



Assessment of Contributions Plan No. 24

Blacktown City Council

**Final Report
Local Government**

August 2019

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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 *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 in the *Local Infrastructure Contributions Practice Note 2019* (Practice Note).²

We released our Draft Report for consultation in June 2019 and received three submissions, one from the council and two from major land owners.³ After considering the submissions and additional information provided by the council, we have maintained the same findings and recommendations relating to the essential works, reasonable cost, reasonable timeframe and other matters criteria. We updated some of our findings and recommendations on nexus and apportionment, and included a new recommendation to remove certain stormwater management land and works associated with the Bridge Street rezoning.

This Final Report sets out our findings and recommendations to the Minister for Planning and Public Spaces (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 taxpayers do not pay too much for local infrastructure (if costs are too high);⁴ 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

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 Blacktown City Council submission to IPART Draft Report, 5 July 2019 (Blacktown City Council submission); Defence Housing Australia (DHA) confidential submission to IPART Draft Report, 9 July 2019 (DHA submission); Stockland submission to IPART Draft Report, 5 July 2019 (Stockland submission).

⁴ 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.

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).

We have provided our assessment to 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'.

The amount that the council can charge developers is capped at \$45,000 per residential lot or dwelling until 30 June 2020 and 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.⁵ From 1 July 2020, the contributions cap will be removed entirely and the council can charge developers for the full amount, in accordance with the IPART reviewed plan.

1.1 The council should comprehensively review the plan

This is the second time IPART has reviewed CP24.⁶ 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.

We found that the revised plan does not take into account changes since our 2015 assessment. These include a higher anticipated development yield in the precinct, the development of a revised stormwater management strategy,⁷ and updates to the council's schedule of rates for transport and stormwater management works costs. It also did not consider IPART's recent assessments of open space costs in plans for nearby precincts, which are relevant to this plan.

There are several major planning proposals for the precinct that are being prepared by the major land owners and the NSW Government.⁸ These have the potential to further influence development yields as well as the scope and location of infrastructure.

As a result, our overarching recommendation is that the council should undertake a comprehensive review of CP24L and CP24W within the next 18 months. The council's submission to our Draft Report noted that it plans to do this.

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:

⁵ Clause 6A of the Ministerial Direction applies to CP24 (2018).

⁶ IPART first assessed draft CP24 in 2014. The council addressed the Minister's recommendations and adopted the plan in 2015. See section 3.1.

⁷ GHD, *North West Growth Centre Stormwater Management Strategy Review*, February 2018.

⁸ This includes planning proposals for the Schofields Town Centre Priority Precinct, Altrove Town Centre Precinct and DHA-owned land. See section 3.2.4.

- ▼ Update population forecasts for the development area, and apply these updated forecasts in apportioning costs and calculating contribution rates. This recommendation remains unchanged from our Draft Report, though we agree with the council's submission that there is value in the Department of Planning, Industry and Environment (DPIE) assisting the council to determine a more accurate dwelling and population estimate and whether any additional land or infrastructure is required to meet the needs of the new residents.
- ▼ Remove the works for four detention basins, to be consistent with the strategy proposed by the *NWGC Stormwater Management Strategy Review*. This recommendation has changed from our Draft Report in that we no longer recommend the council remove the basin outlets and land associated with the four detention basins.
- ▼ Remove the land and works for some stormwater management items associated with the Bridge Street rezoning. This is a new recommendation in line with Stockland's submission to our Draft Report and additional information provided by the council.
- ▼ Reduce the allowance for 'other land acquisition costs' from 5.0% to 2.0%. This recommendation remains unchanged from our Draft Report.

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).

1.3 Overview of findings and recommendations

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

Criterion 1: Essential works

We are required to assess whether the land and works 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 the Department of Planning and Environment (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 acknowledge that 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. However, we found that nexus is established for all transport and open space infrastructure, in the short term.

We found that, compared to the previous version of the plan we assessed in 2015, nexus is no longer established for:

- ▼ The works components of four detention basins, in light of the changes associated with the revised stormwater management strategy.
- ▼ Certain stormwater management land and works associated with the Bridge Street rezoning.

To address these findings we recommend that the council remove the relevant stormwater management items from the plan. Additionally, we recommend that the council undertake a comprehensive review of CP24L and CP24W within 18 months, and in doing so investigate the provision of transport, stormwater management and open space infrastructure. This should address the impacts of a higher anticipated development yield and several major planning proposals, as well as refining the design of stormwater management items to implement 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 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 its application to 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 works

We found the actual cost of works already completed are reasonable. We found most of the cost estimates for the remaining works are 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.

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 address this in its comprehensive review of the plan.

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. However, we recommend that the council update the cost of plan administration so that it is 1.5% of our recommended costs of works (as opposed to the costs of works currently in the plan).

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 overall timeframe for the delivery of land and works in CP24 (2018) is reasonable. However:

- ▼ The plan does not acknowledge the uncertainty of the major planning proposals which will likely impact the timing of infrastructure delivery.
- ▼ The proposed timing of the remaining works in CP24W is not consistent with the infrastructure prioritisation stated in CP24W.
- ▼ CP24L does not provide an indicative timeframe for the acquisition of land for most infrastructure categories.

We recommend the council address these findings by acknowledging the uncertainty, reviewing statements about the prioritisation of works and adding indicative timing for the acquisition of land.

In addition, we recommend that the council revise the indicative timeframe for land acquisition and the provision of remaining works to be delivered when comprehensively reviewing the plan.

Criterion 5: Apportionment

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

We 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. To address this finding, we recommend the council update its apportionment of costs and calculation of contribution rates using the higher population estimate.

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. To address the council's concern about the potential under-recovery of contributions revenue, we recommend the council apportion transport costs to residential development only and reduce the population estimate to account for potential non-residential development that would no longer be available for residential development.

Criterion 6: Community consultation

We are required to assess whether the council has conducted appropriate community liaison and consultation 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. We recommend the council amend CP24 (2018) to improve transparency around land acquisitions.

1.4 Impact of our recommendations

We have made 14 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 \$21,424,531 (or 8.2%) 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), which we estimate would reduce the 'per person' contribution rates for open space, stormwater management and community services infrastructure by around 30%. Overall, our recommendations would reduce the



indicative residential contributions in the plan between 19% and 25% for the Eastern Creek - Eastern (Eastern) catchment and between 6% and 10% for the Eastern Creek - West (West 1 and West 2) catchments.

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 \$5,417,812 (3.6% 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		
Remove land for four stormwater items associated with the Bridge Street rezoning		-1,691,000	
Reduce allowance for 'other acquisition costs' from 5.0% to 2.0%		-1,993,000	
		-3,684,000	76,388,264
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	-5,417,812	145,415,460

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 \$16,006,719 (14.3% 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		-12,791,000	
Remove cost of works for six additional stormwater works items associated with the Bridge Street rezoning		-2,952,000	
		-15,743,000	52,054,333
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		-236,553	
		-236,553	1,414,870
Total	111,746,334	-16,006,719	95,739,615

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 8.2%, but the impact on indicative residential contribution rates for different infrastructure categories would not be uniform, because of different catchments for stormwater management and different approaches to apportionment. We have presented our estimates of the impact on contribution rates for residential development by infrastructure category in Table 1.3 for CP24L and Table 1.4 for CP24W.

For transport, open space, community services and the E2 conservation zone infrastructure, the indicative residential contribution rates have decreased by around 30% in CP24L and CP24W. The reduction is largely driven by our recommendation to use a higher estimated population to apportion these costs. The impact on CP24L contribution rates for these infrastructure categories is higher compared to CP24W because we have also recommended the council reduce the allowance for other land acquisition costs.

For stormwater management infrastructure, the residential contribution rates have decreased by around 3 to 4% in CP24L and 24 to 30% in CP24W. Our recommendations to remove some stormwater land and works is concentrated in the Eastern Creek – Eastern (Eastern) catchment area. The contribution rates in CP24L and CP24W for the Eastern Creek – West 1 (West 1) stormwater catchment have not changed because all land has been acquired and our recommended adjustments to stormwater works are located in the Eastern catchment area. There is a small reduction in the contribution rates in CP24L for the Eastern Creek – West 2 (West 2) catchment from our recommendation to reduce the allowance for other land acquisition costs.

Infrastructure category	Catchment	Unit of charge	Plan rate (\$)	IPART rate (\$)	Difference (\$)	Difference (%)
Transport	Eastern	Per person	881	613	-268	-30.4
Stormwater	Eastern	Per ha NDA	584,850	557,502	-27,348	-4.7
	West 1	Per ha NDA	333,183	333,183	0	0
	West 2	Per ha NDA	254,734	247,144	-7,590	-3.0
Open space	Eastern ^a	Per person	5,983	4,158	-1,825	-30.5
	Schofields – district facility ^a	Per person	1,866	1,298	-568	-30.4
Community services ^b	Schofields	Per person	679	463	-216	-31.7
E2 Conservation Zone	Schofields	Per person	227	155	-72	-31.7

^a The Eastern catchment will contribute to the cost of open space reserves in the Eastern catchment and the district facility. The West (West 1 and West 2) 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).

Note: Net Developable Area (NDA)

Source: CP24L (2018), Appendix E and IPART Analysis.

Table 1.4 Contribution rates for residential development – CP24W (\$Mar2018)

Infrastructure category	Catchment	Unit of charge	Plan rate (\$)	IPART rate (\$)	Difference (\$)	Difference (%)
Transport	Eastern	Per person	2,004	1,422	-582	-29.0
Stormwater	Eastern (R2 & E4)	Per ha NDA	498,273	379,135	-119,138	-23.9
	Eastern (other)	Per ha NDA	410,103	290,964	-119,138	-29.1
	West 1	Per ha NDA	579,084	579,084	0	0
	West 2	Per ha NDA	331,740	331,740	0	0
Open space	Eastern ^a	Per person	1,254	890	-364	-29.0
	Schofields – District facility ^a	Per person	2,478	1,775	-703	-28.4
E2 Conservation Zone	Schofields	Per person	81	55	-26	-31.6

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

Source: CP24W (2018), Appendix E and IPART Analysis.

Our estimate of the impact on indicative residential contributions is shown in Table 1.5 for the Eastern catchment area and Table 1.6 for the West 1 and West 2 catchment areas.

Table 1.5 Indicative contributions for residential development – Eastern Catchment (\$Mar2018)

Type of development	Density (dwellings/ha)	Occupancy rate (people/dwelling)	Plan contribution (\$)	IPART contribution (\$)	Difference (\$)	Difference (%)
Low density	12.5	2.9	131,464	106,338	-25,126	-19.1
Low density	15.0	2.9	117,058	93,850	-23,208	-19.8
Medium density	25.0	2.7	81,524	63,180	-18,344	-22.5
Medium density	30.0	2.7	74,858	57,523	-17,335	-23.2
High density	40.0	2.7	66,599	50,453	-16,146	-24.2
High density	45.0	2.7	63,813	48,096	-15,717	-24.6

Source: CP24L (2018) and CP24W (2018) Works Schedules and IPART analysis.

Table 1.6 Indicative contributions for residential development – West Catchments (\$Mar2018)

Catchment	Density (dwellings/ha)	Occupancy rate (people/dwelling)	Plan contribution (\$)	IPART contribution (\$)	Difference (\$)	Difference (%)
West 1	15.0	2.9	76,307	71,685	-4,622	-6.1
West 2	15.0	2.9	54,577	49,459	-5,118	-9.4

Source: CP24L (2018) and CP24W (2018) Works Schedules and IPART analysis.

1.5 List of recommendations

Our 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, stormwater management and open space infrastructure:
 - Needed to meet the demand arising from the higher anticipated development yield in the Schofields Precinct,
 - Needed to implement the revised stormwater management strategy, and
 - In response to major planning proposals for the precinct. 36
- 2 Remove works for four detention basins 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 \$12,791,000. 37
- 3 Remove land and works for some additional stormwater items based on the Bridge Street rezoning, which would reduce the cost of:
 - Stormwater management works in CP24W by an estimated \$2,952,000.
 - Stormwater management land in CP24L by an estimated \$1,691,000. 37

Reasonable cost

- 4 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 \$3,513,000. 47
- 5 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). 48
- 6 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 \$236,553. 48

Reasonable timeframe

- 7 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. 56
- 8 In CP24L provide the indicative timing, or factors influencing the timing, of land acquisitions for all infrastructure categories for which contributions will be levied. 56
- 9 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. 56

Apportionment

- 10 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. 61
- 11 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. 61
- 12 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), reducing the population estimate to account for land that would no longer be available for residential development (Eg, if land was used for a school). 61

-
- 13 Update the apportionment of costs within CP24 when more information is available on the proposed development in the Transport Corridor Investigation Area. 62

Other matters

- 14 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).
- 70

1.6 Structure of this Final Report

The following chapters provide our analysis of CP24 (2018) against the criteria in the Practice Note, and explain the 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).

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.⁹

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.¹⁰

⁹ 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.

¹⁰ See Department of Planning and Environment, *Local Infrastructure Contributions Practice Note*, January 2019 (Practice Note).

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

- ▼ For specified transition areas, up to a capped amount (currently \$45,000 in greenfield areas and \$35,000 elsewhere) and apply for Local Infrastructure Growth Scheme (LIGS) funding for the amount of any contribution which is above the cap.
- ▼ For other areas, the full contribution amount.

The Schofields Precinct is a specified transition area. This means that the council can levy contributions under CP24 (2018) up to the maximum contribution of \$45,000 per residential lot or dwelling. 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, in accordance with the IPART-reviewed plan.¹¹

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.

¹¹ 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),¹²
- ▼ The Minister's advice to the council about the recommendations from our assessment of CP24 (2014),
- ▼ 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, and
- ▼ Information we received from submissions in response to our Draft Report.

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.¹³
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.

¹² 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.

¹³ 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.¹⁴ 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 (DHA) which is one of the two major landholders 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),
- ▼ Sought information on aspects of the plan from DPE, and
- ▼ Sought public submissions related to the assessment criteria.

¹⁴ See Appendix C.



We received three submissions in response to our Draft Report. Our Draft Report and stakeholder submissions are available on our website (www.ipart.nsw.gov.au).

2.6 What will happen next?

We have delivered our Final Report to the Minister for Planning and Public Spaces and the council as required by the Ministerial Direction.

The Minister will then consider our assessment and, if appropriate, request the council to amend the contributions plan. The council may levy development contributions up to a capped amount (which is \$45,000 per dwelling until 30 June 2020), in accordance with the IPART-reviewed plan 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 into two parts:

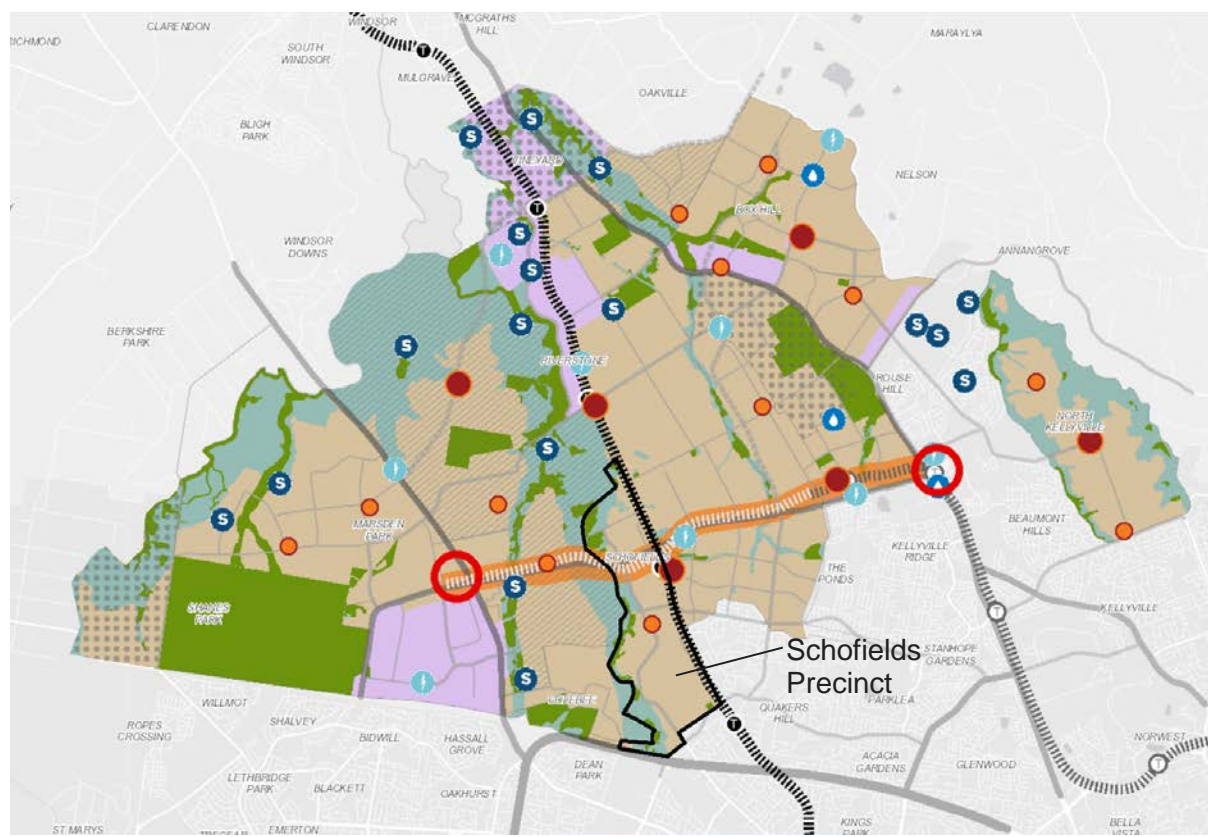
- ▼ CP24L – Schofields (Land) includes only land for local infrastructure
- ▼ CP24W – Schofields (Works) includes local infrastructure works and administration costs.

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,¹⁵ 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.

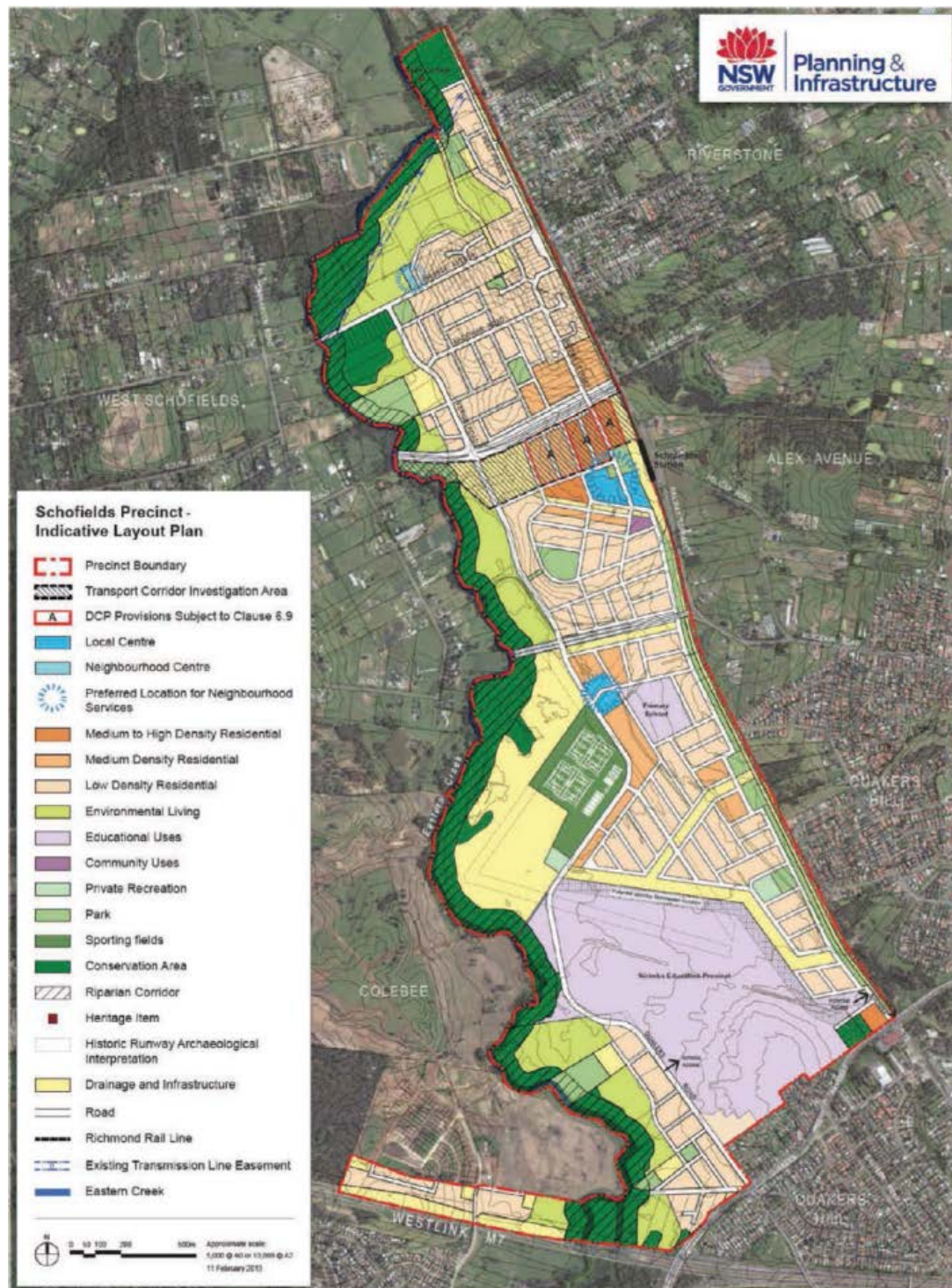
The council expects that development in the precinct will occur over approximately 25 years (ie, by year 2038). Since 2013, approximately half of the Schofields Precinct has been developed or has had development applications approved.¹⁶ There are two major developers in the precinct, Stocklands and Defence Housing Australia, which together own around two thirds of the developable area.

¹⁵ Department of Planning and Environment, *Post Exhibition Finalisation Report Schofields Precinct*, January 2013, p 9.

¹⁶ 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 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.

The adjusted net developable area (NDA) of the Schofields Precinct is 139.5 hectares (See Table 3.1).

Table 3.1 Net Developable Area in Schofields Precinct

	Area (ha)
Total area of precinct	479.7
<i>Less:</i>	
▼ Land for existing development (that is unlikely to be redeveloped)	-24.7
▼ Land for state and local public infrastructure - including Nirimba Education Precinct	-203.3
▼ Land for Transport Corridor Investigation Area ^a	-8.0
▼ Land for environmental living ^b	-37.8
▼ Undevelopable land – including conservation land, flood prone land, rural land	-66.3
Total adjusted NDA	139.5

^a 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).

^b Assumes 13 large dwellings in the environmental living area capped at 800 sqm per dwelling.

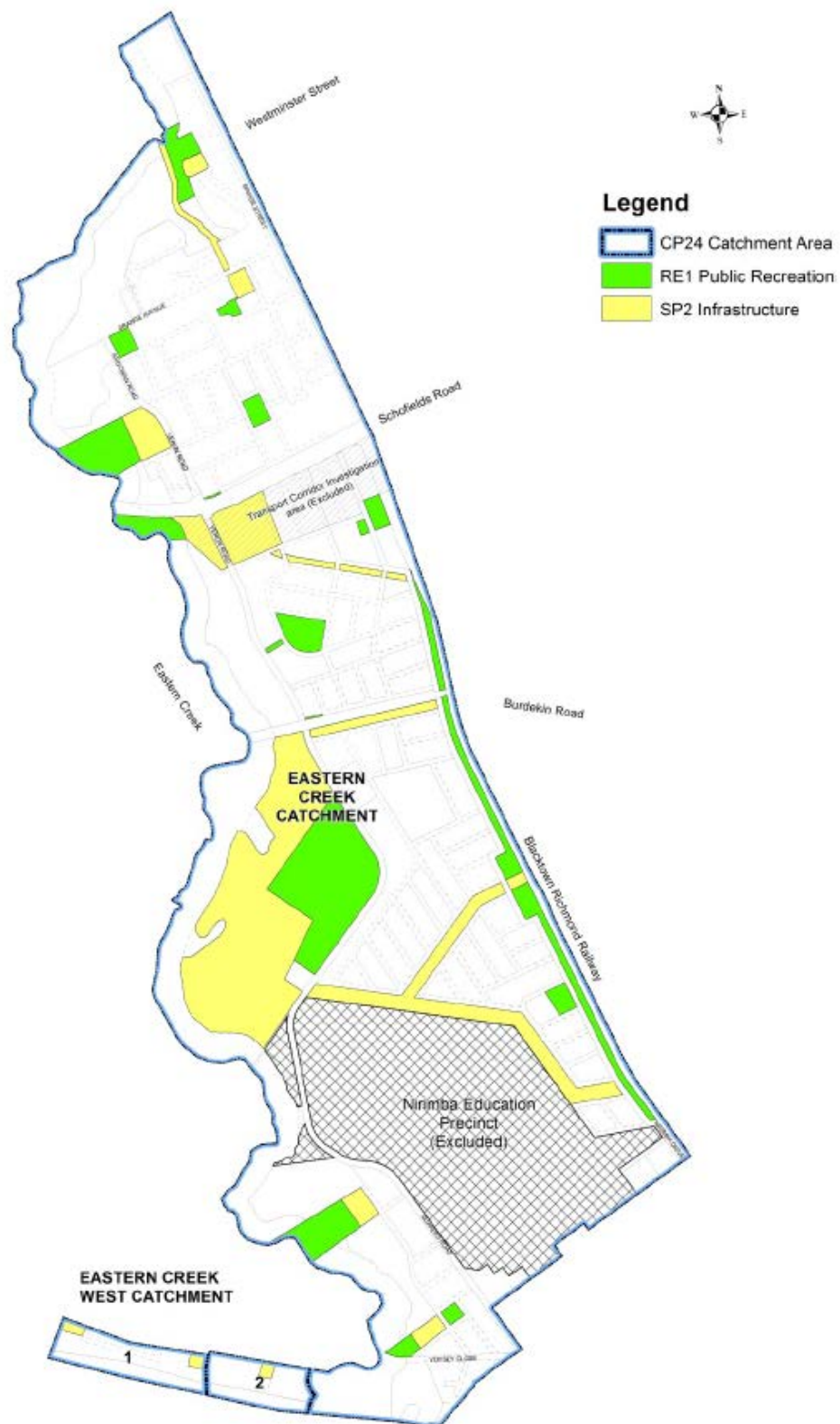
Source: CP24L (2018) and CP24W (2018) Works Schedule.

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

- ▼ Eastern Creek (Eastern) – to the east of the Eastern Creek riparian corridor
- ▼ Eastern Creek – West 1 (West 1)– to the west of the Eastern Creek riparian corridor (marked '1' on map), and
- ▼ Eastern Creek – West 2 (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 West 1 and West 2 catchment areas. The council's proposed contributions in CP24 (2018) are outlined in section 3.4.

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 3.2 shows the population assumptions the council has used to calculate contributions in CP24 (2018).

Table 3.2 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 catchment is used to apportion the costs of transport, stormwater management and open space within that catchment.

^b The 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 plan.¹⁷ 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*.¹⁸ 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.¹⁹

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 estimate that 3,876 dwellings would accommodate approximately 11,241 residents, based on an occupancy rate of 2.9 people per dwelling. This population estimate 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 Area.²⁰ Maintaining

¹⁷ IPART, *Assessment of Contributions Plan 22 for Rouse Hill (Area 20 and Riverstone East)*, December 2018, p 9.

¹⁸ 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).

¹⁹ Email from Department of Planning and Environment, 23 November 2018.

²⁰ GHD, *Report for Department of Planning and Environment – Priority Growth Areas Open Space Audit – North West Area*, April 2016, p 33.

the council's exclusions, we estimate the total population for the precinct will be 10,491 residents (see Table 3.3).

Table 3.3 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.

In response to our Draft Report, the council objected to our estimate of the population for the Schofields Precinct. Its view is that population estimates should only be adjusted when additional local infrastructure is planned to match the demand created by the additional population.

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, 500 extra people will not generate the need for more road capacity, however 5,000 extra people might.

This means that, beyond a point an increase in population forecasts would increase infrastructure costs in a contributions plan, the effect of higher population forecasts would generally be to lower contribution rates in plans as costs are allocated across more people. We discuss the impact of a higher anticipated development yield on the need for additional infrastructure in Chapter 5.

The council's submission also highlighted that it has consistently advocated for DPIE to amend precinct planning to address the infrastructure provision shortfall arising from an increase in population in a precinct or across a number of precincts. It requested that IPART make a recommendation for DPIE to amend the Schofields Precinct Plan.²¹

We agree that there is value in DPIE assisting the council to determine a more accurate dwelling and population estimate and confirm whether any additional land or infrastructure is required to meet the needs of the new residents.

We discuss the impacts of a higher population in relation to the demand for infrastructure in Chapter 5 and in relation to the apportionment of costs in Chapter 8 (in particular, see section 8.2).

²¹ Stockland submission to IPART Draft Report, p 6.

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

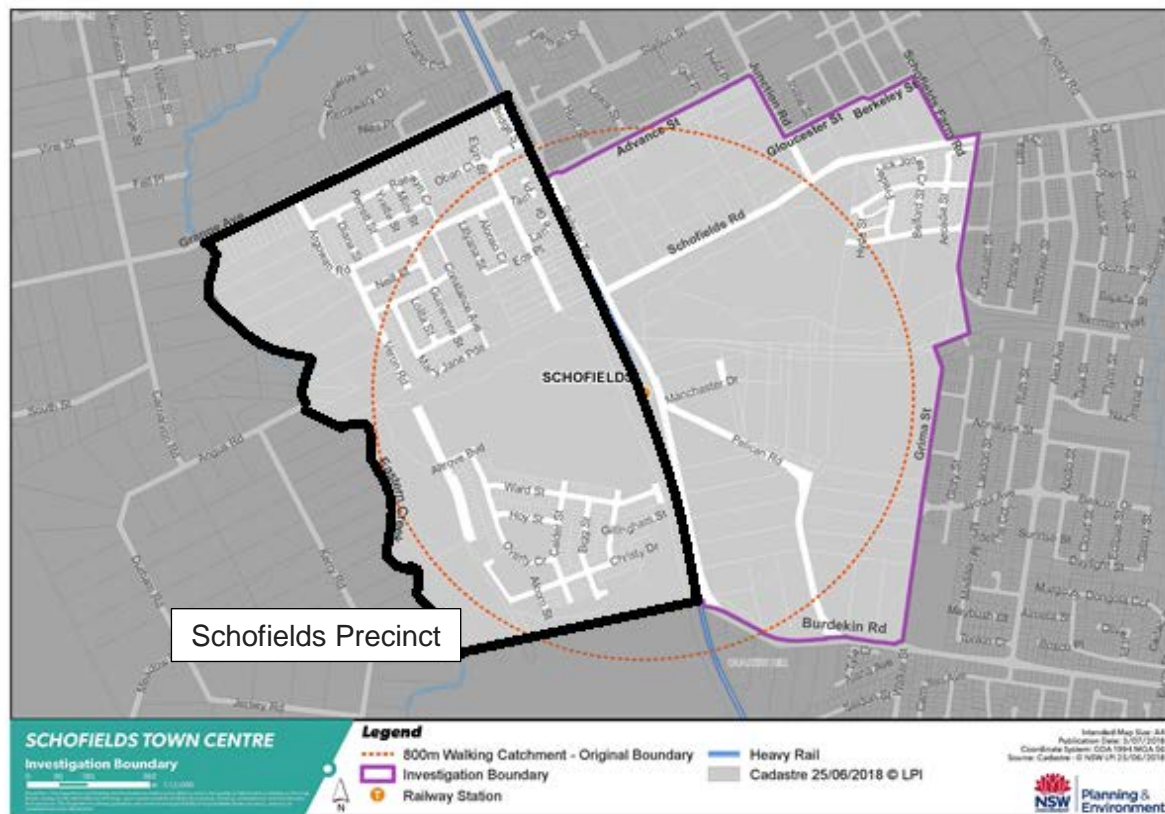
There are two areas within the Schofields Precinct where zonings are likely to change as a result of the following three planning proposals:

- ▼ Planning Proposal for Schofields Town Centre Priority Precinct
- ▼ Planning Proposal for Altrove Town Centre (also within the Schofields Town Centre Priority Precinct, and
- ▼ Planning Proposal for land owned by Defence Housing Australia (DHA).

Schofields Town Centre Priority Precinct

DPIE, 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 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>

Altrove Town Centre planning proposal

The Stockland submission identified an additional planning proposal for the Schofields Precinct for the Altrove Town Centre.²² Stockland has been working with the council on this planning proposal since 2016. Stockland is currently liaising with DPIE and Transport for NSW in relation to this planning proposal.

This planning proposal seeks to amend the land use controls to respond to the future Metro line extension in the Transport Corridor Investigation Area. The planning proposal also seeks to amend and reconfigure land and infrastructure works currently in the plan, as well as provide additional infrastructure in this area to support an increase in the development yield and population.

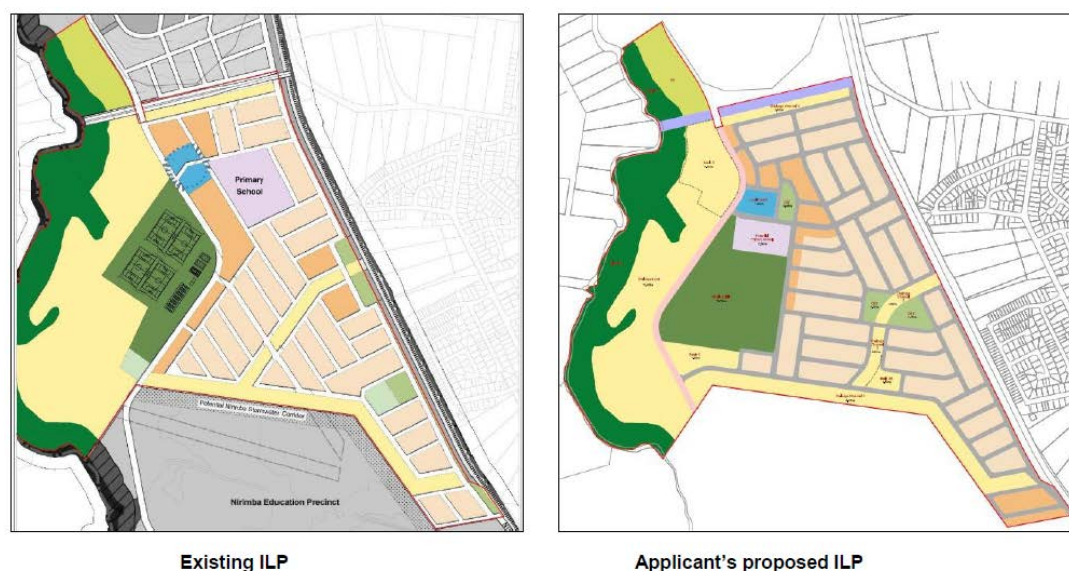
Planning proposal – DHA landholding, Schofields Precinct

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

²² Stockland submission to IPART Draft report, p 6.

amendments to the Growth Centres Development Control Plan (DCP) Schedule 5 (Schofields Precinct), including the Indicative Layout Plan.²³ Figure 3.5 shows the planning proposal from DHA.

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.²⁴ 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 3.4 provides a breakdown of costs in CP24 (2018) by infrastructure category.

Table 3.4 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.

²³ Blacktown City Council, Planning, Development, Historical & Assets Committee Business Paper, meeting of 5 December, 2018.

²⁴ 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 3.5 and Table 3.6 set out the contribution rates for each infrastructure category in CP24 (2018).

Table 3.5 Contribution rates – CP24L (\$Mar2018)

Infrastructure category	Catchment	Residential (\$)	Non-residential (\$)
Transport	Eastern	881 per person	47,783 per ha NDA
Stormwater	Eastern	584,850 per ha NDA	584,850 per ha NDA
	West 1	333,183 per ha NDA	333,183 per ha NDA ^c
	West 2	254,734 per ha NDA	254,734 per ha NDA ^c
Open space	Eastern ^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 catchment will contribute to the cost of open space reserves in Eastern catchment and the district facility. The 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 West catchments, however these catchments do not have non-residential development within their catchment area.

Source: CP24L (2018), Appendix E.

Table 3.6 Contribution rates – CP24W (\$Mar2018)

Infrastructure category	Catchment	Residential (\$)	Non-residential (\$)
Transport	Eastern	2,004 per person	108,699 per ha NDA
Stormwater	Eastern (R2 & E4) ^a	498,273 per ha NDA	498,273 per ha NDA
	Eastern (other) ^a	410,103 per ha NDA	410,103 per ha NDA
	West 1	579,084 per ha NDA	579,084 per ha NDA ^c
	West 2	331,740 per ha NDA	331,740 per ha NDA ^c
Open space	Eastern ^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 has two sub-catchments, where Eastern (R2 & E4) is for low residential and environmental living. Eastern (other) applies to all other development within Eastern sub catchment.

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

^c A non-residential contribution rate is provided for the 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 3.7 sets out the indicative (uncapped) contributions rates for various types of residential development in Eastern, West 1 and West 2 catchments.

Table 3.7 Indicative residential contributions per dwelling/ lot for CP24 (2018) (\$Mar18)

Type of development	Density (dwellings per ha)	Occupancy rate (people per dwelling)	Eastern (\$)	West 1 (\$)	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.²⁵

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.²⁶ 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 contribution credit of 450 square metres and occupancy of 2.9 people will apply to all existing lots previously zoned R2 in the existing Schofields township.²⁷

²⁵ CP24L (2018), section 9.4 and CP24W (2018), section 7.4.

²⁶ CP24L (2018) and CP24W (2018), section 1.7.

²⁷ CP24L (2018), section 9.3 and CP24W (2018), section 7.3.

4 Criterion 1: Essential works

Criterion 1 of the Practice Note requires IPART to assess whether the proposed land and infrastructure included in the plan are consistent with the essential works list.

4.1 Summary of findings and recommendations on essential works

We found that, with the exception of the E2 Conservation Zone (Reserve 867), all land and works in CP24 (2018) are consistent with the essential works list in the Practice Note. The inclusion of plan administration costs in CP24 (2018) is also consistent with the essential works list in the Practice Note.

Our findings on essential works have not changed since our Draft Report. Most stakeholders did not comment on this criterion in their submissions to our Draft Report. Stockland noted that some stormwater items should be removed because they are redundant and are no longer essential infrastructure. This relates to the nexus criterion and is discussed in Chapter 5.

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.

4.2 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*.²⁸

²⁸ 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

To assess 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 recent GHD *North West Growth Centre Stormwater Management Strategy Review* (the GHD review)²⁹ on the need for stormwater management infrastructure.

The sections below summarise our findings and recommendations on nexus, then discuss our assessment of each infrastructure category in more detail.

5.1 Summary of findings and recommendations on nexus

For **transport** and **open space**, we found that nexus is established for both infrastructure categories in the short term only. This is because the council relied on the same technical studies used in CP24 (2014)³⁰ and these do not account for the higher anticipated development yields for the precinct. There are also several major planning proposals that may impact the type, scope and/or location of transport and open space infrastructure required for development.

We are recommending the council undertake a comprehensive review of CP24L and CP24W, including detailed investigation of the demand for transport and open space infrastructure arising from the higher anticipated development yield in the Schofields Precinct, and the potential changes being contemplated in major planning proposals for the precinct.

Our findings and recommendations on these infrastructure categories have not changed since our Draft Report. In submissions to our Draft Report, the council and Stockland expressed support for them.

²⁹ GHD, NWGC Stormwater Management Strategy Review, February 2018.

³⁰ These studies were completed between 2010 and 2012.

For **stormwater management**, we found that nexus is established for all land and works in the plan **except** for:

- ▼ Four detention basins, and
- ▼ Land and works for some additional stormwater items based on the Bridge Street rezoning.

The finding on the detention basins is similar to our Draft Report, which found that the council did not consider the most current strategy (the GHD Review)³¹ when preparing CP24 (2018) and therefore nexus is not established for land and works for four detention basins and associated outlets. Although we have maintained our draft finding that nexus is not established for four basins, we have:

- ▼ Changed our draft finding on which detention basins should be removed, in line with the council's submission and additional information provided
- ▼ Changed our draft finding on detention basin outlets, in line with the council's submission and additional information provided, and
- ▼ Changed our draft finding on detention basin land, in line with Stockland's and the council's submissions.

The finding on additional stormwater land and works associated with the Bridge Street rezoning is new. This is consistent with Stockland's submission and additional information provided by the council.

We are recommending the council make adjustments to the plan based on the GHD review that we estimate would reduce the cost of stormwater management works by around \$23.02 million. We are also recommending, as part of its comprehensive review of CP24L and CP24W, the council review the quantity and cost of stormwater land and works required to meet the stormwater demand of the new development in line with its revised stormwater strategy.

For **community services land**, **E2 conservation zone** and **plan administration**, we found that nexus is established. This finding remains unchanged from our Draft Report. Stakeholders did not comment on it in their submissions to our Draft Report.

Recommendations

- 1 Undertake a comprehensive review of CP24L and CP24W within 18 months, and in doing so investigate the provision of transport, stormwater management and open space infrastructure:
 - Needed to meet the demand arising from the higher anticipated development yield in the Schofields Precinct,
 - Needed to implement the revised stormwater management strategy, and
 - In response to major planning proposals for the precinct.

³¹ GHD, *NWGC Stormwater Management Strategy Review*, February 2018. This superseded the strategy that was endorsed during the precinct planning.

- 2 Remove works for four detention basins 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 \$12,791,000.
- 3 Remove land and works for some additional stormwater items based on the Bridge Street rezoning, which would reduce the cost of:
 - Stormwater management works in CP24W by an estimated \$2,952,000.
 - Stormwater management land in CP24L by an estimated \$1,691,000.

5.2 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. The council relied on the same technical studies for CP24 (2018).

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 plan includes some local and collector roads that are not specifically identified in the technical studies. We did not specifically address these in our assessment of CP24 (2014) and so we have addressed these in our current assessment. Since our last assessment of the plan, there has also been a substantial increase in the anticipated development yield for the precinct. There are also major planning proposals being prepared for the precinct.

Our current assessment finds that there remains sufficient nexus between the land and works for transport infrastructure in the plan, including the collector and local roads, and development in the Schofields Precinct in the short term. However, we are recommending the council 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.

In response to our Draft Report, the council noted it plans to undertake a comprehensive review of CP24L and CP24W within 18 months. This finding and recommendation have not changed since our Draft Report.

5.2.1 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.³²

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

5.2.2 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 that 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.³³ 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.

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

Defence Housing Australia (DHA) 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.³⁴

³² Blacktown City Council, CP24W (2018), p 17 and CP24L (2018), p 19.

³³ Based on updated population estimates in the AEC report. Also see section 3.2.2 of this report.

³⁴ 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.³⁵ Details of the Schofields Town Centre proposal are not yet publicly available, however the DHA planning proposal has been granted a gateway determination in April 2019 subject to some conditions. The council is currently preparing a revised planning proposal based on the final arrangement between the Department of Education, DHA and the council.

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 or a change in the scope and location of transport infrastructure as a result of these major planning proposals.

5.3 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 asked the council to remove the culvert.³⁶

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 Consultants	<i>Schofields Precinct Review of Water Cycle Management Strategy</i>	November 2012	Blacktown City Council

Source: CP24W (2018) Appendix A.

The council relied on the same technical studies for CP24 (2018). 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).

As discussed in section 3.2.3, the council engaged GHD to prepare a revised stormwater strategy to reduce the costs of stormwater works. However, the council did not consider this review when preparing CP24 (2018).

The GHD review was recently endorsed by the Office of Environment and Heritage and it has superseded the technical studies prepared during precinct planning. Since the Minister's recommendation for removing the culvert was based on the precinct planning technical studies, we have considered whether the GHD review now establishes nexus for this item.

In our Draft Report, we found that nexus is not established for land and works for some detention basins and their associated outlets and we recommended the council remove the cost of land and works for these stormwater items.

³⁵ Blacktown City Council, Committee Business Paper for meeting of Wednesday 5 December, 2018.

³⁶ Minister for Planning, Letter to Blacktown City Council, 4 March 2015.

In its submission to our Draft Report, Stockland supported the recommendation for the removal of these stormwater works, but suggested we defer the recommendation to remove land for these stormwater items until the council absolves its requirements to acquire the land through amendments to the planning instrument.³⁷

However, the council did not support our draft recommendation. It submitted that:

- ▼ It intends to remove basin SE5.2 instead of basin SE4.2
- ▼ Earthworks costs are required for the remaining bio-retention facilities (water quality items) and these costs should not be removed from the plan
- ▼ The associated basin outlets are required compensatory works, and
- ▼ The removal of the land cost associated with the detention basins should be deferred until the acquisition obligation is formally changed.

The council also provided us with additional information to support its submission. It also noted that it is currently implementing a revised stormwater strategy based on the GHD review and it intends to incorporate the changes in scope within 18 months as part of its comprehensive review of CP24.³⁸

After considering the submissions and additional information received, we have:

- ▼ Maintained our finding that there is insufficient nexus for four detention basins, but accepted the council's view on which basins should be removed. We also accept the council's view that there is nexus for some of the earthworks component of these detention basins, but have maintained our position to remove the entire detention basin works cost.
- ▼ Revised our finding on nexus for the four associated detention basin outlets, as the council has explained that they are required as compensatory works.
- ▼ Revised our finding that there is nexus for the land for the four detention basins in the short term, noting that council remains the relevant acquisition authority for the land.

Based on Stockland's submission and additional information from the council, we also find that additional stormwater management land and works items are no longer required and we recommend that the council remove the relevant land and works.

5.3.1 There is insufficient nexus for four detention basins

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), but
- ▼ Retain the water quality measures in the location of those detention basins.

In CP24 (2018), the council has removed two of the identified basins (SE8.1 and SE9.1). However, it has retained the other four basins. Table 5.3 outlines the stormwater items identified for removal by the GHD Review.

³⁷ Stockland submission to IPART Draft Report, p 2. The council has an obligation to acquire land zoned SP2 for drainage in the Schofields precinct because it is the relevant acquisition authority according to the State Environmental Planning Policy (*Sydney Region Growth Centres*) 2006.

³⁸ Blacktown City Council submission to IPART Draft Report, p 2.

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 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.

Our Draft Report found that nexus is not established in CP24W (2018) for these four basins (SE1.4, SE4.2, SE6.2 and SE7.3). It recommended that all works associated with these basins be removed from the plan.

Since submitting CP24 to IPART for review, the council has advised that it has already constructed basin SE4.2 and it intends to remove basin SE5.2 from the plan instead. It has refined the detention stormwater strategy to divert the stormwater flows from basin SE5.2 to SE4.2.³⁹ This allows the council to retain basin SE4.2 and remove basin SE5.2 while still serving the anticipated stormwater function required to meet the demand arising from the new development. We consider this approach is reasonable.

In its submission to the Draft Report, the council disagreed with removing the entire detention basin costs because earthworks are required for the remaining bio-retention facilities co-located within the detention basin.⁴⁰ The council has not estimated the cost of earthworks required for the remaining bio-retention facilities. Although we agree that earthworks are required to construct bio-retention facilities, we maintain our view that nexus is not established for the entire detention basin works component.

We recognise that this view may result in some under-recovery of stormwater works costs. However, we note the council has collected contributions towards stormwater management items that are no longer required under CP24 (2015), indicating potential over-recovery. In addition, any under-recovery of works costs under CP24 (2018) would only occur until the council completes a comprehensive review of the plan, which we are recommending occur within 18 months.

On balance, we consider there is insufficient nexus for four detention basins and it is reasonable for the council to remove the entire works component for these basins. We are recommending that the council remove basins SE1.4, SE5.2, SE6.2 and SE7.3. This would reduce the stormwater costs in CP24W (2018) by \$12,791,000 (18.9% of stormwater works).

³⁹ Information from Blacktown City Council, 2 August 2019.

⁴⁰ Blacktown City Council submission to IPART Draft Report, p 3.

5.3.2 There is nexus for the four associated basin outlets

As discussed above, the GHD review recommended that the council remove six detention basins. Since high flow basin outlets are specific to the detention basins, our Draft Report found that these associated outlets (SE1.7, SE4.1, SE6.1 and SE 7.1) should also be removed.

In its submission to our Draft Report, the council disagreed with removing these detention basin outlets. It argued that GHD has identified that these works are required as compensatory works for removing the detention basins.⁴¹

Our Draft Report acknowledged that the GHD review found that where the council removes a basin, compensatory works (eg, drainage channels and culverts) may be required to manage the stormwater flows.⁴² We applied this to channel SE7.2.⁴³ 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.

The GHD review did not explicitly refer to the basin outlets as compensatory works. However, we consider that the review may support the inclusion of some basin outlets where no other stormwater works in CP24W have been explicitly identified in the location as compensatory works. In addition, the council explained that the basin outlets are required to ensure that scouring and erosion does not occur on existing local creek lines. It intends to update the plan with the required compensatory works as part of its comprehensive review of CP24. On balance, we have revised our finding to nexus is established for the four associated basin outlets and removed our draft recommendation on removing basin outlets from the plan.

5.3.3 There is nexus for land associated with the four detention basins in the short term

The GHD review estimated that 7.15 hectares of land could be removed for detention basins SE1.4, SE6.2 and SE7.1.⁴⁴ Our Draft Report recommended the council remove the cost of land and the 5.0% allowance for other acquisition costs for these basins.

In its submission, the council suggested that we defer our recommendation to remove the land for the four detention basins. This is because the council remains the nominated acquisition authority for all SP2 local drainage land under the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006 (SEPP)*. The Stockland submission supported the council's position.⁴⁵

While works for the four detention basins are no longer required, we acknowledge that the council still has the formal obligation to acquire this land. We note that the land could be rezoned to serve another public purpose (for example, open space). On this basis, we consider

⁴¹ Blacktown City Council submission to IPART Draft Report, p 3.

⁴² GHD, NWGC Stormwater Management Strategy Review, February 2018, pp 31 and 37.

⁴³ The Minister recommended the council remove culvert SE7.2 following our assessment of CP24 (2015). The council has since replaced the culvert with a 51 metre wide channel (also named SE7.2).

⁴⁴ Basin SE4.2 was not included because the council had already acquired the land for this basin. It also serves an open space function.

⁴⁵ Blacktown City Council submission to IPART Draft Report, p 3. Stockland submission to IPART Draft Report, p 2.

that there is nexus for the land in the short term and we are recommending the council defer the removal of land from the plan and review how much stormwater land is required to meet the demand arising from the new development as part of its comprehensive review of the plan.

5.3.4 Rezoning of Bridge Street means certain items are no longer required

In its submission to our Draft Report, Stockland noted that as a consequence of the Bridge Street rezoning it is no longer required to dedicate some stormwater land (SE5.6, SE5.7, SE5.9 and SE5.11) in CP24L and deliver some works (SE5.6, SE5.7, SE5.8, SE5.9, SE5.10 and SE5.11) in CP24W.⁴⁶

The council has confirmed that the land and works are no longer required in CP24L and CP24W, except for the agreed credit value of \$102,691 for item SE5.6.

Accordingly, we found nexus is not established for these land and works. We are recommending the council remove the cost of land for items SE5.6, SE5.7, SE5.9 and SE5.11 and the cost of works for items SE5.6, SE5.7, SE5.8, SE5.9, SE5.10 and SE5.11 from the plan. This would reduce the cost of:

- ▼ Land for stormwater management in CP24L (2018) by an estimated \$1,691,000 (2.1% of stormwater land costs), and
- ▼ Works for stormwater management in CP24W (2018) by an estimated \$2,952,000 (4.4% of stormwater works costs).⁴⁷

5.4 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:

- ▼ 15.58 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).

⁴⁶ Stockland submission to IPART Draft Report, p 5.

⁴⁷ Our estimated adjustment takes into account the agreed credit value of \$102,691.

In our Draft Report, we found that nexus is established for land and embellishment for open space in the short-term. We recommended the council undertake a comprehensive review of CP24L and CP24W to investigate whether additional land and/or embellishment is needed.

In its submissions to our Draft Report, the council commented that additional open space land is required based on the 2.83 ha/1,000 people. Stockland submitted the opposite view, stating that a rate of provision below the 2.83 ha/1,000 people standard should not represent a significant shortfall of open space facilities. Our response to these comments is in section 5.4.1 below.

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

CP24L (2018) includes 27.53 hectares of land for open space. Based on the council's population estimate of 7,513, this represents an overall rate of provision of 3.66 ha/1,000 people. As discussed in section 3.2.2, we consider that the dwelling estimate for Schofields should be 3,876 dwellings, and estimated that this would increase the population in CP24 (2018) to 10,253. Applying this population estimate would reduce the overall rate of open space provision in the plan to 2.69 ha/1,000 people. This is below the rate recommended in the Elton study of 2.92 ha/1,000 people and below the generally accepted standard of 2.83 ha/1,000 people.

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

Since our previous assessment of the plan, we now consider that comparing the rate of open space provision with the 2.83ha/1,000 people standard is not necessarily a reliable basis for determining that there is "too much" or "not enough" open space. The 2.83 ha/1000 people is only a benchmark for the rate of provision, and thus should be used only as initial high-level guidance for the appropriate amount of land a new community may need. The amount of open space should have regard to the quality of open space provision that is specific to the precinct, its topography and other physical features, the development context and the demographics of the community it will serve.⁴⁸ Stockland's submission supported this approach.

In its response to our Draft Report, the council suggested that if it used our higher population estimate, it would require an additional 8.43 hectares of land for open space to achieve an overall rate of provision similar to the accepted standard of 2.83 ha/1,000 people.⁴⁹

However, we maintain our finding that the provision of open space land in CP24L (2018) is reasonable in the short term. Given that a higher anticipated development yield has been identified for the precinct, we are recommending 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

⁴⁸ DPE, Recreation and Open Space Guidelines for Local Government, 2010, pp 28-29. The guidelines included default standards in area-percentage and catchment area formats, which were to be used to develop locally provision standards taking into account the needs of the local community.

⁴⁹ Blacktown City Council submission to IPART Draft Report, p 6.

the Schofields Precinct. This issue should be considered in conjunction with the review of open space embellishment to determine whether the level of embellishment of existing land can be enhanced to meet the requirements of a higher, and more densely concentrated population.

5.4.2 The level of embellishment is reasonable in the short term

The type and number of sports fields (4) in CP24W (2018) is consistent with the recommendations of the Elton study, and there are five courts compared with six recommended by that study. The council reduced the number of tennis courts as we previously recommended.

We find that 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 recommended the council undertake a social infrastructure needs assessment as part of its 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.

5.5 Community services

CP24L (2018) includes land for a local community neighbourhood centre. It also includes land for a district level 'aquatic facility'⁵⁰ located in Marsden Park to serve residents in six precincts, including Schofields. The provisions in CP24L (2018) for land for community services are consistent with the recommendations in the Elton Study.

As discussed above, 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 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 find that nexus for the land for community services in CP24L (2018) is established.

5.6 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*.⁵¹ We maintain this position in our current assessment of CP24 (2018).

⁵⁰ CP24L section 7.3, p 29. The 'aquatic facility' will include space for community services facilities to serve six precincts in the Blacktown LGA.

⁵¹ See, for example, our assessments of CP21 Marsden Park, p 122, CP22 Rouse Hill, p 72 and CP20 Riverstone and Alex Avenue, p 17.

5.7 Plan administration

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

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.

6.1 Summary of findings and recommendations on reasonable cost

We found 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.

We are recommending the council:

- ▼ Reduce the allowance for 'other acquisition costs' for land yet to be acquired from 5.0% to 2.0%.
- ▼ Undertake a comprehensive review of the cost estimates for all infrastructure works in the plan within 18 months.
- ▼ Update the cost of plan administration based on the adjusted cost of works required.

Our findings and recommendations have not changed since our Draft Report. Stockland supports our recommendation on reducing the allowance for 'other' acquisition costs for land yet to be acquired, but the council does not. The council noted that it plans to address our recommendation for a comprehensive review of the costs of land and works and will recalculate the plan administration costs in accordance with the Minister's advice.

Recommendations

- 4 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 \$3,513,000.

- 5 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).
- 6 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 \$236,553.

6.2 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 Local Government Area (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
As a % of total			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 been acquired or is yet to be acquired.

In our Draft Report, we found that:

- ▼ The cost of land already acquired in the plan is reasonable.
- ▼ The cost of 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.

Based on our draft findings, we recommended the council reduce the allowance for 'other acquisition costs' from 5.0% to 2.0% of the estimated market value of land yet to be acquired.

Stockland's submission on our Draft Report supports this recommendation. However, the council does not. It proposed two alternative options for IPART to consider:

- ▼ A flat 3.5% allowance
- ▼ Apply a 2% allowance to seven parcels of land greater than one hectare, and a 5% allowance for 40 parcels of land less than one hectare.

After considering the submissions and additional information from the council, we do not consider either of the council's proposed alternatives are reasonable. This is because neither reflects the actual costs already incurred for this plan and there is no further evidence to indicate that these amounts would be incurred for the remaining acquisitions in the plan. Further, the council may have included costs in this allowance that should be recovered from plan administration costs. We maintain our finding that a 5% allowance is not reasonable and recommend the council reduce the allowance to 2%.

6.2.1 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.⁵² On this basis, we consider the cost of land already acquired that is included in the plan is reasonable.

6.2.2 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.⁵³
- ▼ 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

⁵² *Environmental Planning and Assessment Regulation 2000*, cl. 251.

⁵³ Civic MJD, *Periodic review of Contributions Plan No24 – Schofields Precinct - Average Estimated land values*, 13 June 2018.

- 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’.

In our Draft Report we found this method is reasonable, but that the 5.0% allowance to cover other acquisition costs is too high. We recommended the council reduce the allowance for ‘other acquisition costs’ from 5.0% to 2.0% of the estimated market value of land yet to be acquired.

Stockland’s submission on our Draft Report supports this recommendation. However, the council does not.

The council’s submission argues that it will incur transaction costs related to land acquisitions for valuation, legal, planning, geotechnical and hydrology reports.⁵⁴ It estimates that the cost of these transactions will be in the order of 2% for parcels greater than one hectare (7 parcels) and 5% for parcels less than one hectare (40 parcels). It expects around 8 parcels will be acquired through hardship and/or the compulsory acquisition process, which would result in additional costs to manage Valuer General costs and/or Land and Environment Court proceedings.

In response to our Draft Report, the council has proposed two alternative options for IPART to consider:

- ▼ A 3.5% flat fee in lieu of the 5% initially proposed, or
- ▼ A 2.0% cost to seven parcels of land greater than one hectare and a 5% cost to 40 parcels of land less than one hectare.

We asked the council to provide additional information to support its proposed options. We explained that, in our view, acceptable ‘other’ land acquisition costs include any just terms compensation or any conveyancing costs associated with the land acquisitions.⁵⁵ An allowance for ‘other’ acquisition costs should not be used to recover the cost of valuation, project management and other expert reports obtained by the council in association with land acquisitions. These costs are recovered through the allowance for plan administration costs.⁵⁶

In response, the council said that if the cost of plan administration included the specific studies required to acquire land under the *Land Acquisitions (Just Terms Compensation) Act 1991*, the percentage allowed for plan administration would need to be higher.⁵⁷

While the option of including higher costs of plan administration is available to the council if it is justified, only eight parcels of land will be acquired through the hardship and/or compulsory acquisition process in CP24. These may or may not require additional expert reports. In the absence of further evidence, we do not consider a higher allowance is justified.

⁵⁴ Blacktown City Council submission to IPART Draft Report, p 4.

⁵⁵ IPART, *Contributions plan assessment: land costs*, April 2018, p 1.

⁵⁶ IPART, *Local Infrastructure Benchmark Costs*, April 2014, section 8.1, p 61.

⁵⁷ Information from Blacktown City Council, 2 August 2019.

We also examined the acquisition costs related to land already acquired for CP24 and found that the average cost of acquiring parcels of land:

- ▼ Less than one hectare is 4.6% (including one outlier) and 0.6% (excluding the outlier)⁵⁸, and
- ▼ Greater than one hectare is 1.1%.

Based on the council's response on what should be included as 'other' acquisition costs, it appears that the current allowance for 'other' acquisition costs in the plan may include the cost of valuation and expert reports on planning, hydrology, native vegetation and surveying that should already be included in the allowance for plan administration costs.

The council also provided information on costs incurred for legal and consultant reports for all acquisitions in all contributions plans, which was not plan specific for CP24. We consider that costs incurred across the entire local government area should not replace actual costs for the precinct when these are available.

We maintain our view that the allowance proposed in CP24L (2018) is excessive because:

- ▼ The actual acquisitions data does 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 council may have included costs for technical studies and expert reports in the land costs, which may be double counted because they are intended to be recovered from plan administration costs.
- ▼ 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 Voluntary Planning Agreement (VPA) or dedicated by the developer.⁵⁹

Stockland supports our approach, noting that most of the Schofields Precinct is in large landholdings that will be the subject of Works-In-Kind (WIK) agreements and VPAs that remove the uncertainty of 'other acquisition costs' for the council. It outlines that in negotiating agreed land values as part of VPAs, there is no recognition of other acquisition costs and that the council's policy requires developers to fund their legal costs in the preparation of VPAs.

We recommend the council reduce the allowance of other acquisition cost from 5.0% to 2.0%. This would reduce the cost of land in CP24L (2018) by an estimated \$3,513,000.

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

⁵⁸ For one parcel of land acquired, the cost of acquisition was 48.8% of the total market land value.

⁵⁹ Information from Blacktown City Council, 8 May 2019.

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.⁶⁰ This view is consistent with our previous findings on the council's Rouse Hill and Marsden Park Precinct contributions plans.

6.3 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.

We are recommending the council undertake a comprehensive review of the cost estimates in CP24W, which would include using the latest available schedule of rates, new QS or cost consultant advice and updated cost estimates for all infrastructure categories.

In its submission to our Draft Report, the council noted that it plans to undertake a comprehensive review of CP24L and CP24W within 18 months. Stockland also noted this, but did not offer any further comment. Our findings and recommendation remains unchanged.

⁶⁰ IPART, *Assessment of Contributions Plan 22 for Rouse Hill (Area 20 and Riverstone East)*, December 2018, p 9.

6.3.1 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 WIK agreement or 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 cost of works subject to a WIK or VPA (\$)	Actual cost of 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.⁶¹ 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.⁶²

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

⁶¹ Blacktown City Council, *WIK Policy and WIK agreement template*, and *Voluntary Planning Agreements (VPAs) council policy (Draft)*.

⁶² *Environmental Planning and Assessment Regulation 2000*, cl 32(3)(b)(i).

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.

6.3.2 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:

- ▼ From our assessment of CP22 (2018), we know that the council has updated civil construction rates for the 2017-18 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 and 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 CP22.⁶³

The council did not revise its cost estimates, explaining that this would be resource intensive and that 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*.⁶⁴

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 costs are updated as part of a comprehensive review of the plan.

6.4 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.⁶⁵ This amount is 1.5% of works costs, consistent with the benchmark we proposed in our *Local Infrastructure Benchmark Costs Report*.⁶⁶

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

We have not changed our recommendation from our Draft Report, however we have updated our estimate based on adjustments to other recommendations on the cost of works.

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 \$236,553.

6.5 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 EP&A Regulation and is reasonable.

⁶³ 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.

⁶⁴ Information from the council, 22 February 2019.

⁶⁵ CP24W (2018), Appendix E.

⁶⁶ IPART, *Local Infrastructure Benchmark Report*, April 2014, p 60.

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 doing so, 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.

7.1 Summary of findings and recommendations on reasonable timeframe

We found the overall timeframe for delivery of land and works in the plan is reasonable. However:

- ▼ The plan does not acknowledge the uncertainty of the major planning proposals which would likely impact the timing of infrastructure delivery.
- ▼ The proposed timing of the remaining works in CP24W is not consistent with the infrastructure prioritisation stated in CP24W.
- ▼ CP24L does not provide an indicative timeframe for the acquisition of land for most infrastructure categories.

Submissions in response to our Draft Report supports or did not comment on our our draft findings and recommendations on the reasonable timeframe criterion and they remain unchanged.

Recommendations

- 7 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.
- 8 In CP24L provide the indicative timing, or factors influencing the timing, of land acquisitions for all infrastructure categories for which contributions will be levied.
- 9 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.

7.2 Timeframe for delivery of works

Our assessment of CP24 (2014) found the timeframe for infrastructure delivery is reasonable. The prioritisation of works according to infrastructure category in CP24W is consistent with CP24 (2014). From highest to lowest, the priorities are: stormwater management, transport, open space, community services, and the E2 Conservation Zone.⁶⁷

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 CP24W it should revise the indicative timeframe for the provision of the remaining works.

7.2.1 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.⁶⁸

⁶⁷ CP24L (2018) and CP24W (2018), p 7.

⁶⁸ Information from Blacktown City Council, 8 May 2019.

7.2.2 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.

Table 7.2 Expected and actual infrastructure delivered during 2013 – 2018 (% of total works cost)

Infrastructure category	CP24 (2014) expected	CP24 (2015) expected	CP24W (2018) actual
Transport	7.0	7.1	39.4
Stormwater	34.6	38.1	7.0
Open space	16.4	16.7	4.7
E2 Conservation Zone	0.0	0.0	0.0
All categories	25.3	28.4	10.6

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.

7.2.3 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.⁶⁹

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.

⁶⁹ Information from Blacktown City Council, 8 May 2019.

Table 7.3 Indicative timing of infrastructure delivery by category in CP24W (2018) (% of total works cost)

Infrastructure category	Completed (2013-2018) ^a	Current (2018) ^b	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.

^b Current costs 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 proposals.⁷⁰

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.⁷¹

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.

7.3 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.⁷²

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.

⁷⁰ Information from Blacktown City Council, 18 March 2019.

⁷¹ Information from Blacktown City Council, 18 March 2019.

⁷² Information from Blacktown City Council, 8 May 2019.

8 Criterion 5: Apportionment

Criterion 5 of the Practice Note requires IPART to assess whether the contribution rates in CP24 (2018) are based on a reasonable apportionment of costs.

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 council's 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)	<div>▼ Residential</div> <div>▼ Non-residential</div>	<div>▼ Per person</div> <div>▼ Per hectare of NDA</div>	Yes (two items)
Stormwater management	Three catchments: ^a <div>▼ Eastern Catchment</div> <div>▼ Eastern Creek West 1</div> <div>▼ Eastern Creek West 2</div>	<div>▼ Residential</div> <div>▼ Non-residential</div>	<div>▼ Per hectare of NDA^b</div> <div>▼ Per hectare of NDA^b</div>	No
Open space	Two catchments: <div>▼ District Facility (entire precinct)</div> <div>▼ Eastern Catchment (excludes tail in south west)</div>	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	<div>▼ Residential</div> <div>▼ Non-residential</div>	Follows unit of apportionment for relevant works category	No

^a There are different catchments for stormwater quantity and quality measures.

^b NDA adjusted for stormwater quality 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); IPART analysis.

In assessing the apportionment of costs 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).

8.1 Summary of findings and recommendations on apportionment

We found that the contribution rates in CP24 (2018) are based on a reasonable apportionment of costs, with the following exceptions:

- ▼ The council used outdated estimates for the population of the Schofields Precinct (and other precincts for the combined facilities), and
- ▼ The way the council has apportioned transport costs to both residential and non-residential development may lead to an over-recovery of costs for transport infrastructure.

We also found that our recommendation from CP24 (2014) review 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.

Submissions to our Draft Report from the council and Stockland both commented on our finding and recommendation regarding the council's approach to apportioning transport costs. We have maintained the finding, but updated our recommendation so that it includes a solution to address the council's concern about potential non-residential development in residential land use zones.

Recommendations

- 10 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.
- 11 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.
- 12 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), reducing the population estimate to account for land that would no longer be available for residential development (Eg, if land was used for a school).

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

8.2 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 relative to CP24 (2018).⁷³ 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 3.3).

We are recommending the council update the apportionment of costs and calculation of contribution rates using a population forecast of 10,491. This would 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. We estimate that the per person contribution rate based on the higher population estimate:⁷⁴

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

In its submission to our Draft Report, the council objected to our estimate of the population for Schofields. The council's view is that population estimates should only be adjusted when additional local infrastructure is planned to match the demand created by the additional population.⁷⁵

In contrast, Stockland's submission supported our recommendation to use the higher population estimate. It also noted the potential over-collection of contributions revenue if there is no additional infrastructure provided and suggested that for transport costs, the council should apportion the costs on a per hectare of NDA basis to avoid this (see section 2.4).⁷⁶

While a higher estimated population for the precinct may affect the demand for infrastructure, it does not necessarily change the infrastructure required in the plan. 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 as outlined in Chapter 5 of this report is that:

⁷³ 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).

⁷⁴ These estimates include our recommended adjustments to land and works costs.

⁷⁵ Blacktown City Council submission to IPART Draft Report, 5 July 2019.

⁷⁶ Stockland submission to IPART Draft Report, 5 July 2019.

- ▼ 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.
- ▼ There is already sufficient land for open space in the plan.
- ▼ More open space facilities or a higher level of embellishment may be needed to meet demand from the likely increase in the number of new residents and the council should undertake a social infrastructure needs assessment to determine what changes are required.
- ▼ It is unlikely that additional land would need to be acquired for community services facilities in order to expand the floor space, if this were to be assessed as necessary to meet the needs of the additional new residents.

We recognise that there may be some under-recovery of costs in CP24 (2018) if additional infrastructure is required when the council completes a comprehensive review of the plan, which we are recommending occur within 18 months. However, if the council does not adjust the population estimates in the contributions plan, the per person contribution rate for transport, open space, community services and E2 conservation zone infrastructure categories will be higher than what it should be and the council will likely over-recover its costs and collect excess contributions revenue. Therefore, our findings and recommendations are unchanged since our Draft Report.

8.3 Population estimates for other precincts are also outdated

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.

The comments we received from stakeholders relate to population estimates within and external to the precinct and are addressed in section 8.2 above. Our findings and recommendations are unchanged since our Draft Report.

Table 8.2 Apportionment of the combined precinct community services facility

Precinct	CP24 population estimate	CP24 apportion- ment (%)	CP24 apportioned cost (\$)	IPART population estimate	IPART apportion- ment (%)	IPART apportioned cost (\$)
Marsden Pk Industrial	3,504	5.9	739,000	4,045	4.5	558,468
Marsden Pk	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 Nth	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 Population estimates for apportioning 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, Assessment of Blacktown City Council's CP22 Rouse Hill, 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) (DPE advises that this precinct will not be rezoned in the near future)

8.4 Approach to apportioning transport costs is not reasonable

The plan provides that contributions for transport infrastructure are to be levied:

- ▼ On a per person basis in residential zoned developable areas, and
- ▼ On a NDA basis in non-residential zoned developable areas.

The council's 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).⁷⁷ 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.

⁷⁷ 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.

Table 8.5 Apportionment of transport works in CP24W (2018)

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

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

In other contributions plans that we have assessed and accepted,⁷⁸ the council has apportioned transport costs by:

- ▼ First allocating the total transport costs to both residential and non-residential development on a NDA basis for each land use.
- ▼ The portion of costs assigned to residential development are then divided by the anticipated increase in population to derive a 'per person' contribution rate.
- ▼ The portion of costs assigned to non-residential development are divided by the projected amount of retail floor space to derive a 'per gross square metre of floor space' contribution rate.

The council did not establish an initial split of costs by development type in CP24 (2018). Therefore, it is likely to over-recover transport costs with having both residential and non-residential contributions rates, all other things being equal. We do not consider this is reasonable. To remedy this, our Draft Report proposed that the council apportion costs only to residential development and remove the non-residential contribution rate from the plan. This is a simple and practical approach, and does not require the council to make assumptions about the potential mix of residential and non-residential development within the mixed-use zone.

The council's submission to our Draft Report did not support our recommendation. It noted that without a non-residential charge, the council would under-collect contributions revenue from non-residential development within residential zoned land.⁷⁹ Stockland's submission also noted that our recommendation may leave council open to challenges regarding the reasonableness and apportionment of costs. Stockland suggested apportioning transport costs on a NDA basis.⁸⁰

We agree with the council that there may be potential under-recovery of costs if the council cannot collect contributions from development on residential zoned land that does not have a residential component. However, we maintain our view that the preferred approach is for the council to apportion transport costs to residential development only on a per person basis.

⁷⁸ IPART, *Assessment of Contributions Plan 22 for Rouse Hill (Area 20 and Riverstone East)*, December 2018, p 42.

⁷⁹ Blacktown City Council submission to IPART Draft Report, 5 July 2019.

⁸⁰ Stockland submission to IPART Draft Report, 5 July 2019.

To address the concern the council raised in response to our Draft Report, we have amended our recommendation. Our final recommendation remains for the council to have only a per person residential contributions rate for transport infrastructure, but that it reduce the residential population estimate to account for any potential non-residential development that it expects to occur within the residential land use zones.

To ensure the population estimate is up-to-date, the council should consult with potential providers of education facilities (ie, catholic schools) to determine whether there is likely to be any such development and its potential impact on residential population forecasts. It should also look at social benchmarks (eg, number of schools for a given residential population) to estimate how much non-residential development is likely to occur in the Schofields Precinct.

8.4.1 The proportion of residential and non-residential development in the precinct is difficult to estimate

For this plan, it is difficult for the council to forecast how much non-residential development there will be in the precinct because residential development is permissible in all land use zones. Splitting the developable area between residential and non-residential development is complex because it involves making assumptions about how much non-residential development will occur in mixed-use zones and residential zones. Given the nature of non-residential development in this plan is likely to be small and there is little available information for the council to make reasonable assumptions about this split, we consider that it may not be practical for the council to accurately allocate the costs between the residential and non-residential development.

8.4.2 Our recommended approach to apportioning transport costs

Our preferred approach is for the council to apportion transport costs to residential development only, on a per person basis, for the following reasons:

- ▼ This is a relatively simple way to address any potential over or under-recovery of costs associated with attempting to apportion costs between residential and non-residential development. It 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.
- ▼ The non-residential development is likely to account for a small percentage of the total development relative to the residential development in the precinct. It 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 that is likely to generate traffic from outside the precinct. That is, local residents will largely be the 'impactors' and/or 'beneficiaries' in relation to transport costs (ie, the parties creating the need for, or benefiting from, the transport costs in the plan).

- ▼ Transport costs are generally more closely related to population numbers for residential development than NDA. A NDA approach does not account for variations in demand for transport from different density residential development and is therefore less equitable.⁸¹

We recommend the council apportion the costs for transport infrastructure across residential development only. However, the council should update the residential population estimate to take into account any non-residential development within residential zoned land.

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

The Transport Corridor Investigation Area 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.⁸² The Transport Corridor Investigation Area covers 8.04 hectares of residential zoned land with potential densities of between 30 to 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).⁸³

For all infrastructure categories, CP24 (2018) excludes the land and residents within the Transport Corridor Investigation Area 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. The council is intending to do this.⁸⁴

Stockland's submission noted our recommendation and also explained that it is currently liaising with DPIE and Transport for NSW in relation to the Altrove Town Centre planning proposal.⁸⁵ This planning proposal seeks to make amendments to the land use controls to respond to the future metro line extension in the Transport Corridor Investigation Area. We consider that this planning proposal is not imminent to the Schofields Precinct and therefore our finding and recommendation are unchanged since our Draft Report.

⁸¹ See, our assessments of CP21 Marsden Park, p 57 and CP20 Riverstone and Alex Avenue, p 40.

⁸² DPE, *Schofields Precinct Post-Exhibition Planning Report*, May 2012, pp 8 and 25.

⁸³ CP24L (2018), pp 5-6.

⁸⁴ Blacktown City Council submission to IPART Draft Report, 5 July 2019.

⁸⁵ Stockland submission to IPART Draft Report, 5 July 2019.

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.

Recommendation

- 14 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: 14/11/15

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 EP&A Regulation. A summary of this analysis is provided in the table below.

Assessment against information requirements in the EP&A Regulation

Subclause	Description	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.	Sections 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 EP&A 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

Subclause	Description	Location in CP24
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

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: <ul style="list-style-type: none"> 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
3. The council removes \$7,646,355 from the cost of CP24 (including administration costs), comprising: <ul style="list-style-type: none"> 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
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

IPART recommendation	Did the Minister ask the council to make a change?	Has the council implemented the requested change?
8. The council updates the base costs for works to the E2 Conservation Zone when CP20 – Riverstone and Alex Avenue is reviewed.	Yes	Yes
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.