



Independent Pricing and Regulatory Tribunal
New South Wales

Assessment of Menangle Park Contributions Plan

Campbelltown City Council

Final Report
Local Government

December 2018

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1 Executive summary

Under its Menangle Park Contributions Plan (Menangle Park CP or the plan), Campbelltown City Council (the council) intends to levy contributions on developers that exceed the threshold of \$20,000 per dwelling that applies in the Menangle Park Urban Release Area (the release area). To do so, the plan must be assessed by IPART and the council must make any changes requested by the Minister for Planning (the Minister).

We have completed this assessment in accordance with the guidance provided by the Department of Planning and Environment (DPE).¹

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

1.1 Overall costs in plan should increase to reflect reasonable costs

Our assessment found that the Menangle Park CP significantly underestimates the total reasonable costs the council would incur to provide local infrastructure to meet the demand for public amenities and services generated by development in the Menangle Park Urban Release Area. Therefore, we are recommending amendments that would increase the total cost of land, works and administration in the plan, from \$132,880,934 (\$2016) to \$171,320,851 (\$2018). This equates to a nominal increase of 28.9% and a real increase of 25.7%, relative to the plan submitted to us by the council.

While developers would pay more, our recommended amendments would reduce the need for other parties, such as ratepayers, to fund the gap between what the council must spend to facilitate development and what it collects through development contributions. Our recommended adjustments would also ensure that contribution rates more accurately signal of the cost of development, and therefore encourage more efficient development decisions. In addition, the recommendation to include additional transport infrastructure² would also result in a more equitable sharing of costs between developers.

We note that our recommended amendments would mean:

- ▼ The cost of land as a share of total plan costs (which is currently relatively low) would be closer to the share we have recently assessed as being reasonable in other development areas.
- ▼ The contribution rates (inclusive of all land, works and plan administration) would remain modest compared with those in other plans we have recently assessed.

¹ See Department of Planning and Environment, *Local infrastructure Contributions Practice Note*, January 2018 (Practice Note). We also assessed whether Menangle Park CP contains information required by the *Environmental Planning and Assessment Regulation 2000*.

² Land and works for half the width of roads fronting public infrastructure.

1.2 Overview of findings

We found that most aspects of the plan meet the assessment criteria. Although many of our findings result in costs being removed from the plan, others identify additional land and works which we consider should be included in the plan.

Criterion 1: Essential works

We are required to assess whether the infrastructure included in Menangle Park CP is on the essential works list outlined in the Practice Note.

We found that all of the land, works and administration costs in Menangle Park CP are on the essential works list except for plans of management, which are included in the on-costs component of all works items, and public art.

We also found that revegetation and regeneration works are not essential for open space but that they are consistent with the essential works list as it applies to stormwater management works. In addition, we consider half road costs (land and works) fronting the community facility are consistent with the essential works list for transport infrastructure, rather than for community services.

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. Nexus ensures that the infrastructure included in the contributions plan is sufficient to meet, but not exceed, the need generated by the increase in demand from the new development.

We found that nexus has been established for all land and works in the plan, except for some land and works associated with Menangle Park Road, Spring Farm Park cycleways and Menangle Park Station cycle parking because these are regional, not local, infrastructure.

We also found nexus was established for land and works for half-width roads fronting all public infrastructure.

In addition to the land for stormwater management that is already included in the plan, we consider that there is nexus for a further:

- ▼ 35.41 hectares of riparian corridor land along Howes Creek (in the northern part of the release area), which should be included in Menangle Park CP, and
- ▼ 11.0 hectares of riparian corridor land along the southern part of the release area (Creek S1), which should be included in Menangle Park CP.

Criterion 3: Reasonable cost

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. This includes assessing how the costs of each item of infrastructure are derived and the method applied to calculate the contribution rates and escalate them over time.

Cost of works

We found the cost estimates of works in the plan are generally reasonable. We have recommended some adjustments to the cost of stormwater works to reflect the quantities required under the council's alternative drainage strategy, and correct some double-counting, and to the cost of open space embellishment to correct a calculation error.

Cost of land

We found that significant increases in the estimated market value of land in the release area since the council prepared the plan means that the estimates in the plan no longer reflect the cost that the council is likely to incur when it acquires land in the release area. The exception to this is for land where the council has already entered into an agreement regarding its transfer to the council.

Cost of administering the plan

To estimate plan preparation and administration costs, Campbelltown City Council proposed revising its approach to use IPART's benchmark of an allowance equivalent to 1.5% of the cost of works in the plan,³ rather than recouping the total cost of the technical studies and consultants' advice needed to prepare the plan, which is what it included in the plan it submitted to us. We consider the council's proposed revised approach is reasonable.

Indexation of contribution rates

Menangle Park CP proposes that:

- ▼ the works component of the contribution rates be indexed quarterly by CPI (All Groups Index) for Sydney, as published quarterly by the Australian Bureau of Statistics; and
- ▼ the land component of the contribution rates be indexed by reference to the Campbelltown release area's residential land price index, as published by Residex and displayed on the council's website.⁴

We found that escalating the works component of the contribution rates by CPI is consistent with the *Environmental Planning and Assessment Regulation 2000* and is reasonable. However, while we found that the use of a land value index is reasonable in principle for land yet to be acquired by the council, the application of the Residex index to the entire land component of the contributions rates in the Menangle Park CP may not be reasonable. This is because the council has effectively already acquired some land. We also found that the development potential of most of the land the council is yet to acquire is affected by potential flooding constraints and that constrained land of this type is not likely to be given a proportionate weighting in the Residex index.

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. Other than providing the community facility in

³ IPART, *Local Infrastructure Benchmark Costs – Final Report*, April 2014.

⁴ Menangle Pak Contributions Plan, p 11. Residex is a business owned by CoreLogic, a large provider of property information, analytics and property-related risk management services.

Year 10, the plan does not contain indicative timing for the delivery of specific items of infrastructure.

The development path and need for delivery of local infrastructure in Menangle Park will largely be determined by developers, who are likely to deliver much of the infrastructure under Voluntary Planning Agreements with the council.

Nevertheless, we still recommend that the council provide more information on the expected timing of the delivery of infrastructure.

Criterion 5: Apportionment

We are required to assess whether the contribution rates are based on a reasonable apportionment of costs. We found that the approach in Menangle Park CP to apportioning the costs of all infrastructure categories is reasonable.

Criterion 6: Community consultation

We are required to assess whether the council has conducted appropriate community liaison and publicity in preparing the contributions plan. We found that, while the time of year consultation occurred was not ideal, the council did conduct appropriate consultation by exhibiting the plan for longer than the statutory requirement and inviting comment from stakeholders potentially affected.

Criterion 7: Other matters

We are required to assess whether the plan complies with other matters we consider relevant. We have not identified any other relevant matters in this assessment.

1.3 Overview of recommendations

We have made 17 recommendations as a result of our assessment of Menangle Park CP. Most recommendations affect the total cost of land, works and plan administration. There are two exceptions:

- ▼ We recommend the land component of the contribution rates in the plan be indexed by the Consumer Price Index (All Groups Index) for Sydney, as published quarterly by the Australian Bureau of Statistics. While this recommendation would not change the costs in the plan, it would affect the contribution amounts payable in future years.
- ▼ We recommend the council include indicative timing for the delivery of infrastructure in Menangle Park CP.

Overall, we estimate that the reasonable cost of land, works and administration in the Menangle Park CP is \$171,320,851 (\$June2018). This equates to a nominal increase of 28.9% and a real increase of 25.7%, relative to the plan submitted to us by the council.

Our recommendations recognise the increased cost of land acquisition

We are recommending adjustments to the land acquisition costs in the plan that would result in a nominal increase of \$35,049,165 comprising:

- ▼ \$17,214,398 for additional land acquisitions. As a result of our assessment against Criterion 1 Essential works and Criterion 2 Nexus, we recommend the council add \$18,200,398 for half-width roads and riparian land for stormwater management, but remove \$986,000 for Menangle Park Road.
- ▼ \$17,834,767 to reflect the updated valuation advice the council recently received (to update the value of land yet to be acquired to reflect 2018 rather than 2016 values), and indexation to June 2018 (for the remaining land which is subject to a land transfer agreement between the major develop of the release area and the council).

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

Table 1.1 Summary of recommendations – Menangle Park CP land costs

	Cost in plan (\$2016)	IPART recommended adjustment (\$2016)	IPART-assessed reasonable cost (\$2016)	IPART-assessed reasonable cost (\$2018)
Transport land	3,042,200			
Include half-width road fronting the community facility		55,332		
Include half-width road fronting open space and stormwater infrastructure		4,277,398		
Remove Menangle Park Road		-986,000		
		3,346,730	6,388,930	10,736,081
Stormwater land	6,677,850			
Include riparian land along Howes Creek and Creek S1		13,923,000		
		13,923,000	20,600,850	27,003,291
Open space land	16,475,500			
		0	16,475,500	23,550,892
Community services land	355,332			
Remove half-width road fronting the community facility		-55,332		
		-55,332	300,000	309,783
Total land	26,550,882	17,214,398	43,765,280	61,600,047

Source: Menangle Park Works Schedules and IPART analysis.

Our recommendations recognise the increased cost of works and administration

We are also recommending adjustments that result in a nominal increase in the cost of works and plan administration of \$3,390,752, comprising:

- ▼ a reduction of \$749,260 for removal of an allowance for plans of management which is currently included in the costs of all infrastructure works because such expenditure is not consistent with the essential works list
- ▼ an additional cost of \$12,713,000 for half-width roads fronting open space and stormwater infrastructure
- ▼ the removal of \$11,300,000 being costs associated with Menangle Park Road works
- ▼ a reduction of \$512,387 in plan administration costs, and
- ▼ an increase of \$5,078,751 as a result of indexing all works and administration costs to June 2018 dollars.

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

Table 1.2 Summary of recommendations – Menangle Park CP works and plan administration

	Cost in plan (\$2016)	IPART-recommended adjustment (\$2016)	IPART-assessed reasonable cost (\$2016)	IPART-assessed reasonable cost (\$2018)
Transport works	47,865,671			
Remove plans of management		-281,260		
Include half-width road fronting				
▼ community facility land		112,800		
▼ open space and stormwater land		12,713,000		
Remove Spring Farm Parkway cycleways		-117,660		
Remove Menangle Park Station cycle parking		-9,771		
Remove Menangle Park Rd		-11,300,000		
		1,117,109	48,982,780	51,209,270
Stormwater management	24,608,957			
Remove plans of management		-202,000		
Re-categorise regeneration and revegetation		18,283,345		
Adjust cost estimates with alternative drainage strategy for detention basins		426,572		
Remove double-counting of preliminaries in detention basins		-92,252		
Remove double-counting of channel stabilisation costs		-167,630		
		18,248,035	42,856,992	44,805,037
Open space embellishment	31,682,803			
Remove plans of management		-266,000		
Re-categorise regeneration and revegetation		-18,283,345		
Remove the cost of public art		-152,421		
Reduce the cost of item O1.6(a)		-1,725,190		
		-20,426,956	11,255,847	12,085,007
Community services	113,800			
Remove plans of management		-1,000		
Remove half-width roads		-112,800		
		-113,800	0	0
Administration costs	2,058,821			
Reduce administration costs to be 1.5% of the revised cost of works		-512,387	1,546,434	1,621,490
Total works	104,271,231	-1,175,612	103,095,619	108,099,314
Total works and administration	106,330,052	-1,687,998	104,642,053	109,720,804

Source: Menangle Park CP Works Schedules and IPART analysis.

Our recommendations increase contribution rates

Our recommendations to increase the total costs in Menangle Park CP would also increase the contribution rates included in the plan. Table 1.3 shows the impact of our recommendations on indicative residential contribution rates. Despite the increase in costs, the adjusted contributions rates in Menangle Park CP would remain modest compared with other plans we have recently assessed.

Table 1.3 Indicative residential contribution rates – Menangle Park

Type of development	Size of lot (m ²)	Occupancy rate per dwelling	Contribution as per plan (\$Sep2016)	IPART-adjusted contribution (\$June2018)	Difference
Lot size					
Town Centre Unit		1.7	21,199	27,426	6,228
Small Lot	300-419	2.4	29,927	38,719	8,792
Standard Lot	420-599	2.4	29,927	38,719	8,792
Standard Lot	600-949	3.5	43,644	56,466	12,822
Traditional Lot	950-1999	3.5	43,644	56,466	12,822
Large Lot	2000+	3.5	43,644	56,466	12,822
Dwelling					
1 bedroom		1.7	21,199	27,426	6,228
2 bedrooms		2.4	29,927	38,719	8,792
3+ bedroom		3.5	43,644	56,466	12,822

Note: Indicative contributions for residential developments are based on the council's assumed household occupancy rates for various sized lots. Where a proposed development will have multiple dwellings on a single allotment, the occupancy rate, and hence contribution amount, is determined by the number of bedrooms in each of the dwellings which are to be constructed on that lot.

Source: Menangle Park CP, Table 2 and IPART calculations.

1.4 List of recommendations

All our recommendations (and the page number on which they appear in the following chapters) for Menangle Park CP are listed below. Each recommendation requires action by Campbelltown City Council.

Transport

- 1 Remove the allowance for the cost of plans of management from the cost of transport works in the plan, which would reduce the cost of transport works by an estimated \$281,260. 21
- 2 Include the half-width roads fronting the community centre in the cost of transport infrastructure in the plan, which would increase the cost of transport land by an estimated \$55,332 and works by an estimated \$112,800 and remove the same land and works items from the cost of community services. 21
- 3 Include costs for half-width roads fronting open space and stormwater infrastructure, which would increase the cost in the plan of transport land by an estimated \$4,277,398 and transport works by an estimated \$12,713,000. 22

4	Remove costs for the following items of regional transport infrastructure:	23
	– Spring Farm Parkway cycleways, which would reduce the cost of transport works by an estimated \$117,660	23
	– Menangle Park Road upgrades (road segment only, not intersection), which would reduce the cost of transport land by an estimated \$986,000 and the cost of transport works by an estimated \$11,300,000, and	23
	– Menangle Park Station cycle parking from the plan, which would reduce the cost of transport works by an estimated \$9,771.	23

Stormwater management

5	Remove the allowance for the cost of plans of management from the cost of stormwater management works in the plan, which would reduce stormwater management works costs by an estimated \$202,000.	30
6	Include regeneration and revegetation works in the cost of stormwater management infrastructure in the plan, which would increase stormwater management works costs by an estimated \$18,283,345 and reduce open space costs by the same amount.	31
7	Include:	33
	– an additional 35.41 hectares of riparian land along Howes Creek, which would increase the cost of land for stormwater management by an estimated \$10,623,000.	33
	– additional riparian land (around 11.00 hectares) along Creek S1, which would increase the cost of land for stormwater management by an estimated \$3,300,000.	33
8	Revise the cost estimates for detention basins to align them with the quantities recommended in the GHD (November 2011) alternative drainage strategy, which would increase the stormwater works costs by an estimated \$426,572 (\$101,660 for Basin 7 and \$324,912 for Basin 8).	36
9	Reduce the cost of stormwater management works to correct double-counting of:	36
	– preliminaries for detention basins (estimated at \$92,252), and	36
	– channel stabilisation works (estimated at \$167,630).	36

Open space

10	Remove the allowance for the cost of plans of management from the cost of open space works, which would reduce the cost of open space embellishment by an estimated \$266,000.	42
11	Remove the cost of public art in the playing fields from the cost of open space embellishment, which would reduce the cost of open space embellishment by an estimated \$152,421.	42
12	Correct a calculation error and reduce the cost of district open space embellishment (item O1.6(a)) by an estimated \$1,725,190.	45

Plan administration

- 13 Revise the basis for estimating the cost of plan administration so that it is 1.5% of the reasonable cost of works, which would reduce the cost by an estimated \$512,387. 51

Cross-category issues

- 14 Revise the cost of land in the plan to reflect 2018 market values, except for land subject to the sale and transfer agreement with Dahua, which should be included at 2016 market values, indexed by the Consumer Price Index (All Groups Index) for Sydney to June 2018. 54
- 15 Change the base period of the plan to June 2018 and ensure that the estimated cost of works is maintained in real terms by indexing: 58
- transport and stormwater management works costs by the Producer Price Index (Road and bridge construction New South Wales), and 58
 - open space embellishment costs by the Producer Price Index (Non-residential building construction New South Wales). 58
- 16 Index the land component of the contribution rates in the plan by the Consumer Price Index (All Groups Index) for Sydney as published quarterly by the Australian Bureau of Statistics, and regularly monitor the cost of acquiring land in the release area, and if it appears likely to significantly under or over recover its acquisition costs, amend the plan using updated valuation advice and any actual acquisition data. 59
- 17 Include indicative timing for the delivery of infrastructure in Menangle Park CP. 60

1.5 Structure of this report

The rest of this report discusses in detail our assessment, findings and recommendations for the Menangle Park CP:

- ▼ Chapter 2 outlines the context for our assessment, and the approach we followed
- ▼ Chapter 3 provides an overview of the plan as submitted by the council
- ▼ Chapters 4 to 8 present the findings and recommendations for specific infrastructure categories – transport, stormwater management, open space, community services and plan administration
- ▼ Chapter 9 presents our findings and recommendations on aspects of the plan and the assessment criteria which cross all or multiple infrastructure categories: reasonable cost of land, change in base period of the plan, indexing contribution rates, timing of infrastructure delivery and consultation.

2 Context and approach for this assessment

Campbelltown City Council submitted Menangle Park CP to IPART for assessment. To provide context for our assessment, the sections below outline:

- ▼ what contributions plans are
- ▼ why the council submitted the Menangle Park CP 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 must set 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.

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.

The council is seeking the Minister's endorsement to levy contributions under Menangle Park CP above the maximum contribution of \$20,000 per residential lot or dwelling which applies in this development area.

This is the first time we have assessed the Menangle Park CP.

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, developers will pay too much for local infrastructure and/or development could be unduly impeded. On the other hand, if costs in the plan are too low, 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.

2.4 What approach did we use for this assessment?

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 assessed Menangle Park CP in accordance with the criteria set out in the *Local Infrastructure Contributions Practice Note* (Practice Note) issued by the Department of Planning and Environment (DPE).⁵ The criteria require 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 nexus⁶
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 Department of Planning and Environment, *Local Infrastructure Contributions Practice Note*, January 2018. This practice note has replaced the *Revised Local Development Contributions Practice Note for the assessment of Local Contributions Plans by IPART*, February 2014. It describes which plans councils should submit to IPART, consistent with the policy changes announced in June 2017 and the Minister's s94E Direction of 28 July 2017. The assessment criteria remain unchanged since the 2014 practice note.

⁶ 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.

-
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 the Menangle Park CP against these requirements is provided in Appendix B.

2.5 What consultation process did we follow?

In the early stages of our assessment, we visited the Menangle Park release area and met with council officers, who gave us an overview of the plan. We also:

- ▼ made several requests for information from the council (and received this information)
- ▼ met with Landcom, the original major landholder in the release area
- ▼ met with Dahua Group, which will be the major developer in the release area, and
- ▼ sought information on aspects of the plan from DPE.

Further, when placing the council's completed application on our website, we stated we would accept public submissions related to the assessment criteria. The council also placed a notice on its website advising stakeholders about this submission period. We received two submissions, from Landcom and Dahua Group.

Finally, we gave Campbelltown City Council and DPE officers the opportunity to comment on a draft version of this report. We considered the comments from Campbelltown City Council in finalising our assessment.

2.6 What will happen next?

We have provided a copy of this report to the Minister for Planning, DPE and Campbelltown City Council.

The Minister will consider our report, and then the Minister (or Minister's nominee) will advise the council of any required amendments to the contributions plan. This advice will be published on DPE's website.

Once the council makes these amendments, the plan will become an "IPART-reviewed contributions plan". This will entitle the council to levy the full contribution amounts, consistent with the plan.

3 Overview of Menangle Park Contributions Plan

Menangle Park CP applies to the Menangle Park Urban Release Area (the release area) in south west Sydney, which is immediately to the south of the South West Growth Area and not subject to the Growth Centres SEPP.

Campbelltown City Council exhibited a draft version of the plan between 20 December 2017 and 29 January 2018, and it has been in force since 24 April 2018.

The sections below provide an overview of the expected development in the release area and summarise the costs and contribution rates in the plan.

3.1 Expected development in Menangle Park

The main zoning in the Menangle Park Urban Release Area (330.5 hectares) is residential, which is expected to accommodate a population of 9,828 new residents in approximately 3,500 dwellings. Land is zoned for a small town centre (estimated Gross Floor Area (GFA) of 2 hectares) and a community centre, and the council expects a primary school will be located in the release area.

Approximately 29 hectares in the north-west of the release area is zoned for employment. Although the land is within the Menangle Park CP catchment area, the cost of providing local infrastructure (stormwater only) to meet demand from this development is excluded from the plan. The council intends this cost will be recouped by way of an agreement with the developer.

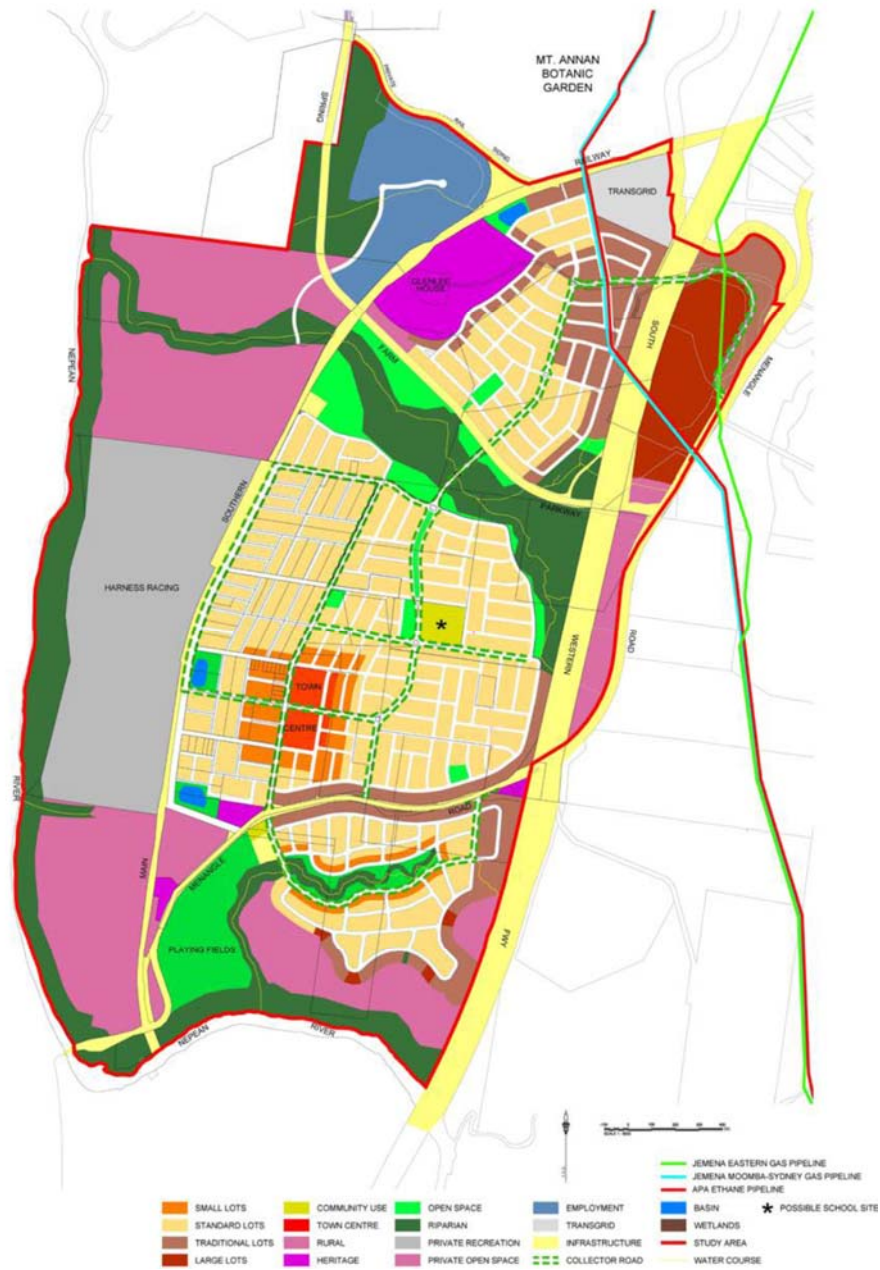
The council expects the development to occur over approximately 16 years. One developer, Dahua Group, controls about 70% of the land in Menangle Park. The remaining 30%, in the vicinity of the Menangle Park railway station, is owned by multiple landowners.

Figure 3.1 shows the Menangle Park Structure Plan, including the anticipated land use in the release area. Figure 3.2 shows the boundary of the land to which the plan applies.

Future development in the Menangle Park Urban Release Area will be affected by proposals recently exhibited by DPE for the Greater Macarthur Growth Area. This would create a Menangle Park Growth Area precinct, as well as a Mount Gilead Growth Area precinct, both of which would be incorporated into the Growth Centres SEPP. DPE has also proposed a Special Infrastructure Contribution (SIC) to fund regional infrastructure to support these precincts.⁷ Dahua is also intending to submit a planning proposal to increase dwelling yields in the Menangle Park Urban Release Area. These proposals are expected to be progressed in the near future.

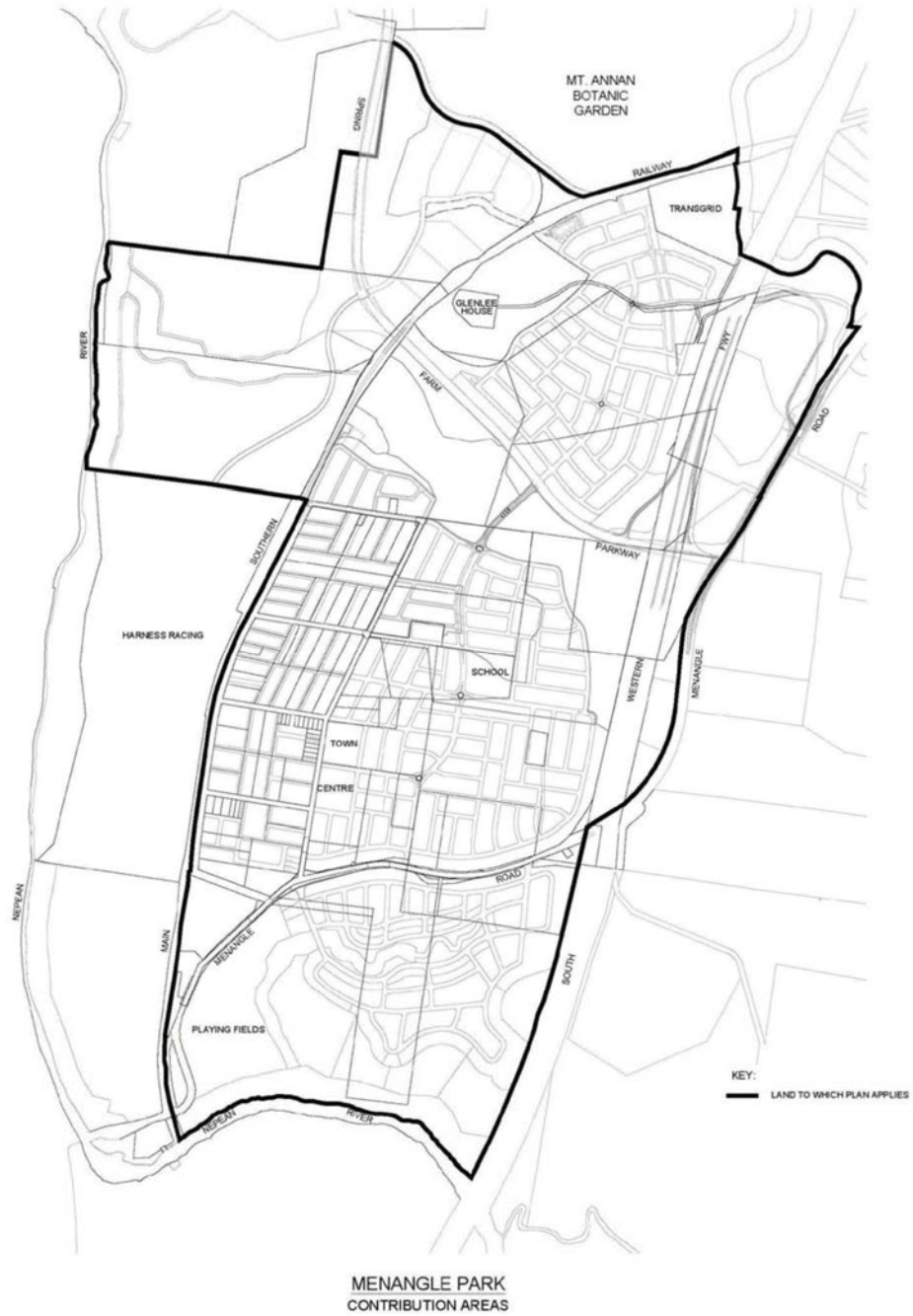
⁷ See <https://www.planning.nsw.gov.au/Plans-for-your-area/Priority-Growth-Areas-and-Precincts/Greater-Macarthur-Growth-Area> and <https://www.planning.nsw.gov.au/Policy-and-Legislation/Infrastructure/Infrastructure-Funding/Special-Infrastructure-Contributions-SIC/Greater-Macarthur-Special-Infrastructure-Contribution>, accessed 23 November 2018.

Figure 3.1 Menangle Park Structure Plan



Source: Menangle Park CP, p 2.

Figure 3.2 Menangle Park CP catchment area



Source: Menangle Park CP, p 5.

3.2 Cost of land, works and administration in the plan

The total cost of land, works and administration in the Menangle Park CP is \$132.88 million, comprising:

- ▼ \$26.55 million for the acquisition of land for local infrastructure (20.0%)
- ▼ \$104.27 million for local infrastructure works (78.5%), and
- ▼ \$2.06 million for plan preparation and administration (1.5%).

Table 3.1 provides a breakdown of costs by infrastructure category.

The estimated cost of acquiring land for local infrastructure represents a much smaller proportion of the total cost of the plan than in any of the other plans we have assessed to date. This is discussed further in section 9.1 of this report.

Table 3.1 Cost of land and works in Menangle Park CP (\$Sep2016)

Infrastructure	Land	Works	Administration	Total
Transport	3,042,200	47,865,671		50,907,871
Stormwater	6,677,850	24,608,957		31,286,807
Open space	16,475,500	31,682,803		48,158,303
Community services	355,332	113,800		469,132
Plan administration			2,058,821	2,058,821
TOTAL	26,550,882	104,271,231	2,058,821	132,880,934

Source: Menangle Park CP, Table 1, p iv and IPART calculations.

3.3 Contribution rates

The council calculates contributions for development subject to Menangle Park CP using a rate per person for residential development, and a rate per 100m² of gross floor area (GFA) for non-residential development, which are expressed in September 2016 dollars (Table 3.2). The contribution for a particular dwelling is the total per person rate, multiplied by the assumed household occupancy rate for that type of development (see section 3.3.1).

Table 3.2 Contribution rates in Menangle Park CP (\$Sep2016)

	Residential per person	Non-residential per 100 m ² of GFA
Transport	\$4,149	\$50,638
Stormwater	\$3,164	\$941
Open space	\$4,900	
Community services	\$48	
Plan administration	\$208	\$62
Total	\$12,470	\$51,641

Note: GFA = gross floor area.

Source: Menangle Park CP, Table 1, p vi and IPART calculations.

3.3.1 Indicative contribution rates for residential developments

Indicative contributions for residential developments based on the council's assumed household occupancy rates (see Table 3.3). Where a proposed development will have multiple dwellings on a single allotment, the occupancy rate, and hence contribution amount, is determined by the number of bedrooms in each of the dwellings which are to be constructed on that lot.⁸

The council can only levy contributions above \$20,000 per residential lot or dwelling when the plan becomes an "IPART-reviewed plan" (see section 2.6)

Table 3.3 Indicative residential contributions per lot and dwelling sizes

Type of residential development	Number of dwellings	Occupancy rate per dwelling	Indicative contribution (\$Sep16)
Lot size			
Town Centre Unit	160	1.7	21,199
Small Lot	435	2.4	29,927
Standard Lot	1,505	2.4	29,927
Standard Lot	925	3.5	43,644
Traditional Lot	456	3.5	43,644
Large Lot	19	3.5	43,644
Dwelling			
1 bedroom		1.7	21,199
2 bedrooms		2.4	29,927
3+ bedroom		3.5	43,644

Note: The contributions per dwelling will apply where there will be multiple dwellings on a single allotment. The rates are in September 2016 dollars, although Table 2 in the Menangle Park CP also shows the CPI-adjusted rates for 2017.

Source: Menangle Park CP, Table 2, p v and Table 4 p 19.

3.3.2 Indexation of contribution rates

Menangle Park CP provides for the contribution rates to be "reviewed by reference to":

- ▼ the Campbelltown release area residential land price index, which is updated quarterly by Residex Pty Ltd and displayed on the council's website for land acquisition costs, and
- ▼ the quarterly CPI - All Groups Sydney for the cost of works.⁹

3.3.3 Exemptions from contributions

Menangle Park CP provides that the only developments exempt from contributions are those the subject of a direction by the Minister for Planning. The only direction currently in force applies to the subdivision of land.

⁸ Menangle Park CP, Table 1 p iv, Table 2, p v, and p 19.

⁹ Menangle Park CP section 2.10, pp 11-12.

4 Transport

Menangle Park CP includes \$50.91 million for the provision of transport infrastructure. This represents 38.3% of the total costs in the plan, and comprises \$3.04 million for land and \$47.87 million for works.

We assessed the plan's provisions for transport infrastructure against:

- ▼ Criterion 1: Essential works
- ▼ Criterion 2: Nexus
- ▼ Criterion 3: Reasonable cost (works only, reasonable cost of land is discussed in Chapter 9)
- ▼ Criterion 5: Apportionment.

We found that land and works for transport in Menangle Park CP are consistent with the essential works list, except for plans of management. We also found the land and works for half-width roads currently designated as community services infrastructure should be categorised as transport infrastructure. In addition, we found that:

- ▼ nexus is established for the transport land and works in the plan except for three items which are regional, not local, transport infrastructure
- ▼ nexus is established for land and works (half-width roads fronting open space and stormwater management facilities) which are not currently included in the plan
- ▼ the estimated costs for items of transport infrastructure are reasonable, and
- ▼ the council's method of apportioning transport costs is reasonable.

Based on our findings, we recommend adjustments to the plan we estimate would increase the cost of transport land by \$3.35 million (110%) and increase the cost of works by \$1.17 million (2.3%).

Our findings and recommendations are summarised in Table 4.1.

Table 4.1 IPART-recommended adjustments for transport

Criterion	Finding	Recommendation	Land costs (\$Sep2016)	Works costs (\$Sep2016)
Total cost in plan			3,042,200	47,865,671
Essential works	All land and works are on the essential works list except plans of management	Remove plans of management		-281,260
	Land and works for half-width road fronting community centre are transport infrastructure	Transfer cost of land and works for half-width road from 'community services' to 'transport'	55,332	112,800
Nexus	Nexus is established for half-roads fronting public infrastructure	Include cost of land and works for half-roads fronting open space and stormwater infrastructure	4,277,398	12,713,000
	Nexus is not established for land and works for 3 items of regional infrastructure:			
	▼ Cycleways along Spring Farm Parkway	Remove cost of cycleways along Spring Farm Parkway		-117,660
	▼ Menangle Rd upgrade (except for intersection with non-regional road)	Remove cost of land and road upgrade component but retain cost of intersection works	-986,000	-11,300,000
	▼ Menangle Park Station cycle parking	Remove cost of Menangle Park Station cycle parking		-9,771
Reasonable cost	Costs are reasonable			
Apportionment	Approach is reasonable			
Total IPART-recommended cost adjustment			3,346,730	1,117,109
Total IPART-assessed reasonable cost			6,388,930	48,982,780

Note: All amounts which are adjustments to the cost of transport works are exclusive of the cost of the allowance for plans of management.

4.1 Criterion 1: Essential works

We found that all land and works for transport infrastructure in Menangle Park CP are consistent with the essential works list in the Practice Note, except for plans of management. The works items in Menangle Park CP are set out in Table 4.2.

We also found that land and works for the half-width road fronting public infrastructure should be categorised as transport infrastructure, which means that the land and works for half-roads fronting the community facility are transport infrastructure, not community services infrastructure.

Recommendations

- 1 Remove the allowance for the cost of plans of management from the cost of transport works in the plan, which would reduce the cost of transport works by an estimated \$281,260.
- 2 Include the half-width roads fronting the community centre in the cost of transport infrastructure in the plan, which would increase the cost of transport land by an estimated \$55,332 and works by an estimated \$112,800 and remove the same land and works items from the cost of community services.

Table 4.2 Transport works in Menangle Park CP

Items on the Essential Works List	Items NOT on the Essential Works List
▼ Road upgrades	▼ Plans of management (component of all works items)
▼ New collector roads	
▼ Bridges	
▼ Foot/cycle bridges	
▼ Roundabouts	
▼ Signalised intersections	
▼ Bus shelters	
▼ Cycleways	

4.1.1 Plans of management are not essential works

Menangle Park CP includes an allowance of 1% of the base costs of all transport infrastructure works for plans of management. We recognise that councils must prepare plans of management for all community land. However, the statutory requirements for such plans indicate that plans of management should be characterised as operational expenditure rather than the capital cost of delivering infrastructure. As such, we consider that they are not consistent with the essential works list and should be removed from the plan.

4.1.2 Half-width roads fronting public land are transport infrastructure

Menangle Park CP includes the cost of land and works for half-width roads fronting the community facility, allocating the costs to the community services infrastructure category.¹⁰

We consider that given their purpose, land and works fronting public infrastructure should more appropriately be considered as transport infrastructure, and their costs allocated to the transport infrastructure category, rather than the category of infrastructure the roads are adjacent to. Consequently, land and works for half-width roads fronting the community facility should be transferred from the community services works schedule to the transport works schedule, increasing the cost of transport infrastructure but reducing the cost for community services by the same amount.

¹⁰ Earlier versions of the plan also included the cost land and works for half-width roads fronting stormwater management and open space infrastructure, allocating the cost to the respective infrastructure categories. We discuss this infrastructure at section 4.2.1.

4.2 Criterion 2: Nexus

In assessing whether there is nexus between the transport land and works in Menangle Park CP and development in the release area, we relied on information in the supporting technical study (*Menangle Park Transport Management and Accessibility Plan* (the TMAP)); the relevant Development Control Plan (DCP);¹¹ land acquisition maps; and information from DPE, the council and other stakeholders.

The TMAP was commissioned by Landcom and the council, and was prepared by AECOM in June 2010. This study uses forecast trips generated by the Menangle Park development and output from the traffic modelling to identify a package of infrastructure measures that are required to mitigate the impact of the proposed development. The modelling establishes a road hierarchy in the precinct based on traffic and transport needs. It also establishes pedestrian and cycle networks to provide an integrated transport network between modes and land uses.¹² In June 2016, AECOM updated the 2013 strategic designs and the traffic modelling.¹³

Consistent with our finding that land fronting public infrastructure should be considered transport infrastructure, we found nexus for land and works for half-width roads fronting open space and stormwater infrastructure, and that their costs should be in Menangle Park CP.

However, we determined that it was not reasonable to include in the plan the cost of transport infrastructure items which form part of the regional road network. A recent Government announcement identifies these works as being funded on a regional basis (by various means, including through a special infrastructure contribution (SIC), and not by local infrastructure contributions. Specifically, we found:

- ▼ the council's exclusion of costs for Spring Farm Parkway Stage 2 is reasonable
- ▼ cycleways along Spring Farm Parkway are to be provided in conjunction with Spring Farm Parkway Stage 2
- ▼ Menangle Road is a regional road and other than costs associated with an intersection with a local road its upgrade is not to be funded by local infrastructure contributions, and
- ▼ Menangle Park Station cycle parking will meet regional demand and its cost should not be in the Menangle Park CP.

Recommendations

- 3 Include costs for half-width roads fronting open space and stormwater infrastructure, which would increase the cost in the plan of transport land by an estimated \$4,277,398 and transport works by an estimated \$12,713,000.

¹¹ Campbelltown City Council, *Development Control Plan, Part 8 Menangle Park*, October 2016.

¹² Campbelltown City Council, *Menangle Park S94 Contributions Plan*, 2018, pp 42-43, AECOM, *Menangle Park Transport Management and Accessibility Plan (TMAP)*, p 4.

¹³ AECOM, *VISSIM*, June 2016.

-
- 4 Remove costs for the following items of regional transport infrastructure:
- Spring Farm Parkway cycleways, which would reduce the cost of transport works by an estimated \$117,660
 - Menangle Park Road upgrades (road segment only, not intersection), which would reduce the cost of transport land by an estimated \$986,000 and the cost of transport works by an estimated \$11,300,000, and
 - Menangle Park Station cycle parking from the plan, which would reduce the cost of transport works by an estimated \$9,771.

4.2.1 Nexus is established for half-width roads fronting all local infrastructure

Campbelltown City Council intends to use conditions of consent to require developers to deliver the full width of roads fronting open space and stormwater infrastructure.¹⁴

The council advised that it considers developers obtain a direct benefit by having development fronting open space and drainage land and therefore considers it appropriate to require the developers to provide the full-width of the road. The council notes that this approach was discussed with, and supported by Dahua (see Box 4.1 below). However, in relation to development fronting a community centre, the council considers the developer does not receive a direct benefit and therefore included this road in the contribution plan (to be funded by all developers).

Box 4.1 Campbelltown City Council's consideration of Dahua's submission

Campbelltown City Council initially included land and works costs for half-width roads in the plan. Prior to exhibiting the draft contributions plan in December 2017, the council removed the land acquisition and construction costs for half-width roads (except for the roads fronting the community centre) in response to a submission from Dahua.^a

Dahua's submission noted its confusion about which items were included within the works schedule due to the council's incorrect exhibition of a previous version of the Works Schedule, so requested that the council remove all half-width roads from the plan. Dahua provided the same submission to IPART.^b

^a Campbelltown City Council, *Ordinary Council Meeting*, 10 April 2018, p 79.

^b Dahua Group, *Submission to IPART*, 27 July 2018.

Most other plans we have assessed allow for developers to be responsible for delivering a half-width of road fronting their development, while the remaining half-width fronting the local infrastructure is included in the contributions plan. We recently published a discussion paper seeking stakeholder views on which transport items should be included in local infrastructure contributions plans.¹⁵ The preliminary position expressed in the paper is that it is reasonable for councils to include in a contributions plan the transport infrastructure (land and/or works) that is required to facilitate development in the precinct

¹⁴ Correspondence from Campbelltown City Council, 24 July 2018.

¹⁵ IPART, *Contributions for local transport infrastructure*, Discussion Paper, 12 September 2018.

where it adjoins public or non-developable land. Stakeholders responding to the discussion paper generally supported this position.

While Dahua agreed to an alternative approach, it is not the only developer in the release area. The requirement to provide the full-width road fronting open space or stormwater management land might be overly burdensome for other developers.

We also consider that in the context of Menangle Park CP, the council has not clearly established the rationale for assuming the existence of a direct benefit to development opposite land where stormwater and open space works are located, but not for development opposite land for the community centre.

We therefore recommend all land and works for half-width roads fronting open space or stormwater management land be included in the contributions plan.

4.2.2 Excluding Spring Farm Parkway Stage 2 from the plan is reasonable

Campbelltown City Council excluded Stage 2 of Spring Farm Parkway (Stage 2) from the plan because Landcom will dedicate the land free of charge and the council expects the State and Federal Government will be responsible for the road's construction, given its importance to the regional road network.¹⁶ Landcom's submission argued for including Stage 2 in the plan, in line with AECOM's recommended apportionment of costs to Menangle Park development to reflect local traffic's expected use of the road.¹⁷

On 19 November 2018 DPE released details of infrastructure which the NSW Government has identified as necessary to support development in the Glenfield to Macarthur corridor. This infrastructure will be funded by various means, including the proposed SIC for new development in the Greater Macarthur region. Stage 2 of Spring Farm Parkway is among the listed projects.¹⁸

On this basis we consider that it is reasonable for Campbelltown City Council to exclude Spring Farm Parkway Stage 2 from Menangle Park CP.

4.2.3 Cycleways along Spring Farm Parkway are regional infrastructure

Menangle Park CP excludes the cost of land and works for Spring Farm Parkway (Stage 2), however it includes the part of the cost of cycleways along this road.

We note that cycleways along Spring Farm Parkway are on the list of regional infrastructure projects identified for funding through the SIC for Greater Macarthur. On this basis, we found that inclusion of these cycleways in the local infrastructure contribution plan is not reasonable.

¹⁶ Campbelltown City Council, *Menangle Park s94 Contributions Plan*, March 2018, p 4.

¹⁷ Submission from Landcom, received 30 July 2018.

¹⁸ See <https://www.planning.nsw.gov.au/Policy-and-Legislation/Infrastructure/Infrastructure-Funding/Special-Infrastructure-Contributions-SIC/Greater-Macarthur-Special-Infrastructure-Contribution> accessed 23 November 2018.

4.2.4 Menangle Road is a regional road

Menangle Park CP includes costs for the following upgrade works for Menangle Park Road:

- ▼ the Menangle Road/Glenlee Road intersection, and the upgrade (ie, widening) of Menangle Road from the south of the release area to Glenlee Road in the north
- ▼ a signalised intersection at Cummins Road, and
- ▼ intersections with two other collector roads.¹⁹

We note that the widening of Menangle Road and provision of cycleways along it are on the list of identified regional infrastructure projects for funding through the SIC for Greater Macarthur. In addition, DPE advised that although Menangle Road is a regional road, intersections between it and collector roads should be funded by local infrastructure contributions.²⁰

On this basis, we consider it is reasonable to retain the cost of providing intersections between Menangle Road and collector roads in the plan, but not the cost of widening Menangle Road.

The cost of the intersection between Menangle Road and Glenlee Road is not separately itemised in the plan. The council was unable to provide a breakdown of \$14.3 million included for this intersection and other Menangle Road upgrade work. We have estimated the cost as \$3 million based on the typical cost of signalised intersections we found to be reasonable in a plan we recently assessed. We consider this is at the high end of the range of reasonable costs for a typical signalised intersection.

Table 4.3 shows our recommended adjustments to the cost of Menangle Road upgrade works.

Table 4.3 Menangle Road works – IPART-recommended adjustments (\$Sep2016)

Menangle Rd works	Cost in plan (\$Sep2016)	IPART recommended adjustment (\$Sep2016)	IPART recommended cost (\$Sep2016)
Menangle Rd and Glenlee Rd intersection and Road upgrades	14,299,156	-11,300,000	3,000,000
Menangle Rd intersection with Cummins Rd	2,303,084	nil	2,303,084
Menangle Rd intersections with 2 collector roads	956,150	nil	956,150
Total	17,558,390	-11,300,000	6,259,234

The plan also includes costs for land associated with the Menangle Road upgrade works.

¹⁹ The Menangle Park CP Works Schedule also includes the 2-lane duplication of Menangle Road from the north of the release area to Campbelltown city centre, Menangle Road cycleways and augmentation of a bridge over the M5 motorway, however no costs for these works have been allocated to the plan.

²⁰ Email from DPE, received 25 September 2018.

Given our recommendation to remove the costs of upgrades to Menangle Road (other than for intersections with collector roads) as nexus has not been established and the cost will be met by other funding sources, we also find there is no nexus for the land associated with the upgrade works. The cost of land for the Menangle Road and Glenlee Rd upgrade works currently in the Menangle Park CP should also be removed. Our recommended adjustments to the cost of land for transport infrastructure are in Table 4.4.

Table 4.4 Menangle Road land – IPART-recommended adjustments (\$Sep2016)

Land	Cost in plan (\$Sep2016)	IPART- recommended adjustment (\$Sep2016)	IPART- recommended cost (\$Sep2016)
Menangle Road and Glenlee Rd intersection	133,000	nil	133,000
Menangle Road and Glenlee Rd			
part lot 3003 DP802845	137,000	-137,000	0
95% part lot 3004 DP802845	668,000	-668,000	0
part lot 2 DP842735 (north)	54,000	-54,000	0
50% part lot 2 DP842735 (south)	127,000	-127,000	0
Menangle Rd intersections Cummins Rd	nil	nil	Nil
Menangle Rd intersection with 2 collector roads	nil	nil	Nil
Collector roads	1,888,000	nil	1,888,000
Cycleways	35,200	nil	35,200
Total	3,042,200	-986,000	2,056,200

4.2.5 Menangle Park Station cycle parking is regional infrastructure

The Works Schedule in the plan includes the cost of cycle parking at Menangle Park Station. However, the plan notes the council’s assumption that RailCorp, as the provider of rail infrastructure, would meet 100% of the costs of these works.²¹ In addition, TMAP indicates that the provision of the cycle parking is required to meet regional demand, by people from outside the Menangle Park development, and recommends that the costs not be included in Menangle Park CP.²²

The council clarified the discrepancy between the plan and the Works Schedule, advising that the cost of the cycle parking was incorrectly included in the plan. Accordingly we recommend it be removed.

²¹ Menangle Park CP, Table 9, p 48.

²² AECOM, Letter and *Transport Management and Accessibility Plan 2010*, Table 9.2, p 82.

4.3 Criterion 3: Reasonable cost of transport works

UrbanGrowth²³ engaged WT Partnership (WTP) for cost estimates of transport infrastructure works for inclusion in Menangle Park CP, and the council adopted WTP's cost advice.²⁴ WTP identified the scope of these works using:

- ▼ AECOM's TMAP (included as Appendix C to the plan)
- ▼ AECOM's Strategic Concept Design for Spring Farm Parkway, and
- ▼ SMEC Urban Consulting Group's Traffic and Transport plans.

WTP estimated the base cost of the works by applying a standard unit rate or a site-specific estimate (per item or per metre) as follows:

- ▼ For **collector roads**, it used a standard 'per linear metre' rate multiplied by the length of the relevant road.
- ▼ For **upgrades of existing roads and intersections**, it used a site-specific estimate, which represents the cost of road upgrade works and provision of new intersections.
- ▼ For other **miscellaneous** transport items such as bridges, cycleways, and bus shelters, it used a 'standard' unit rate (per item or per metre).

WTP included on-costs (eg, preliminaries, statutory compliance and project management) to the base costs to estimate total costs for the transport works, and added a further 10.0% to the base cost plus on-costs, as a construction contingency allowance.²⁵

Overall, we found that this approach to estimating transport costs is reasonable (although we removed the allowance for the cost of plans of management as these plans are not consistent with the essential works list). We also compared the costs with other plans we have assessed and found:

- ▼ the standard 'per linear metre' rates for collector roads are reasonable
- ▼ the site-specific estimates for upgrades to existing roads and intersections are reasonable
- ▼ the estimates for other transport items (bridges and bus shelters) are reasonable, and
- ▼ the project on-costs (for preliminaries, statutory compliance, project management and construction contingency)²⁶ are reasonable.

We have not recommended any adjustments to the cost of transport works.

²³ At this time, Landcom, the original land owner of the majority of the proposed urban release area, had been amalgamated with UrbanGrowth.

²⁴ See WTP, Menangle Park Urban Release Area Cost Plan Verification for Contributions Plan, October 2016 (Appendix A to Menangle Park CP).

²⁵ See Menangle Park CP, Appendix A.

²⁶ In relation to Criterion 1 Essential works, we find that the allowance of 1% for plans of management was not consistent with the essential works list and recommend it be removed, see section 4.1.1 and Recommendation 1.

4.4 Criterion 5: Apportionment

Campbelltown City Council apportions all costs of transport land and works entirely to development within the catchment area of the release area, both residential and non-residential development, on the basis of traffic modelling.²⁷

The portion of costs assigned to residential development (80.1%) is then divided by the anticipated increase in population to derive per person contribution rates. The portion of costs assigned to non-residential development (19.9%) is divided by the projected amount of retail floor space to derive contribution rates per gross square metre of floor space. We consider this approach is reasonable.²⁸

²⁷ AECOM, *Transport Management and Accessibility Plan 2010*.

²⁸ Menangle Park CP, pp 46-48 and Works Schedule.

5 Stormwater management

Menangle Park CP includes \$31.29 million for the provision of stormwater management infrastructure. This represents 23.5% of the total costs in the plan, and comprises \$6.68 million for land and \$24.61 million for works.

We assessed the plan's provisions for stormwater management infrastructure against:

- ▼ Criterion 1: Essential works
- ▼ Criterion 2: Nexus
- ▼ Criterion 3: Reasonable cost (works only, reasonable cost of land is discussed in Chapter 9)
- ▼ Criterion 5: Apportionment.

We found the stormwater management works in Menangle Park CP are consistent with the essential works list, except for plans of management, and that nexus has been established for the stormwater land and works in the plan.

Our main findings are that the council should include revegetation and regeneration works, and the riparian corridor land where they will be located, in stormwater management land and works in Menangle Park CP. We found that:

- ▼ While the revegetation and regeneration works are not essential for open space purposes, they are essential to the stormwater management strategy adopted for the Menangle Park Urban Release Area.
- ▼ Nexus is established for these works and the corresponding land (the areas of riparian land along Howes Creek and Creek S1) in the stormwater management infrastructure category of Menangle Park CP.

In addition, we found that:

- ▼ the estimated costs for items of stormwater management works are reasonable, except for minor errors in three items arising from misapplication of rates or double-counting, and
- ▼ the council's method of apportioning transport costs is reasonable.

Based on our findings, we recommend adjustments to the plan which we estimate would increase the cost of stormwater management land by around \$13.92 million (208.5%) and increase the cost of stormwater management works by around \$18.25 million (74.2%).

The adjustment to works costs would, for the most part, be offset by a corresponding reduction in the cost of open space embellishment, as discussed in sections 5.1.2 and 6.1.3.

Our findings and recommendations are summarised in Table 5.1.

Table 5.1 IPART-recommended adjustments for stormwater management

Criterion	Finding	Recommendation	Land costs (\$Sep 2016)	Works costs (\$Sep2016)
Total cost in plan			6,677,850	24,608,957
Essential works	All items are on the essential works list except plans of management	Remove allowance for cost of plans of management		-202,000
	Regeneration & revegetation works are essential for stormwater management	Transfer cost of regeneration & revegetation works from 'open space' to 'stormwater management'		18,283,345
Nexus	Nexus is established for all stormwater management land and work in the plan			
	Nexus is also established for riparian land along Howes Ck and Creek S1	Include the cost of 46.41 hectares of riparian land	13,923,000	
Reasonable cost	Costs are reasonable except for:			
	▼ detention basins (Basins 7 & 8) using initial drainage strategy cost estimates	Apply alternative drainage strategy cost estimates		426,572
	▼ double counting of some on-costs	Remove double-counting of preliminaries for detention basins		-92,252
	▼ double counting of some channel costs	Remove double-counting of channel stabilisation costs		-167,630
Apportionment Approach is reasonable				
Total IPART-recommended cost adjustment			13,923,000	18,248,035
Total IPART-assessed reasonable cost			20,600,850	42,856,992

Note: All adjustments to the cost of stormwater management works are exclusive of the cost of the allowance for plans of management.

5.1 Criterion 1: Essential Works

We found that all land and works for stormwater management infrastructure in Menangle Park CP are consistent with the essential works list in the Practice Note, except for plans of management. We also found regeneration and revegetation works are essential works for the stormwater management strategy rather than for open space and recreation purposes, and should be re-categorised from open space embellishment to stormwater management works.

Table 5.2 summarises our assessment.

Recommendations

- Remove the allowance for the cost of plans of management from the cost of stormwater management works in the plan, which would reduce stormwater management works costs by an estimated \$202,000.

- 6 Include regeneration and revegetation works in the cost of stormwater management infrastructure in the plan, which would increase stormwater management works costs by an estimated \$18,283,345 and reduce open space costs by the same amount.

Table 5.2 Stormwater management works in Menangle Park CP

Items on the essential works list	Items NOT on the essential works list
▼ Detention basins	▼ Plans of management (component of all works items)
▼ Bio-retention filters (stand alone and located within detention basins)	
▼ Wetlands	
▼ Gross pollutant traps (GPTs) at inlet to bio-retention	
▼ Stormwater channel stabilisation - including regeneration and revegetation works	
▼ Trunk drainage line	
▼ Drainage easement	

5.1.1 Plans of management are not essential works

Menangle Park CP includes an allowance of 1% of the base costs of all stormwater infrastructure works for plans of management. We recognise that councils must prepare plans of management for all community land. However, the statutory requirements for such plans indicate that plans of management should be characterised as operational expenditure rather than the capital cost of delivering infrastructure. As such, we consider that they are not consistent with the essential works list and should be removed from the plan.

5.1.2 Regeneration and revegetation works are essential works

Menangle Park CP includes seed collection, weed removal, and regeneration and revegetation works in the open space embellishment category. The cost of these works is:

- ▼ \$12,273,851 for revegetation and regeneration works along the northern riparian corridor (Howes Creek), and
- ▼ \$6,009,494 for revegetation and regeneration works along the southern riparian corridor (Creek S1)

The Practice Note specifies that acquiring land or undertaking works for environmental purposes (eg, bushland regeneration or riparian corridors) are not defined as essential works, except where it can be demonstrated that the land and/or works serve a dual purpose with one or more of the other categories of works (eg, stormwater management or open space).²⁹

We found these works will be undertaken on land in the riparian corridor and do not serve recreational purposes. The plan does not include any active or passive open space embellishment on the riparian land. Therefore, we do not consider these works are essential for open space.

²⁹ DPE, *Practice Note: Local Infrastructure Contributions*, January 2018, p 16.

However, we consider these works do serve a stormwater management function. This is because the stormwater management strategy which the council has adopted to meet water quantity objectives for the Menangle Park Urban Release Area is based on channel stabilisation, and a small number of detention basins (see section 5.2 below). We therefore consider the revegetation and regeneration works are consistent with the essential works list but recommend that they are re-categorised as stormwater management works.

5.2 Criterion 2: Nexus

In assessing whether there is nexus between the land and works for stormwater management infrastructure in Menangle Park CP and development in the precinct, we considered whether the infrastructure is sufficient to meet, but not exceed, the demand from the anticipated new residents and workers in Menangle Park.

The stormwater management strategy in Menangle Park requires a combination of water quantity and water quality treatment measures to safely convey stormwater runoff through the development and discharge it into the Nepean River.

The initial water quantity management plan by GHD (May 2010) was a detention-based strategy, which proposed 13 detention basins in Menangle Park.³⁰ However, Landcom proposed an alternative drainage strategy to reduce the costs of the stormwater works. The alternative drainage strategy was prepared by GHD in November 2011. It relied on the stabilisation of existing natural creek channels to reduce the number of detention basins in Menangle Park and ensure water *quantity* objectives would be met.³¹ It did not propose any changes to the water *quality* elements of the strategy.

The alternative strategy was generally supported by the NSW Office of Water (NOW) and the Office of Environment and Heritage (OEH). The council has adopted the alternative drainage strategy in Menangle Park CP.

We found the supporting technical studies listed in Table 5.3 establish nexus for most stormwater works items in the plan.

³⁰ GHD, *Local Flooding and Stormwater Quantity Management (Detention)*, May 2010.

³¹ GHD, *Review of Drainage Options*, November 2011.

Table 5.3 Technical studies for stormwater works in Menangle Park CP

Author	Title	Date
WT Partnership	<i>Menangle Park Urban Release Area cost plan verification for contributions plan</i>	October 2016
Landcom	<i>Summary of Drainage Strategy</i>	November 2011
GHD	<i>Review of Drainage Options</i>	November 2011
AECOM	<i>Menangle Park WSUD Strategy</i>	June 2010
GHD	<i>Local Flooding and Stormwater Quantity Management (Detention)</i>	May 2010

We identified two work items which either differ from the supporting technical studies, or were not supported by NOW or OEH:

- ▼ Removal of a detention basin (Basin 11), which was not supported by NOW.
- ▼ Relocation of a detention basin (Basin 8), which was not recommended by GHD in its November 2011 report.

Campbelltown City Council provided explanations to support its positions on these two works items; we consider the council's explanations are reasonable.

As outlined in section 5.1.2, costs for regeneration and revegetation works have been reallocated to stormwater management infrastructure. We consider that the technical studies for stormwater management establish nexus for these works.

We found there is nexus for all stormwater management land included in Menangle Park CP. All land acquisitions correspond to stormwater works in the plan. We note that some wetlands and bio-retention works in the plan will be located on land that is included in the Works Schedule for the open space category, but consider this is reasonable.

We also found nexus for additional stormwater management land that is not currently in the plan. Consistent with our findings in relation to regeneration and revegetation works, nexus is also established for land in the riparian corridors along Howes Creek and Creek S1 where these works will be located.

Recommendation

- 7 Include:
- an additional 35.41 hectares of riparian land along Howes Creek, which would increase the cost of land for stormwater management by an estimated \$10,623,000.
 - additional riparian land (around 11.00 hectares) along Creek S1, which would increase the cost of land for stormwater management by an estimated \$3,300,000.

5.2.1 There is nexus for the removal of detention basins

The alternative drainage strategy proposed removing detention basins 2, 4, 4a, 5, 6, 9, 11 and 12.

In August 2011 NOW wrote to Landcom stating that it gave qualified support to the alternative proposal, except for removal of Basin 11. NOW noted that there would be a

significant increase in peak discharge flows if Basin 11 were removed and that Landcom and the council would need to show that suitable stabilisation works would stabilise the watercourse, before it could endorse the removal of this basin.

Subsequent to NOW's letter, GHD (November 2011) found that Creek S2, into which Basin 11 would drain, had sufficient existing capacity within the existing low flow channel to pass the 100-year and 2-year average recurrence interval (ARI) events. However, according to GHD, the council would need to make provisional allowances for channel stabilisation works because the creeks are steep and deeply incised towards the Nepean Outlet. We found the alternative strategy recommended in the GHD (November 2011) report is sufficient to address the concerns raised by NOW.

We consider that the technical studies and the council's explanation establish the case for the removal of Basin 11 in Menangle Park CP.

5.2.2 There is nexus for the relocation of a basin

We found that while nexus is established for the inclusion of detention Basin 8, GHD (November 2011) did not support the new location of Basin 8. The GHD (November 2011) study found that the relocated basin must be raised to maintain its drainage potential in the catchment area. To construct the relocated basin, the council would need to import additional fill to build the basin, with a larger embankment over steeper ground.

The council explained that while it would be more costly to relocate the basin, the relocated area would minimise the portion of the urbanised catchment that would bypass the detention basin once installed. This would allow the council to better utilise the infrastructure and reduce the risk of damage to the downstream channel.

We consider that the council's explanation establishes nexus for the relocation of Basin 8 in Menangle Park CP.

5.2.3 There is nexus for the regeneration and revegetation works

The alternative drainage strategy recommended by GHD (November 2011) relies on channel stabilisation of the natural creeks to manage and control drainage flows. The seed collection, weed removal, planting and other regeneration and revegetation works in Menangle Park CP are part of the alternative strategy to restore and stabilise channel areas and prevent erosion of the existing channels.³²

We consider that the technical studies establish nexus for the regeneration and revegetation works in Menangle Park CP.

³² These works are classified as open space embellishment in Menangle Park CP. We recommend that these are re-categorised as stormwater management works. See section 5.1.2.

5.2.4 Land for regeneration and revegetation works is not included in the plan

Menangle Park CP does not include any land for the regeneration and revegetation works. We consider that nexus is established for the works cost and therefore the corresponding land for these works should be included in the plan.

In addition to the land for stormwater management that is already included in the plan, we have identified a further:

- ▼ 35.41 hectares of riparian corridor along Howes Creek (in the northern part of the release area) that should be included in Menangle Park CP, and
- ▼ 11.00 hectares (approximately) of riparian corridor along the southern part of the release area (Creek S1) that should be included in Menangle Park CP.

We recommend that Campbelltown City Council include the additional land for regeneration and revegetation works in Menangle Park CP. Based on the 2016 valuation advice prepared for the council, we estimate that this would increase the cost of land for stormwater management by \$13,923,000 (\$10,623,000 for the riparian land along Howes Creek and \$3,300,000 for the riparian land along Creek S1).

5.2.5 Some wetlands and bio-retention works in the plan are constructed on open space land

Menangle Park CP includes some wetlands (D1.6, D1.16, D1.14) and bio-retention works (D1.17, D1.18, D1.19 (a)) within open space, district open space and playing fields land. As the relevant land serves a dual purpose (for open space and stormwater management), we consider including the costs of these stormwater works on open space land is reasonable.

5.3 Criterion 3: Reasonable cost of stormwater management works

UrbanGrowth³³ engaged WT Partnership (WTP) to prepare cost estimates for the stormwater management infrastructure in Menangle Park CP, and the council adopted WTP's cost advice.³⁴

In preparing the cost estimates, WTP drew on:

- ▼ SMEC Urban Consulting Group's Trunk drainage plan map
- ▼ GHD's Local Flooding and Stormwater Quantity Management (Detention) report for water quantity works (May 2010) (Appendix E.7 to the plan)
- ▼ AECOM's Menangle Park WSUD Strategy report for water quality (Appendix E.2 to the plan), and
- ▼ JMD's Open Space Concept Designs (Appendix B to the plan).

³³ At this time, Landcom, the original land owner of the majority of the proposed urban release area, had been amalgamated with UrbanGrowth.

³⁴ See WTP, Menangle Park Urban Release Area Cost Plan Verification for Contributions Plan, October 2016 (Appendix A to Menangle Park CP).

In deriving the cost estimates, WTP:

- ▼ checked the rates supplied by AECOM and GHD for the civil and construction components of stormwater works, and amended these rates as required
- ▼ relied on the quantities supplied by GHD
- ▼ made adjustments to the rates for bulk earthworks
- ▼ applied its own cost estimates for landscaping and associated works, and
- ▼ indexed costs it prepared from November 2011 to September 2016.

WTP included on-costs (eg, preliminaries, statutory compliance and project management) to the base costs to estimate total costs for the transport works. It also added a further 10.0% to the base cost plus on-costs, as a construction contingency allowance.³⁵

We found that the stormwater works costs in Menangle Park CP are broadly reasonable except for:

- ▼ application of cost estimates from the initial drainage strategy for detention basins
- ▼ double-counting of some on-costs for detention basins, and
- ▼ some errors in the application of channel stabilisation works cost estimates.

Recommendations

- 8 Revise the cost estimates for detention basins to align them with the quantities recommended in the GHD (November 2011) alternative drainage strategy, which would increase the stormwater works costs by an estimated \$426,572 (\$101,660 for Basin 7 and \$324,912 for Basin 8).
- 9 Reduce the cost of stormwater management works to correct double-counting of:
 - preliminaries for detention basins (estimated at \$92,252), and
 - channel stabilisation works (estimated at \$167,630).

5.3.1 Some detention basin costs are not reasonable

Menangle Park CP includes three detention basins, consistent with the alternative drainage strategy. However, we found that WTP has applied the initial water quantity drainage strategy cost schedules from GHD (May 2010) to estimate the cost of the detention basins, instead of updating the cost estimates for the GHD (November 2011) alternative drainage strategy. The alternative strategy changed:

- ▼ the unit rates and bill of quantities for Basins 7 and 8, and
- ▼ the treatment of some sub-items for Basins 7 and 8.

Quantities and rates of sub-items for Basins 7 and 8

We found that although there were inconsistencies between the unit rates (ie, \$ per unit) applied by WTP and the unit rates used by GHD (November 2011), the rates used by WTP

³⁵ See Menangle Park CP, Appendix A.

were reasonable. This is because WTP checked and revised the unit rates when reviewing cost estimates in 2016.

However, the inconsistencies between the bill of quantities applied by WTP and the quantities supplied by GHD (November 2011) were unreasonable. This is because WTP relied on the bill of quantities supplied by GHD in May 2010, which were based on the initial drainage strategy rather than the updated, alternative drainage strategy. We therefore consider the quantities in the plan are unreasonable.

We recommend that Campbelltown City Council update the estimated cost of the detention basins in Menangle Park CP using the revised quantities. This would ensure the council is recovering the construction costs based on the basins recommended in the alternative drainage strategy.

Treatment of some sub-items for Basins 7 and 8

While GHD (November 2011) did not support the relocation of Basin 8, it provided revised cost estimates for this relocation. The relocation of Basin 8 also resulted in changes to Basin 7 to allow for additional capacity to take flows that were proposed to drain to the original location of Basin 8. We found that the cost estimates for both basins should be updated to reflect changes in their characteristics (or sub-items).

Table 5.4 sets out the proposed changes to the treatment of some sub-items for Basin 7 and Basin 8.

Table 5.4 Changes to treatment of sub-items in detention basins in Menangle Park CP

Item	Menangle Park CP (initial drainage strategy)	GHD November 2011 (alternative drainage strategy)
Basin 7		
Low flow outlet pipe	300mm RCP class 2 x 150m	600mm RCP class 2 x 30m
High flow box culvert	1.5m x 0.9m x 150m	4.2m x 0.9m x 30m
GPT	2x CDS 1518	2x CDS 2018 ^a
Basin 8		
Import fill	Not included	7,192m ³ or 1,312 m ³ with a retaining wall
Excavation to reduce surplus	5,104m ³	Not included

^a GHD (November 2011) recommends 1 GPT, however JMD's concept designs show that 2 GPTs are required for Basin 7.

For Basin 7, the alternative strategy proposed increased sizes to the low flow outlet pipe and box culvert, with a corresponding reduction in total length required to construct the pipe and culvert. The alternative strategy also proposed increased gross pollutant trap (GPT) sizes from a CDS 1518 to a CDS 2018. We note that only one GPT was recommended in the alternative strategy, however this was subject to the final design. The JMD concept designs show that two GPTs would be required for this basin.

We recommend that the council revise the cost estimates to reflect the proposed changes in Basin 7.

For Basin 8, WTP used cost estimates based on its original location. The relocation of this basin requires import of additional fill to build the basin over steeper ground on the lot to the south and reduces disposal of excavated material and deposit surplus.

GHD (November 2011) proposed costings for two alternative methods of constructing the relocated basin:

- ▼ earth embankment (increase the overall cost of construction by \$624,830), and
- ▼ retaining wall (increase the overall cost of construction by \$324,912).

The differences in cost for these two options is due to different fill import requirements and the cost of constructing a retaining wall. GHD did not express a preference for one option over the other.

We recommend the council revise the cost estimates to reflect the proposed changes in Basin 8, at the lower cost.

5.3.2 Some on-costs for detention basins are double counted

Campbelltown City Council has included 'preliminaries' costs for establishment and erosion and sediment control in the base cost estimates for all detention basins (Basins 7, 8 and 13) in Menangle Park CP.

WTP also includes a 6% allowance for 'preliminaries', which include site establishment, supervision, scaffolding services and all works related to construction which are not permanent. These cost are included as project on-costs and have been applied separately to the base costs.

We consider it is reasonable to apply project on-costs to the base costs, however, we recommend the council correct the double-counting of preliminaries costs for detention basins.

5.3.3 Some channel stabilisation works costs are not reasonable.

WTP applied the cost estimates in the GHD (November 2011) report to cost the channel stabilisation works in Menangle Park CP. We found the costs in Menangle Park CP are mostly consistent with the GHD cost estimates, except that the cost of channel stabilisation works for Creek S1 are double-counted.

We recommend the council correct this double-counting.

5.4 Criterion 5: Apportionment

In assessing apportionment of stormwater costs in Menangle Park CP, we considered whether there is a reasonable apportionment of costs between:

- ▼ the existing demand and new demand for stormwater infrastructure in the plan, and
- ▼ the demand generated by different types of developments that will occur in the precinct.

Campbelltown City Council apportions the cost of stormwater management land and works to new development in the release area, both residential and non-residential, on a 'per hectare of net developable area' (NDA) basis.

The portion of costs assigned to residential development (99.4%) is then divided by the anticipated increase in population to derive a 'per person' contribution rate. The portion of costs assigned to non-residential development (0.6%) is divided by the projected amount of retail floor space to derive a 'per gross square metre of floor space' contribution rate. We consider this approach is reasonable.

Menangle Park CP assumes the residential NDA is 330.46 hectares (which includes land for the intended public school) and the retail GFA is 20,000m².³⁶ In its submission, Dahua queried the council's NDA assumptions and estimated the residential area to be 321.30 hectares, with 3.40 hectares for the school (acknowledging that its calculations are based on incomplete data). We found that the council's approach to calculate the NDA assumptions is reasonable, and in any case correcting differences of this magnitude would result in only a marginal change to the relative rate of apportionment between residential and non-residential development.

Dahua's submissions to IPART also suggested that the council could create two sub-catchments for stormwater infrastructure contributions. Dahua has not undertaken modelling to split the catchment area and cannot advise whether it would result in materially different contribution rates. Creating two sub-catchments may increase the accuracy of apportionment in Menangle Park CP, but it would also increase the plan's complexity.

Most of the land and development in the release area is owned by one major developer, which will contribute most of cost of the stormwater infrastructure regardless of the number of catchments. We do not consider the potential benefit of enhanced accuracy is sufficient, in this case, to warrant two catchments.

³⁶ Menangle Park CP Works Schedule.

6 Open space

Menangle Park CP includes is \$48.16 million for the provision of open space and its embellishment. This represents 36.2% of the total costs in the plan, and comprises \$16.48 million for land and \$31.68 million for embellishment works.

We assessed the plan's provisions for open space and embellishment against:

- ▼ Criterion 1: Essential works
- ▼ Criterion 2: Nexus
- ▼ Criterion 3: Reasonable cost (works only, reasonable cost of land is discussed in Chapter 9)
- ▼ Criterion 5: Apportionment.

We found that:

- ▼ open space land and embellishment items are consistent with the essential works list, except for public art and plans of management
- ▼ there is nexus for the open space land and embellishment
- ▼ the estimated costs for items of open space embellishment are reasonable, apart from a calculation error in the embellishment costs of one passive recreation area, and
- ▼ the council's method of apportioning costs of providing open space is reasonable.

As discussed in section 5.1.2, we found regeneration and revegetation works are essential works for stormwater management purposes rather than for recreational purposes, and recommend they be re-allocated to that infrastructure category.

Based on our findings, we recommend adjustments to the plan we estimate would reduce the cost of open space embellishment by \$20.43 million (or 64.5%).

Our findings and recommendations are summarised in **Error! Reference source not found..**

Table 6.1 IPART-recommended adjustments for open space land and works

Criterion	Finding	Recommendation	Cost of land (\$Sep2016)	Cost of works (\$Sep2016)
Total cost in plan			16,475,500	31,682,803
Essential works	All items are on the Essential Works List except for:			
	▼ plans of management	Remove allowance for plans of management ^a		-266,000
	▼ public art	Remove cost of public art in playing fields		-152,421
	▼ regeneration and revegetation works	Transfer cost of regeneration & revegetation works from 'open space' to 'stormwater management'		18,283,345
Nexus	Nexus is established			
Reasonable cost	Open space costs are reasonable, except for a minor calculation error	Reduce the cost of District Open space (item O1.6(a))		-1,725,190
Apportionment	Approach is reasonable			
Total IPART recommended cost adjustment			0	-20,426,956
Total IPART assessed reasonable cost			16,475,500	11,255,847

^a See Recommendation 6, section 5.1.2.

Note: All amounts which are adjustments to the cost of open space works are exclusive of the cost of the allowance for plans of management. We have removed this allowance from the cost of works in all infrastructure categories before any other adjustment is made.

6.1 Criterion 1: Essential Works

We consider all open space land and items of embellishment in Menangle Park CP are consistent with the essential works list for open space in the Practice Note, with the exception of:

- ▼ plans of management
- ▼ public art, and
- ▼ regeneration and revegetation works.

Recommendations

- 10 Remove the allowance for the cost of plans of management from the cost of open space works, which would reduce the cost of open space embellishment by an estimated \$266,000.
- 11 Remove the cost of public art in the playing fields from the cost of open space embellishment, which would reduce the cost of open space embellishment by an estimated \$152,421.

The types of embellishment in Menangle Park CP are set out in Table 6.2.

Table 6.2 Open space embellishment in Menangle Park CP

Items on the essential works list	Items NOT on the essential works list
Local parks: informal play areas, seating, walls, play equipment, softfall, shade structure, picnic settings, seating, bins, footpaths, pedestrian bridge, decks to culverts, fencing, water supply (bubblers)	
District open space: footpaths and paving, shade structure, picnic setting, seating, bins, water supply, decking, pedestrian bridge	
Sportsground: playing fields (including drainage, irrigation and lighting), playgrounds, multi-use courts, amenities building, car parking, seating walls, paving, pedestrian bridge, furniture, shelters, BBQ, fencing and gates	Public art
General: minor earthworks, weed removal, planting (types 1, 2, macrophytes ^a and trees), turfing, maintenance of landscaped areas and sports field	
	Regeneration/revegetation: (seed collection, regeneration and revegetation management, bush revegetation ongoing management) ^b
General – watercourse management/access works: pedestrian bridges, decking, culverts	
General – allowance applied to all items of open space embellishment	Plans of management

^a Macrophytes are aquatic plants that grow in or on the edge of water.

^b Regeneration/revegetation embellishment has been re-categorised as stormwater management works. Assessment against Criterion 1: Essential works is discussed in section 5.1.2.

Source: Menangle Park CP, Appendix A, Budget Estimate.

6.1.1 Plans of management are not essential works

WT Partnership's (WTP's) estimated cost of embellishment for each area of open space in Menangle Park CP includes an allowance of 1% of the base cost for plans of management. We recognise that councils must prepare plans of management for all community land. However, the statutory requirements for such plans indicate that they are directed to the way the council manages the land. They should be characterised as operational expenditure rather than the capital cost of delivering infrastructure. As such, we consider that they are not consistent with the essential works list and should be removed from the plan.

6.1.2 Public art is not essential works

The cost schedule for the playing fields includes an amount for public art. We have previously determined that such embellishment is not on the essential works list (EWL),³⁷ and we recommend the council remove this item from the plan.

6.1.3 Regeneration and revegetation works are essential stormwater management works not open space works

As discussed in chapter 5, we found that regeneration and revegetation works serve a dual stormwater management and environmental function, rather than recreational purpose, and recommend that they be re-categorised as stormwater infrastructure, reducing the cost of open space embellishment and increasing the cost of stormwater management by the same amount. See Recommendation 6 and section 5.1.2.

6.2 Criterion 2: Nexus

In assessing whether there is nexus between the open space land and works in Menangle Park CP and development in the precinct, we considered whether the infrastructure is sufficient to meet, but not exceed, the demand from the anticipated new residents and workers in the release area.

Menangle Park CP includes a total of 31.37 hectares of land for open space, consisting of four local parks (2.54 ha), district parkland (10.98 ha) and a sportsground (17.85 ha). Facilities to be provided for active and passive recreation include formal and informal play areas, picnic and BBQ areas, playing fields, an amenities building, car parking and multi-use courts.

The council and Landcom commissioned a suite of technical studies when preparing the planning proposal to rezone the area for urban development. The studies used in determining the need for open space facilities for the release area were:

- ▼ *Social Sustainability for Menangle Park*, Heather Nesbitt Planning, February 2010, and
- ▼ *Addendum to Social Sustainability Report*, GHD, October 2016.³⁸

In assessing whether nexus is established, we consider both the amount of land available for open space and recreation purposes, and the number and types of facilities which are to be provided for active and passive recreation.

Our assessment of Menangle Park CP finds that nexus is established for the open space land in Menangle Park CP, and that:

- ▼ the overall rate of provision of land (3.19 hectares per 1,000 residents) is reasonable, and
- ▼ the recreational facilities to be provided are appropriate to meet the needs of the new residents.

³⁷ See for example, IPART, *Assessment of Blacktown City Council's CP22 Area 20*, September 2012 (Rec 1).

³⁸ Many of the studies are appendices to Menangle Park CP. The open space studies are Appendix F to Menangle Park CP. See also JB Designs, *Open space Concept Designs*, Appendix B.

6.2.1 Overall rate of land provision is reasonable

The overall rate of provision of open space is 3.19 hectares per 1,000 residents, based on an estimated population of 9,828 new residents. The rate is slightly higher than the Growth Centres Development Code standard (2.83 hectares per 1,000 residents).

We agree, however, with the council's conclusion that this rate of provision is reasonable in the circumstances, particularly having regard to the prevailing provision throughout the Campbelltown LGA of approximately 9 hectares per 1,000 people. The amount and location of land zoned for open space was based on a needs analysis of the type and quality of facilities the incoming population would require, locational factors (accessibility and co-location with community facilities) and flexibility (use of areas with conservation values). The proposed areas are broadly consistent with the provision recommended in the technical studies.

The district parklands in Menangle Park CP are all located immediately adjacent to the riparian corridors. The level of embellishment included in the plan for these areas (mostly pathways and seating) suggests that the council has identified this land as being suitable for passive recreation purposes. We also note that some of the riparian land we are recommending the council include for stormwater management purposes may also be suitable for passive recreation.

6.2.2 Rate of provision of specific recreational facilities is reasonable

The level of embellishment of different types of recreational facilities in Menangle Park CP is relatively low. Local parks will contain pathways, play equipment and picnic facilities. Facilities in two district parklands are restricted to pathways and seating, while the third also has a picnic area. Playing fields and courts are in line with GHD's recommendations, and consistent with generally accepted benchmarks.

6.3 Criterion 3: Reasonable cost of open space works

UrbanGrowth³⁹ engaged WT Partnership (WTP) for cost estimates for the stormwater management infrastructure of transport infrastructure works for inclusion in Menangle Park CP, and the council adopted WTP's cost advice.⁴⁰

WTP drew on the technical studies prepared for the planning proposal to rezone the release area:

- ▼ JMD's Open Space Concept Designs (Appendix B and Appendix 3A to the plan)
- ▼ SMEC Urban Consulting Group's Open Space and Recreation Plan
- ▼ Heather Nesbitt Planning's *Social Sustainability Report* and GHD Addendum (Appendix F to the plan), and
- ▼ Campbelltown City Council's budget estimates.

³⁹ At this time, Landcom, the original land owner of the majority of the proposed urban release area, had been amalgamated with UrbanGrowth.

⁴⁰ See WTP, Menangle Park Urban Release Area Cost Plan Verification for Contributions Plan, October 2016 (Appendix A to Menangle Park CP).

The costs are based on detailed site-specific designs and an extensive break-down of component works. WTP's advice provided to the council in October 2016 updated costs previously prepared by WTP in November 2011.

Our conclusion is that the cost of open space embellishment in Menangle Park CP is reasonable, having regard to three indicators:

- ▼ the method the council relied on to estimate open space costs
- ▼ the comparative per person cost levels, and
- ▼ the estimated costs of specific items of open space embellishment and on-costs.

We have identified a calculation error in the Works Schedule for Menangle Park CP which results in an overestimate of the cost of embellishment in one area of passive open space.

Recommendation

- 12 Correct a calculation error and reduce the cost of district open space embellishment (item O1.6(a)) by an estimated \$1,725,190.

6.3.1 A calculation error over-estimates the cost of District open space O1.6(a)

We have identified a calculation error in the Works Schedule for Menangle Park CP which over-estimates the cost of embellishment in District open space O1.6(a). We recommend the error be corrected.

6.4 Criterion 5: Apportionment

Menangle Park CP apportions the cost of land for open space and its embellishment to the new residential development only, based on the estimated total incoming population. The total costs of each (ie, land and works) is divided by the anticipated increase in population to derive 'per person' contribution rates.

We consider the council's approach to apportionment is reasonable. Non-residential development accounts for less than 1% of total NDA. The plan states that while employees in the local centre (who are not also residents of Menangle Park) may generate some demand for open space facilities, the level of demand is not quantified. Such an approach is consistent with that adopted by other councils where development in the precinct is overwhelmingly residential.

We accept this as a reasonable approach. Given the relative size of non-residential development in Menangle Park, any demand for open space facilities by workers will be very low and insignificant compared with the demand from the residential population.

7 Community services

Menangle Park CP includes is \$0.47 million for community services. This cost represents 0.4% of the total costs in the plan, and comprises \$300,000 for land for a community centre and \$169,132 for land and works for a half-width road fronting the centre.

We assessed the plan's provisions for community services against:

- ▼ Criterion 1: Essential works
- ▼ Criterion 2: Nexus
- ▼ Criterion 5: Apportionment.

We found the land and works for the road are more appropriately categorised as transport works; our assessment of these items is therefore discussed in Chapter 4. Our assessment of the land for the community centre, and all other land in the plan, against Criterion 3 Reasonable cost is in Chapter 9.

We found:

- ▼ the land for the community facility is consistent with the essential works list
- ▼ nexus is established, and
- ▼ the apportionment of community serves land costs is reasonable.

As discussed in section 4.1.2, we found land and works fronting public infrastructure should more appropriately be considered as transport infrastructure, and their costs allocated to the transport infrastructure category.

Based on our findings, we recommend adjustments to the plan we estimate would reduce the cost of community services land and works by \$169,132 (or 36.1%). Our recommended adjustments are shown in Table 7.1.

Table 7.1 IPART-recommended adjustments for community services

Criterion	Finding	Recommendation	Land cost (\$Sep2016)	Works cost (\$Sep2016)
Total cost in plan			355,332	113,800
Essential works	Land for a community centre is essential infrastructure			
	Land and works for half-width road fronting community centre are transport infrastructure	Transfer cost of land and works for half-width road from 'community services' to 'transport' ^a	-55,332	-113,800
Nexus	Nexus is established			
Reasonable cost	Cost of land is reasonable			
Apportionment	Approach is reasonable			
Total IPART-recommended cost adjustment			-55,332	-113,800
Total IPART-assessed reasonable cost			300,000	0

^a See Recommendation 2, section 4.1.2.

Note: The adjustment to the cost of community services works includes the cost of the allowance for plans of management. Removal of this allowance has been accounted for when their cost is transferred to the transport infrastructure category.

7.1 Criterion 1: Essential works

Menangle Park CP includes the cost of acquiring a site of 2,500 m², which will accommodate a community centre with a minimum size of 500 m², with provision for at grade parking and an area for outdoor community activities. The plan foreshadows the potential to increase the size of both the land and the centre in the future.

Although the plan does not specify what amenities and services will be provided from the centre, the council's Application Form states it will be used as a library link and by outreach services and community programs.⁴¹

Including the cost of land only, and not works related to the construction of any facilities on this land is consistent with the essential works list.

7.2 Criterion 2: Nexus

We consider nexus is established for the land for the proposed community facility.

The council's proposal for community facilities in Menangle Park CP reflects the recommendations in the reports commissioned for rezoning Menangle Park for urban development:

- ▼ *Social Sustainability for Menangle Park*, Heather Nesbitt Planning, February 2010, and
- ▼ *Addendum to Social Sustainability Report*, GHD, October 2016.

⁴¹ Campbelltown City Council, Application Form, p 6.

The two reports identified that the new residents would require a community centre, funded through local infrastructure contributions, and envisaged it would be a multi-purpose centre, providing services for residents including children, youth, families and the aged.

The council plans to construct a centre with a minimum size of 500m², as recommended in GHD's 2016 report, although the original report proposed a centre with a minimum size of 700m². The council considers that although the facility size is not ideal, it is large enough to be able to deliver an appropriate range of community programs. This is consistent with the view expressed in the GHD study that a transitional facility be considered until the population warranted a full, stand-alone facility. The plan states that the council will adjust the facility in response to changing population needs as development in Menangle Park progresses.⁴²

Dahua's submission to the council on the draft contributions plan, which were also made to IPART, proposed an increase to the size of the centre (840m²) and the land (4,000m²) without providing specific justification.⁴³ The council preferred to consider the opportunity to increase the size of the facility when reviewing the Menangle Park structure plan and planning controls in the future.⁴⁴ This will occur when Dahua submits a planning proposal to increase the residential densities and population, which is now being discussed with the council.⁴⁵ We consider that the council's response was appropriate.

7.3 Criterion 5: Apportionment

Menangle Park CP apportions the cost for community services only to the additional residential population of Menangle Park, on a per person basis. The council has planned facilities of a size required to meet their need, and not that arising from existing residents. It acknowledges that the employees working in Menangle Park, but living outside the area, may create some demand, but it has not quantified such potential demand.

We consider that the council's approach to apportionment of costs for community services is reasonable.

⁴² See Menangle Park CP, pp 26-28; GHD, Addendum to *Social Sustainability Report*, p 13; and Heather Nesbitt Planning, *Social Sustainability for Menangle Park*, p 40.

⁴³ Dahua Group, Submission to IPART dated 27 July 2018.

⁴⁴ Campbelltown City Council, Business Paper, Meeting of 10 April 2018, p 79.

⁴⁵ Discussed in meetings with Campbelltown City Council (9 August 2018) and Dahua (27 August 2018).

8 Plan administration

Menangle Park CP includes \$2.06 million for plan preparation and administration. This amount is approximately 1.5% of the total cost of land and works in the plan.

We assessed the provisions for plan preparation and administration against:

- ▼ Criterion 1: Essential works
- ▼ Criterion 2: Nexus
- ▼ Criterion 3: Reasonable cost
- ▼ Criterion 5: Apportionment.

We found that:

- ▼ plan preparation and administration is consistent with the essential works list
- ▼ there is nexus between these costs and the development in the release area
- ▼ the council's revised approach of estimating these costs based on 1.5% the cost of works in the plan is reasonable, and
- ▼ apportionment between residential and non-residential development is reasonable.

Based on our findings and recommendation to adjust the total costs of works in Menangle Park CP, we estimate the cost of plan administration would reduce by an estimated \$0.51 million (24.9%).

Our findings and recommendation are in Table 8.1.

Table 8.1 IPART-recommended adjustments for plan administration

Criterion	Finding	Recommendation	(\$Sep 2016)
Total cost in plan			2,058,821
Essential works	Plan administration is on the EWL		
Nexus	Nexus is established		
Reasonable cost	Calculating costs using IPART benchmark of 1.5% of costs of works is reasonable	Reduce administration costs to be 1.5% of the revised cost of works	-512,387
Apportionment	Apportionment is reasonable		
Total IPART recommended cost adjustment			-512,387
Total IPART assessed reasonable cost			1,546,434

8.1 Criterion 1: Essential works

Plan preparation and administration costs are on the essential works list. The Practice Note explains:

Plan administration costs are those costs directly associated with the preparation and administration of the contributions plan. These costs represent the costs to a council of project managing the plan in much the same way as the project management costs that are incorporated into the cost estimates for individual infrastructure items within a plan.

Plan administration costs may include:

- background studies, concept plans and cost estimates that are required to prepare the plan
- project management costs for preparing and implementing the plan (e.g. the employment of someone to co-ordinate the plan).⁴⁶

8.2 Criterion 2: Nexus

Menangle Park CP states that the council will seek contributions towards the cost of undertaking the extensive specialist studies which were required to inform preparation of the plan,⁴⁷ which is in accordance with the *Development Contributions Practice Notes – 2005*.⁴⁸ These studies were commissioned to support the planning proposal to rezone Menangle Park for urban development, and to determine the local infrastructure required to meet demand from the new development. Appendix H lists the consultant services used in the preparation of the plan.

However, during the course of our review, Campbelltown City Council advised that it intended to revise the basis for estimating plan administration costs, by adopting the IPART-endorsed benchmark of 1.5% of works in the plan.

We consider there is nexus between plan administration activities and the expected development in the release area.

⁴⁶ Department of Planning and Environment, *Local infrastructure Contributions Practice Note*, January 2018, p 16.

⁴⁷ Menangle Park CP, p 49. The 2005 Practice Notes were issued by the predecessor of DPE, the Department of Planning and Natural Resources (DIPNR).

⁴⁸ Department of Planning, *Development Contributions Practice Notes – 2005*,

8.3 Criterion 3: Reasonable cost

Menangle Park CP includes a cost of \$2,058,821 for plan preparation and administration, which is about 1.5% of the total costs of land and works in the plan. This amount represents the total cost of the technical studies and consultants' advice needed to prepare the plan.

The council has since advised that it intends to revise the calculation of plan administration costs to be based on 1.5% of the cost of works in plan. The amount in the plan for plan administration would reduce to \$1,564,068, if there were no changes to the cost of works.

We accept that the council's intention to revise the basis for estimating the cost of plan administration is sound, and therefore the cost would be reasonable.

The overall impact of our recommendations would reduce the cost of works for local infrastructure by \$1,175,612. We recommend plan administration costs be reduced to align with the allowance of 1.5% of the reasonable costs of works, which would result in an estimated cost of \$1,546,434.

Recommendation

- 13 Revise the basis for estimating the cost of plan administration so that it is 1.5% of the reasonable cost of works, which would reduce the cost by an estimated \$512,387.

8.4 Criterion 5: Apportionment

Menangle Park CP apportions costs of plan administration in the same way as the other costs for each infrastructure category.

For open space this is on a per person basis.

For transport and stormwater management, costs are apportioned between residential and non-residential development on the basis of developable area:

- ▼ The portion of costs assigned to residential development (99.4%) is then divided by the anticipated increase in population to derive a 'per person' contribution rate.
- ▼ The portion of costs assigned to non-residential development (0.6%) is divided by the projected amount of retail floor space to derive a contribution rate 'per gross square metre of floor space'.

We consider this approach is reasonable.

9 Cross-category issues

This chapter presents our assessment of criteria which apply across all infrastructure categories. It considers:

- ▼ Criterion 3: Reasonable cost (in relation to the cost of land; the base year of the plan and indexation of works costs; and indexation of contribution rates)
- ▼ Criterion 4: Timing of infrastructure delivery
- ▼ Criterion 6: Consultation.

In our assessment of the cost of land in the plan we found that significant increases in the estimated market value of land in the release area since the council prepared the plan mean that the estimates in the plan no longer reflect the cost that the council is likely to incur when it acquires land in the release area. The exception to this is where the council has already entered into an agreement regarding the transfer of land (the Agreement).

We recommend that the council use the 2018 market value for land not subject to the Agreement, and the 2016 market value (indexed to June 2018) for land that is subject to the Agreement. This would result in an estimated cost of \$61.60 million for land that we consider should be included in the plan,⁴⁹ compared with \$43.76 million if the 2016 market values were used. This is an increase of \$17.83 million.

If, consistent with our recommendation, the council uses 2018 market values for some of the land in the plan, it would change the base period of the plan. To ensure that the estimated cost of works is maintained in real terms, we recommend that the council also indexes these costs from the current base period (September 2016) to June 2018. This would increase the reasonable cost of works and administration in the plan by \$3.39 million (3.2%).

In relation to the indexation of contribution rates, we found that the council's proposed use of the Residex index to index land values is not reasonable. We recommend instead that the council index the land component of the contribution rates in the plan by the Consumer Price Index (All Groups Index) for Sydney. This recommendation would not change the costs in the plan, but would only affect the contribution amounts payable in future years.

We also found that Menangle Park CP:

- ▼ does not contain indicative timing for the delivery of specific items of infrastructure, other than for the community facility (Criterion 4), and
- ▼ satisfies the consultation assessment criteria (Criterion 6).

⁴⁹ This includes the additional land we recommend the council include in the plan, as discussed in previous chapters.

9.1 Criterion 3: Reasonable cost – land

Menangle Park CP includes \$26.55 million for land acquisitions, as shown in Table 9.1, to acquire 55.56 hectares of land in Menangle Park. The council has not yet acquired any of this land, although it has entered into an agreement with the major developer for the future transfer of some of it.

Table 9.1 Land for local infrastructure in Menangle Park CP

Infrastructure category	Area (ha)	Cost (\$Sep2016)
Transport	3.96	3,042,200
Stormwater	19.93	6,677,850
Open space	31.37	16,475,500
Community services	0.30	355,332
Total	55.56	26,550,882

Source: Menangle Park CP, Appendix E.

The amount of \$26.55 million for land in Menangle Park CP is only 20% of the total costs in the plan. We found this is due to both the relatively low quantity of land, and the relatively low estimated value of the land. By comparison, land costs represented around 40% of the reasonable costs in the plans IPART assessed between October 2011 and September 2018.

Chapters 4 and 5 include recommendations that would increase the quantity of land in the plan. This section of the report details our finding and recommendations in relation to the cost of land in the plan.

In summary, we found that:

- ▼ The council's approach to estimating land acquisition costs was reasonable at the time the plan was prepared.
- ▼ The market value of land in the release area has increased significantly since the plan was prepared.
- ▼ It is reasonable for the council to use 2018 market values to update the cost of land in the plan, except for land which is subject to the Agreement.

Our recommended adjustments to land values are summarised in Table 9.2. For clarity, the table also shows the adjustments we recommend as a result of our assessment against Criterion 1 Essential works and Criterion 2 Nexus.

We estimate that the reasonable cost of land in the plan, including the cost of the land we recommend be added to the plan,⁵⁰ is \$61.60 million, which is an increase of \$35.05 million on the cost of land in the plan as submitted for assessment. The cost of land in the plan is now around 35.9% of our estimate of the total reasonable costs of the plan (ie, all land, works and plan administration). This percentage is closer to the typical proportion of land costs in other plans we have assessed.

⁵⁰ Our recommendations result in a net increase to the area of land to be acquired in the plan of 50.04 hectares, ie, from 55.56 hectares to 105.715.14 hectares.

Recommendation

- 14 Revise the cost of land in the plan to reflect 2018 market values, except for land subject to the sale and transfer agreement with Dahua, which should be included at 2016 market values, indexed by the Consumer Price Index (All Groups Index) for Sydney to June 2018.

Table 9.2 IPART adjustments to estimated cost of land in Menangle Park CP

	Area (ha)	Cost in plan (\$2016)	Essential works & nexus adjustment (\$2016)	Adjusted cost (\$2016)	IPART- revised cost (\$2018 MV or \$2016 MV indexed to \$2018)
Transport					
Glenlee Road eastern side of M5	0.30	133,000		133,000	226,100 ^a
Menangle Park Road	1.52	986,000	-986,000	0	0
Collector roads	2.10	1,888,000	-	1,888,000	3,209,600 ^a
Cycleways	0.05	35,200	-	35,200	59,840 ^a
1/2 road – community facilities	0.05	0	55,332	55,332	57,136 ^b
1/2 roads – open space, drainage			4,277,398	4,277,398	0
- not subject to Agreement	3.87				6,129,797 ^a
- subject to Agreement	1.28	0			1,053,608 ^b
Subtotal	7.74	3,042,200	3,346,730	6,388,930	10,736,081
Stormwater					
Basins	5.14	4,016,000		4,016,000	6,827,200 ^a
Wetlands		612,500		612,500	
– not subject to Agreement	1.30				746,725 ^a
– subject to Agreement	0.58				179,054 ^b
Trunk drainage & easements		2,049,200		2,049,200	
– not subject to Agreement	12.06				3,395,920 ^a
– subject to Agreement)	0.86				53,283 ^b
Riparian land – Howes Creek	35.41	0	10,623,000	10,623,000	12,393,500 ^a
Riparian land – Creek S1	11.00	0	3,300,000	3,300,000	3,407,609 ^b
Subtotal	66.34	6,677,850	13,923,000	20,600,850	27,003,291
Open space					
Local open space	2.54	3,048,000		3,048,000	
– not subject to agreement	2.04				5,406,000 ^a
– subject to agreement	0.50				619,565 ^b
District open space		7,180,000		7,180,000	
– not subject to agreement	8.86				9,322,800 ^a
– subject to agreement	2.12				1,751,304 ^b
Sports ground	17.85	6,247,500		6,247,500	6,451,223 ^b
Subtotal	31.37	16,475,500		16,475,500	23,550,892
Community services					
Community facility	0.25	300,000		300,000	309,783 ^b
Half road	0.05	55,332	-55,332	0	0
Subtotal	0.30	355,332	-55,332	300,000	309,783
TOTAL	105.71	26,550,882	17,214,398	43,765,280	61,600,047

^a 2018 market value based on Advisory Report, Colliers International, 20 August 2018.

^b 2016 market values based on Menangle Park works schedule and William C McManus Valuation Report, indexed to June 2018 by the CPI (All Groups Index) for Sydney. We have used the average values for land in our calculations, for instances the valuation reports had a range of values.

Source: Menangle Park CP and Works Schedule, and 2018 and 2016 valuation reports in **Notes a** and **b** above.

9.1.1 The council's approach to estimating land acquisition costs when preparing Menangle Park CP was reasonable

The council used valuations obtained in 2016 from an external valuer for land to be acquired in the plan.⁵¹ The valuation report provides estimates of specific parcels of land, rather than average values for land in each zoning (as we often see in other plans). We prefer this method of valuation of individual land parcels as it is more transparent and precise.

We found that the council's method for estimating the cost of land yet to be acquired was reasonable at the time of preparation of the plan.

We also found that the average cost (dollars per square metre) of land in the plan is significantly lower than in most other plans we have recently assessed.

9.1.2 The council has obtained updated valuation advice

Recent valuation advice obtained by the council suggests that there has been a sharp increase in the market values of land in the release area.⁵² The market value of RE1 public recreation land unaffected by flooding has increased to \$110-130 per square metre, from around \$80 a square metre in 2016. R2 low density residential land has increased to \$250-280 from \$120 per square metre in 2016.

We found that estimates in the plan no longer reflect the cost that the council is likely to incur in purchasing land in the release area. We consider that it is reasonable for the council to use the revised land values, except where it has already entered into an agreement regarding the transfer of land, as discussed below.

9.1.3 Valuing land in the plan subject to a sale and transfer agreement

In June 2016 the council sold some of the land it owned in the release area to the major developer under a sale and transfer agreement (the Agreement), which requires the developer to transfer land that has been zoned for public infrastructure to the council in the future for minimal consideration.

Our understanding is that the total sale price for the parcels of land specified in the Agreement reflected a deduction for the market value of the approximately 45 hectares subject to the condition requiring it to be transferred to the council.

Earlier this year, IPART published an information paper on our approach to assessing land costs in contributions plans.⁵³ The Information Paper does not contemplate a scenario where the cost of a future acquisition is known due to the council already having executed

⁵¹ *Land Valuation Report*, September 2016, William C McManus (Valuations) Pty Limited.

⁵² Advisory Report *Various public recreation and low density residential land, Menangle Park NSW*, 20 August 2018, Colliers International.

⁵³ IPART, *Contributions plan assessment: land costs – Information Paper*, April 2018.

an acquisition agreement. We consider such circumstances to be more analogous to the category of land that is already owned by the council and was acquired for the provision of public infrastructure required for new development.

As such, we consider the cost in the plan should be based on the 2016 valuation advice, indexed to June 2018 using the Consumer Price Index (All Groups Index) for Sydney.⁵⁴

We consider this approach is consistent with the intent of clause 25I of the *Environmental Planning and Assessment Regulation 2000*, which requires a council to index costs already incurred quarterly or annually in accordance with movements in the Consumer Price Index (All Groups Index) for Sydney issued by the Australian Bureau of Statistics.

We estimate that around 34.48 of land we consider should be included in the plan is subject to the Agreement. This comprises 22.20 hectares of land which is already in the plan and a further 12.28 hectares of land for riparian corridors and half width roads we recommend the council add to the plan). The September 2016 market value of this land, based on the valuation advice commissioned by the council in 2016, is around \$13,444,168. Indexing this cost to June 2018 by the Consumer Price Index (All Groups Index) for Sydney would increase it to \$13,882,565.

9.2 Criterion 3: Reasonable cost – change in base period of plan

As discussed in section 9.1 above, we recommend the council update the estimated cost of land in the plan using the valuation advice it received in August 2018. This means that the council will need to change the base period of the plan to June 2018.

To ensure that the estimated cost of works is maintained in real terms, we recommend that it indexes the costs from the current base period (September 2016) to June 2018 by:

- ▼ the Producer Price Index (Road and bridge construction New South Wales) for the cost of transport and stormwater management works, and
- ▼ the Producer Price Index (Non-residential building construction New South Wales) for the cost of open space embellishment.

This will also require an adjustment to plan administration costs.

This would increase the reasonable cost of works in the plan by \$5,078,751 (4.9%), comprising:

- ▼ an increase of \$2,226,490 (4.5%) in the reasonable cost of works for transport infrastructure
- ▼ an increase of \$1,948,045 (4.5%) in the reasonable cost of works for stormwater management works
- ▼ an increase of \$829,160 (7.4%) in the reasonable cost of open space embellishment, and
- ▼ an increase of \$75,055 (4.9%) in the reasonable cost of plan administration.

⁵⁴ It is necessary to index the estimate to June 2018 for consistency with the revised valuation advice received by the council that we discuss in section 9.1. We calculate the impact of this recommendation by assuming quarterly indexation of the estimated land cost.

We note that when WTP indexed the costs in its earlier advice to September 2016 dollars, it did so using an index published by NSW Government Public Works. This index is no longer available, and we consider the indices we have recommended are the most cost-reflective indices available from the Australian Bureau of Statistics for the categories of works in the plan.

Recommendation

- 15 Change the base period of the plan to June 2018 and ensure that the estimated cost of works is maintained in real terms by indexing:
- transport and stormwater management works costs by the Producer Price Index (Road and bridge construction New South Wales), and
 - open space embellishment costs by the Producer Price Index (Non-residential building construction New South Wales).

9.3 Criterion 3: Reasonable cost – indexing contribution rates

As part of our assessment of costs, we have also considered whether the method in Menangle Park CP for indexing contribution rates is reasonable.

The *Environmental Planning and Assessment Regulation 2000* allows councils to index contribution rates quarterly or annually using:

- ▼ readily accessible index figures adopted by the plan (such as a Consumer Price Index), or
- ▼ index figures prepared by or on behalf of the council from time to time that are specifically adopted by the plan.⁵⁵

Menangle Park CP states:

The contribution rates will be reviewed by reference to the following specific indices:

- all works and construction costs by the CPI All Groups for Sydney as published quarterly by the Australian Bureau of Statistics; and
- land acquisition costs by reference to the Campbelltown release area residential land price index published by Residex P/L and displayed on Council's Website.

We found that escalating the works component of the contribution rates is consistent with the Regulation and is reasonable.

We also consider that using a land value index to index contribution rates for land costs in a contribution plan is reasonable, in principle. However, we consider the preferable approach for Campbelltown City Council to adopt for Menangle Park CP is to escalate contribution rates for land by the CPI (All Groups Index) for Sydney, rather than the Residex index for Campbelltown.

One reason for preferring CPI over the Residex index is that a significant proportion of the land required for local infrastructure (31%) is subject to the Agreement between the council and the major developer, which means that the council has effectively already acquired this

⁵⁵ *Environmental Planning and Assessment Regulation 2000*, cl 32(3)(b).

land. Therefore, the council it is not subject to any risk associated with changes in the price of this land.

Furthermore, in relation to the land not subject to the Agreement, only a very small amount (less than 3%) is not subject to development constraints. We expect that the Residex index tracks the price of land that is mostly unconstrained, and this could be more volatile than the price of constrained land.

In addition to indexing the contribution rates, we also recommend that the council regularly monitor the cost of acquiring land in the release area, and if it appears likely to significantly under or over recover its costs, amend the plan using updated valuation advice and any actual acquisition data.

Recommendation

- 16 Index the land component of the contribution rates in the plan by the Consumer Price Index (All Groups Index) for Sydney as published quarterly by the Australian Bureau of Statistics, and regularly monitor the cost of acquiring land in the release area, and if it appears likely to significantly under or over recover its acquisition costs, amend the plan using updated valuation advice and any actual acquisition data.

9.4 Criterion 4: Timing of infrastructure delivery

We must assess whether the proposed public amenities and services can be provided within a reasonable timeframe. In practice, we assess whether the proposed timing of infrastructure delivery appears realistic and gives stakeholders enough information for them to understand the council's priorities.

The plan envisages a 16-year development timeframe, from 2018 to 2033. Residential development is expected to peak in year 10, with almost half occurring in Years 8 to 12. The retail and commercial development is expected after Year 8, and development of the employment lands is expected only in the last quarter.⁵⁶

Other than providing the community facility in Year 10, the plan does not contain indicative timing for the delivery of specific items of infrastructure.

Land ownership in Menangle Park is very concentrated (Dahua Group will control at least 70%). We understand that the expected path of development in the release area will be determined by developers and that developers will deliver much of the infrastructure under Voluntary Planning Agreements (VPAs) negotiated in conjunction with development approvals.

However, we consider that Menangle Park CP should contain some indicative timing for infrastructure delivery. We recommend that the council, after consultation with Dahua Group (and other developers where relevant), include an indicative infrastructure delivery schedule, which is linked to the different tranches of development that can be expected in the release area.

⁵⁶ Menangle Park CP, p 24.

Council officers have advised that the development applications now being submitted and Dahua's intended planning proposal to amend the Menangle Park structure plan will provide guidance about the anticipated staging of development across the release area. The council will use this information to prepare a program for delivery of the infrastructure funded through the contributions plan, which can be refined as VPAs are negotiated with developers.⁵⁷

Recommendation

17 Include indicative timing for the delivery of infrastructure in Menangle Park CP.

9.5 Criterion 6: Consultation

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

The council complied with the statutory requirements for consultation on a contributions plan.⁵⁸ The time of year for consultation was not ideal. However, by exceeding the minimum exhibition period (which is 28 days, compared with the council's actual period of 41 days), and notifying all landowners directly, we consider that the council provided adequate opportunity for input by stakeholders.

The council publicly exhibited the draft plan between 20 December 2017 and 29 January 2018. The council advertised the exhibition in a local newspaper and on its website, and notified all landowners in the release area. The council received no submissions during the public exhibition period, but accepted a late submission, made on behalf of the major landowner, Dahua Group. Most issues noted in that submission replicated those in a submission on an earlier draft of the plan, also made on behalf of Dahua Group. The same submissions were made to IPART by Dahua Group.⁵⁹

We consider the council's process for consulting on the plan satisfies the consultation criterion and that the council responded appropriately to the issues raised by Dahua Group.

⁵⁷ Response by Campbelltown City Council to draft report, 16 November 2018.

⁵⁸ *Environmental Planning and Assessment Regulation 2000*, clauses 28 and 29.

⁵⁹ Dahua Group, Submission to IPART dated 27 July 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 BEREJKLIAN MP, Premier, under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* approve provision, by the Independent Pricing and Regulatory Tribunal (**IPART**), of services to the Minister for Planning with respect to reviewing Reviewable Contributions Plans, in accordance with the following terms of reference.



Premier

Dated: 15/11/15

Background

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

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

Services

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

In providing the services, IPART must:

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

Consultation

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

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

Definitions

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

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

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

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

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

B Assessment against information requirements in the EP&A Regulation

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

Assessment against information requirements in the EP&A Regulation

Subclause		Location in CP
1(a)	Purpose of the plan.	Section 1.4
1(b)	Land to which the plan applies.	Section 1.5
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(d)	The formulas to be used for determining the section 7.11 contributions required for different categories of public amenities and services.	Section 4
1(e)	The section 7.11 contribution rates for different types of development, as specified in a schedule in the plan.	Table 1
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.	Section 2.11
(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).	Section 1 and Appendix H
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.	2.14.3
1A	Despite subclause (1) (g), a contributions plan made after the commencement of this subclause that makes provision for the imposition of conditions under section 7.11 or 7.12 of the Act in relation to the issue of a complying development certificate must provide that the payment of monetary section 7.11 contributions and section 7.12 levies in accordance with those conditions is to be made before the commencement of any building work or subdivision work authorised by the certificate.	Section 2.11
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> .	Section 2.11
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.	N/A

