributions plan. A contributions plan is a public document which shows the council's policy for the assessment, collection, expenditure and administration of contributions.

During 2010, the NSW Government made a number of amendments to the framework for contributions plans. These changes include:

- ▼ imposing caps on the amount that councils can levy developers – the cap is \$20,000 for established areas and \$30,000 for 'greenfield' areas
- ▼ requiring councils to levy contributions only for essential infrastructure which the government has specified in an Essential Works List
- ▼ requiring councils to submit to IPART for review any contributions plans that have a contribution rate above the cap and for which the council is seeking additional funding, either from the state government or from ratepayers
- ▼ exempting a number of existing developments from the cap and the requirement for review by IPART
- ▼ providing for councils to seek funding through the Priority Infrastructure Fund or through special rate variations for reasonable costs above the cap.

IPART does not review all of the contributions plans. IPART only reviews:

- ▼ new contributions plans which propose a developer contribution level above the relevant cap
- ▼ existing contributions plans above the relevant cap for which a council seeks funding from the Priority Infrastructure Fund or through a special rate variation under the *Local Government Act 1993*
- ▼ contributions plans referred by the Minister for Planning and Infrastructure.

IPART recently assessed 2 draft section 94 contributions plans from Blacktown City Council:

- ▼ Draft Contributions Plan No 21: Marsden Park Industrial Precinct (CP21 MPIP)
- ▼ Draft Contributions Plan No 22: Area 20 (CP22 Area 20).

The developer contributions calculated from these plans exceed the \$30,000 cap for greenfield sites. The maximum contribution rate per residential lot is:

- ▼ \$48,147 (\$2011) within CP21 MPIP
- ▼ \$74,326 (\$2011) within CP22 Area 20.

IPART has reviewed these plans and has submitted its reports to the Minister for Planning and Infrastructure and Blacktown City Council.

How IPART assessed the contributions plans

We assessed each of the plans against the criteria set out in the Practice Note:

- ▼ The public amenities and public services in the plan are on the 'Essential Works List' as identified within the Practice Note.
- ▼ There is a nexus between the development in the area to which the plan applies and the kinds of public amenities and public services identified in the plan.
- ▼ The proposed development contribution is based on a reasonable estimate of the costs of the proposed public amenities and public services.
- ▼ The proposed public amenities and public services can be provided within a reasonable timeframe.
- ▼ The proposed development contribution is based on a reasonable apportionment between existing demand and new demand for the public amenities and public services.
- ▼ The council has conducted appropriate community liaison and publicity in preparing the contributions plan.
- ▼ The plan complies with other matters IPART considers relevant.

Summary of IPART's findings against the assessment criteria

Our assessments reinforce our previous finding from our 3 reviews last year that, the cost of providing infrastructure in north west Sydney is significant and well above the caps. We found that most of the infrastructure and costs in the 2 plans are reasonable. However, we have made some recommendations to remove or reduce the cost of some works because they do not meet the assessment criteria.

Although IPART has not been able to quantify the impact on costs for all of our recommendations, amendments to the plans would reduce the total cost of works by around at least:

- ▼ \$3.0 million for CP21 MPIP , from \$318.6 million to \$315.6 million
- ▼ \$5.8 million for CP22 Area 20, from \$93.5 million to \$87.7 million.

We recommend that council should further consider the options for the disposal of fill for construction works. For example, fill can sometimes be used on site or in nearby construction works rather than taken to landfill. Further cost savings would result to the extent that this is possible.

Essential Works List

We found nearly all of the works in the contributions plans are on the Essential Works List. However, administration costs are not on the Essential Works List and we recommended that these costs should be removed from the plans. For CP22 Area 20, we found that some open space cost items are not on the Essential Works List and we have recommended that they should be removed from the plan.

Nexus

We found that there is nexus between nearly all of the infrastructure in both plans and the development in the precincts. For CP21 MPIP, we have recommended the removal of a raingarden for managing stormwater flows. For CP22 Area 20, we found that the council has double counted some open space facilities which should also be removed.

Reasonable costs

We found that most of the costs in both plans are reasonable. However, we consider that the costs of some stormwater management facilities should be revised or removed in both plans. This mainly relates to tip fees for fill, landscaping costs and professional fees. We have also recommended that the council improve its approach to indexing some costs.

Apportionment

For the apportionment of costs, we found that most of the costs have been reasonably apportioned in both plans. However, for CP22 Area 20, we found that some of the costs of Cudgegong Reserve should also be partially apportioned to the neighbouring Riverstone East Precinct.

Consultation

We consider that the council has conducted appropriate community liaison in preparing both plans. The council has publicly exhibited both plans during June and July 2012.

Other matters

Lastly, we found that the information provided in the plan complies with the *Environmental Planning and Assessment Act 1979* and the *Environmental Planning & Assessment Regulation 2000*. However, to make the plan clearer and more transparent, we consider that both plans should contain more detailed information. This includes the assumptions underlying the plan, the capacity of existing local facilities, the anticipated development yield and the anticipated timeframe for development of Area 20 and the MPIP.

Further Information

For the full reports, please visit our website:

<http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt>