



Assessment of Contributions Plan 22 for Rouse Hill (Area 20 and Riverstone East)

Blacktown City Council

Final Report
Local Government

December 2018

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1 Executive summary

Local infrastructure contributions plans set out the local infrastructure required to meet the demand from new development, and the contributions a council can levy on developers to fund the necessary land and works.¹

IPART assesses contributions plans from councils that propose to levy, or seek funding from the NSW Government for, local infrastructure contributions above \$30,000 per residential lot or dwelling in identified greenfield areas and \$20,000 per residential lot or dwelling in other areas.

Blacktown City Council (or 'the council') submitted its contributions plan for Rouse Hill to IPART for assessment. The plan applies to two precincts, Area 20 and Riverstone East, and is in two parts:

- ▼ *Contributions plan No.22L – Rouse Hill (Land) (CP22L)* covers land for local infrastructure, and
- ▼ *Contributions Plan No.22W – Rouse Hill (Works) (CP22W)* covers local infrastructure works and administration costs.

Throughout this report we refer to the combined CP22L and CP22W as a single plan, CP22. The maximum residential contributions in CP22 exceed the \$30,000 review threshold that applies to the plan.

The total cost of land, works and administration in CP22 is \$987.6 million. This comprises \$548.6 million for land, \$432.5 million for works and \$6.5 million for plan administration. As a result of our assessment, we recommend that Blacktown City Council reduces the total cost of the plan by \$154.99 million (a 15.7% reduction in costs).

1.1 What is CP22?

CP22 applies to two precincts within Sydney's North West Growth Area; Area 20 and the neighbouring Riverstone East Precinct. The plan has been in force since 7 March 2018.

1.2 Why have we assessed CP22?

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 dwelling in other areas. The maximum residential contributions in CP22 exceed the \$30,000 review threshold that applies to the plan.

¹ From 1 March 2018 the provisions applying to the contributions plans we assess are found in section 7.11 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

1.3 How have we assessed CP22?

We have assessed CP22 against the criteria in the *Practice Note: Local Infrastructure Contributions*, published by the Department of Planning and Environment (DPE) on 31 January 2018.² We also assessed whether CP22 contains information required by the *Environmental Planning and Assessment Regulation 2000* and whether the council addressed the Minister's advice in response to our 2012 assessment of *Contributions Plan No.22 - Area 20*.

We have based our assessment on information in the plan and information provided by Blacktown City Council officers. We also sought advice from consultants: WT Partnership (WTP) on the reasonable cost of some transport works; Cardno on nexus, the reasonable cost and apportionment of stormwater management works; and Morrison Low on the reasonable cost of open space embellishment.

We received two submissions from stakeholders towards the beginning of our assessment.

1.4 What are our findings against the assessment criteria?

We found that most aspects of the plan meet the assessment criteria. However, we identified several areas where CP22 does not meet the assessment criteria. These mostly relate to:

- ▼ the lack of nexus for some stormwater management items and some open space land and embellishment
- ▼ errors, inconsistencies and/or unreasonable assumptions in the estimated costs for transport works, stormwater management works and open space embellishment, and
- ▼ transparency of land acquisitions in CP22L and details of the proposed infrastructure for Stage 3 of development in the Riverstone East precinct.

1.4.1 Criterion 1: Essential works

We are required to assess whether the infrastructure included in CP22 is on the essential works list outlined in the Practice Note. We found that all of the land, works and administrative costs in CP22 are consistent with the essential works list, except for the conservation zone. We found that the conservation zone is not consistent with the essential works list. However, we still consider it reasonable for the council to include it in CP22 because of an agreement between DPE and the council.

1.4.2 Criterion 2: Nexus

We are required to assess whether there is nexus between the demand arising from the 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.

² Department of Planning and Environment, *Practice Note: Local Infrastructure Contributions* (Practice Note), January 2018.

We found that nexus is established for all transport land in CP22L and all transport works in CP22W, with the exception of one roundabout.

We found that nexus is established for all stormwater management land in CP22L and all stormwater works in CP22W, with the exception of some culverts in the Killarney Chain of Ponds catchment. We also found insufficient nexus for increased detention volumes for basins in the Killarney Chain of Ponds catchment and the length of channels draining to the First Ponds Creek catchment.

We identified several issues regarding the nexus for open space land and embellishment in CP22. We concluded that nexus is not established for one reserve, and its embellishment, in Riverstone East Stage 3. We also found that the plan includes more playgrounds than are likely to be required by the new residents, as determined by population-based benchmarks.

We found that there is nexus for the land for community services in CP22L and for the plan preparation and administration costs in CP22W.

1.4.3 Criterion 3: Reasonable costs

We are required to assess whether the contribution rates in the plan are based on reasonable estimates of the cost of land and works. This includes how the estimated costs of land and 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 council's costing method for transport works is reasonable, although we found some minor errors in its application. These relate to road RM12 and indexation of the cost of footbridges. In addition, WTP identified more significant calculation errors and an unreasonable assumption in the council's estimated cost of roads with concept designs, which has a flow-on impact on another road without a concept design (R4.3).

We found the council's costing method for stormwater management works is generally reasonable but we identified issues with some specific items.

For open space embellishment, the council's method of relying on cost estimates provided by a quantity surveyor (QS) is, in principle, reasonable. However, the consultant we engaged identified examples of internal inconsistencies and inexplicable assumptions in the rates or scope of work components, duplicated or unnecessary work components and inappropriate units of measure.

The cost of works for the conservation zone are consistent with the costs included in other plans from Blacktown City Council which we have reviewed, and we consider them to be reasonable.

Cost of land

We found that:

- ▼ The costs of land already acquired in Riverstone East and Area 20 are reasonable, except that the council has double-counted the cost of open space land acquisitions worth \$19.3 million.
- ▼ The council's method for estimating the costs of land yet to be acquired in Riverstone East and Area 20 is reasonable.
- ▼ The council's application of average land values to land yet to be acquired in CP22L is mostly reasonable.
- ▼ The council's basis for calculating an allowance for 'other' land acquisition costs (just terms compensation, surveying, and legal/conveyancing costs) at 5% of the estimated market value of each parcel of land and its application of this allowance to land yet to be acquired in CP22L are reasonable.

Cost of administering the plan

To estimate plan preparation and administration costs, Blacktown City Council used IPART's benchmark of an allowance equivalent to 1.5% of the cost of works in the plan, which we found is reasonable.

However, to maintain this figure of 1.5%, the council will need to update its estimate of plan preparation and administration costs to reflect updated works costs arising from our review of the plan.

1.4.4 Criterion 4: Timeframe for delivery of infrastructure

We are required to assess whether the public amenities and public services in the plan can be provided within a reasonable timeframe. We consider CP22 satisfies this assessment criterion.

1.4.5 Criterion 5: Apportionment

We are required to assess whether the contribution rates are based on a reasonable apportionment of costs. Apportionment refers to the division of the costs equitably between all those who create the need for the infrastructure, including any existing population.

We found that the apportionment of costs for transport, stormwater management, open space and plan administration in CP22 is reasonable. We also consider the apportionment of costs for the conservation zone between precincts (and contributions plans) reasonable, however the population forecasts used to calculate the apportionment are now out-of-date.

DPE advised Blacktown City Council in early November 2018 that it should use the current population estimates of 15,878 for Area 20 and 18,560 for Riverstone East, a total of 34,438. This represents an increase of 3,201 people (10%) on the total estimated population of 31,237 used by the council. This means that the apportionment of costs on a per person basis are also out-of-date.

1.4.6 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 Blacktown City Council complied with the statutory requirements for consultation on a contributions plan. However, the exhibition of the plan over Christmas/New Year holiday period reduced the potential effectiveness of public consultation.

1.4.7 Criterion 7: Other matters

We are required to assess whether the plan complies with other matters we consider relevant. Our assessment of CP22 identified two relevant matters:

1. Separation of CP22 into different plans for land and works (CP22L and CP22W) has reduced the transparency around land acquisitions.
2. CP22 provides less information about infrastructure proposed for Stage 3 of development in Riverstone East, reducing the transparency of infrastructure provision and costs in the plan.

1.5 What have we recommended and what is the impact?

We have made 25 recommendations as a result of our assessment of CP22. Several of our recommendations do not have an impact on the costs in the plan. Two of these relate to the crossing of First Ponds Creek at Kensington Park Road. Another two relate to the transparency around land acquisitions in CP22L and details of the proposed infrastructure for Stage 3 of development in the Riverstone East precinct. We also recommend the council update its apportionment of costs based on the updated population estimate.

All but one of our recommendations are for the council to address immediately. Our recommendation for the council to obtain site-specific estimates to update the assumed proportion of contaminated excavated material and revise cost estimates for stormwater management works in CP22W accordingly, is for the council to address in its next comprehensive review of CP22W.

1.5.1 Our recommendations reduce the total cost of land, works and administration

Our recommendations would reduce the total costs in the plan by \$154.99 million (15.69%). This comprises reductions in the cost of land in CP22L by \$44.95 million (8.19%), and the total costs of works and administration in CP22W by \$110.04 million (25.06%), as shown in Table 1.1 and Table 1.2.

Table 1.1 Summary of recommendations – CP22L (\$Sep 17)

	Cost in plan	IPART recommended adjustment	IPART assessed reasonable costs
Transport land	16,334,293		
		none	16,334,293
Stormwater land	104,647,966		
		none	104,647,966
Open space land	397,022,496		
Remove land for Reserve 1063		-25,361,210	
			371,661,286
Community services land	23,521,496		
Correct double-counting of open space land acquisitions		-19,281,496	
			4,240,000
Conservation zone	7,030,099		
Reapportion cost of land based on revised population estimates for Marsden Park North and West Schofield		-310,490	
			6,719,609
Total land	548,556,350	-44,953,196	503,603,154

Source: CP22 Works Schedules and IPART analysis.

Table 1.2 Summary of recommendations – CP22W (\$Sep 17)

	Cost in plan	IPART recommended adjustment	IPART assessed reasonable costs
Transport works	95,218,401		
Remove roundabout		No adjustment ^a	
Apply full width unit rate to road RM12		105,000	
Reduce base costs of roads with concept designs		-4,855,000	
Apply R4.2 unit rate to R4.3, for consistency		206,000	
Index estimates using PPI		-10,000	
Reduce contingencies for R1.1 and R1.1 and recalculate allowances to maintain % of base costs		-770,000	
		-5,324,000	89,894,401
Stormwater management	136,016,075		
Adjust size of some detention basins		-6,631,000	
Adjust length of some channels		984,000	
Remove four culverts		-2,038,000	
Reduce cost of gross pollutant traps		-1,331,000	
Reduce unit rate of contaminated material		-683,000	
Apply consistent unit rates across the plan		-828,000	
Share site investigation costs across items		-5,311,000	
		-15,838,000	120,178,075
Open space embellishment	198,836,000		
Remove cost of 7 playgrounds and increase standard of 7 remaining		-1,542,000	
Remove embellishment cost for Reserve 1063		-3,318,000	
Revise cost of remaining embellishment in line with rates recommended by Morrison Low		-82,282,000	
		-87,142,000	111,694,000
Conservation zone	2,473,071		
Reapportion cost of works based on revised population estimates for Marsden Park North and West Schofield		-109,397	2,363,674
Administration costs	6,488,154		
Maintain administration costs at 1.5% of works costs		-1,624,627	
			4,863,527
Total works	432,543,547	-108,413,397	324,130,150
Total works and administration	439,031,701	-110,039,598	328,992,102

^a As the council omitted the cost of one local roundabout in Riverstone East from CP22 in error, no adjustment to costs is required for this recommendation.

Source: CP22 Works Schedules and IPART analysis.

1.5.2 Our recommendations reduce contribution rates

Our recommendations to reduce the cost of land and works in CP22 would also reduce the residential contribution rates included in CP22L and CP22W. The overall reduction in costs in CP22 is 15.69%, but the impact on indicative contribution rates for different types of residential dwellings would not be uniform, particularly as a result of the different catchments for stormwater management quantity and quality works and how costs are apportioned within them. We have estimated the final impact on contribution rates in the tables below.

Because we have recommended an increase in the assumed population of the precincts, the percentage reduction in the contribution amounts is greater than the percentage reduction in total costs in the plan.

Table 1.3 Indicative IPART adjusted contribution rates – First Ponds Creek (\$Sep2017)

Type of development	Density (dwellings/ ha)	Occupancy rate (people/ dwelling)	Plan contribution	IPART contribution	Difference
Low density	12.5	2.9	112,221	93,100	-19,121
Low density	15.0	2.9	105,045	86,073	-18,972
Medium density	20.0	2.9	-	-	-
Medium density	25.0	2.7	80,929	63,731	-17,198
High density	45.0	2.7	73,525	56,484	-17,041

Source: CP22 Works Schedules and IPART analysis.

Table 1.4 Indicative IPART adjusted contribution rates – Second Ponds Creek (\$Sep2017)

Type of development	Density (dwellings/ ha)	Occupancy rate (people/ dwelling)	Plan contribution	IPART contribution	Difference
Low density	12.5	2.9	-	-	-
Low density	15.0	2.9	112,056	93,186	-18,870
Medium density	20.0	2.9	101,289	82,624	-18,665
Medium density	25.0	2.7	81,928	64,939	-16,989
High density	45.0	2.7	74,079	57,155	-16,924

Source: CP22 Works Schedules and IPART analysis.

Table 1.5 Indicative IPART adjusted contribution rates – Killarney Chain of Ponds (\$Sep2017)

Type of development	Density (dwellings/ ha)	Occupancy rate (people/ dwelling)	Plan contribution	IPART contribution	Difference
Low density	12.5	2.9	123,729	95,808	-27,921
Low density	15.0	2.9	114,638	88,329	-26,309
Medium density	20.0	2.9	-	-	-
Medium density	25.0	2.7	86,144	64,732	-21,412
High density	45.0	2.7	-	-	-

Source: CP22 Works Schedules and IPART analysis.

1.6 List of recommendations

Below is a list of our recommendations for CP22. All of our recommendations are for Blacktown City Council to address.

Transport

- 1 Obtain formal written advice from the Natural Resources Access Regulator in relation to the appropriate watercourse crossing of First Ponds Creek at Kensington Park Road before proceeding with a detailed design for infrastructure at this location. 34
- 2 Reduce the cost of Kensington Park Road Bridge in Contributions Plan No 20 (Riverstone and Alex Avenue) to reflect the apportionment of half of the cost of this watercourse crossing to CP22W. 34
- 3 Remove the proposed local traffic management roundabout in Stage 3 of Riverstone East from CP22W and review the need for additional transport facilities when this stage is rezoned. As the council omitted the cost of this roundabout from the plan in error, no adjustment to costs is required at this time. 34
- 4 Apply the full width standard 'per linear metre' rate to road RM12, which would increase the cost of transport works in CP22W by an estimated \$105,000. 37
- 5 Reduce the base cost of roads with concept designs by an estimated total of \$4,855,000 to reflect the adjustments recommended by WTP outlined in Table 4.4. 37
- 6 Increase the base cost of R4.3 Riverstone Road by an estimated \$206,000 (22%), for consistency with the cost per linear metre of R4.2 Riverstone Road. 37
- 7 Reduce the cost of transport works by an estimated \$10,000, to reflect indexation of the rates to September 2017 using the more cost reflective ABS PPI (Road and Bridge Construction) index instead of CPI for: 37
 - Kensington Park Road Bridge 37
 - footbridges, and 37
 - local roundabouts. 37

8	Reduce transport design and contingency allowances by an estimated \$770,000 so that they are each 5% of the base cost of works. This requires the council to:	37
	– reduce the contingency allowance from 10% to 5% for road items R1.1 and R1.2	37
	– recalculate the design and contingency allowances based on the revised base costs recommended by WTP.	37

Stormwater management

9	Adjust the sizes of detention basins in Killarney Chain of Ponds to be consistent with the sizes in the Mott Macdonald technical studies, which would reduce the cost of stormwater works in CP22W by an estimated \$6,631,000.	47
10	Adjust the channel provision in First Ponds Creek to be consistent with the lengths provided in the concept design drawings, which would increase the costs of stormwater works in CP22W by an estimated \$984,000.	47
11	Remove the additional culverts in Killarney Chain of Ponds, which would reduce the costs of stormwater works in CP22W by an estimated \$2,038,000.	47
12	Adjust the unit cost of gross pollutant traps, which would reduce the cost of stormwater works in CP22W by an estimated \$1,331,000.	51
13	For stormwater management works:	51
	– Reduce the unit rate (\$ per m ³) for excavation and disposal of contaminated/asbestos waste from \$469 per m ³ to \$400 per m ³ . This would reduce the cost of stormwater works in CP22W by an estimated \$683,000.	51
	– In the council's next comprehensive review of CP22W, obtain site-specific estimates to update the assumed proportion of contaminated excavated material and revise cost estimates for stormwater management works in CP22W accordingly.	51
14	Revise the cost estimates for stormwater management works in CP22W and ensure that consistent unit rates are used across the different catchments and for items of the same type. Based on revised information the Council has provided to us, this would reduce the cost of stormwater works in CP22W by an estimated \$828,000.	51
15	Spread site investigation costs across multiple stormwater infrastructure items, which would reduce the cost of stormwater works in CP22W by an estimated \$5,311,000.	51

Open space

16	Remove the cost of land and associated embellishment for Reserve 1063, which would reduce the cost of open space land in CP22L by an estimated \$25,361,210, and the cost of open space embellishment in CP22W by an estimated \$3,318,000.	59
17	Remove the cost of seven playgrounds from CP22W and increase the cost of 7 other playgrounds in CP22W, which would reduce the cost of open space embellishment by an estimated \$1,542,000.	59

18	Revise the base cost of items of open space embellishment as shown in Table 6.7, which would reduce the cost of open space embellishment in CP22W by an estimated \$82,282,000.	66
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Combined precinct facility

19	Reapportion the cost of land and works for the conservation zone, based on the revised population estimates for Marsden Park North and West Schofield precincts, which would reduce the cost of land in CP22L by an estimated \$310,490, and the cost of works in CP22W by an estimated \$109,397.	73
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Plan administration

20	Adjust the cost of plan administration so that it is 1.5% of the cost of capital works, which would be an estimated \$4,861,952.	76
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Land costs

21	Correct the double-counting of open space land acquisitions, which would reduce the total cost of land in CP22L by an estimated \$19,281,496.	80
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Per person apportionment of costs

22	Recalculate the contribution rates for transport, open space and community services, and for the conservation zone, with the per person apportionment based on an expected population for the Area 20 and Riverstone East precincts of 34,438 people.	84
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Other matters

23	Amend CP22 to improve transparency around land acquisitions by providing:	85
	– sufficient information for stakeholders to identify the land acquisitions associated with individual infrastructure items in the plan, and	85
	– mapping that enables stakeholders to identify the location of infrastructure and any land acquisitions that are not associated with infrastructure (such as riparian corridor land).	85
24	Amend CP22 so that it includes details of the proposed infrastructure for Stage 3 of development in Riverstone East and its estimated costs, together with mapping that identifies the location of this infrastructure.	85

2 Our assessment approach

Local infrastructure contributions plans set out the local infrastructure required to meet the demand from new development, and the contributions a council can levy on developers to fund the necessary land and works.

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.

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

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

The maximum residential contributions exceed the \$30,000 threshold that applies to the plan. The plan is for a transition area and the council intends to apply for LIGS funding. We commenced our assessment of CP22 in May 2018.

2.1 Our terms of reference are issued by the Premier

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* (the IPART Act). The terms of reference are in Appendix A.

2.2 We assessed CP22 against criteria in the Practice Note

We have assessed CP22 against the criteria in the Department of Planning and Environment's (DPE's) *Practice Note: Local Infrastructure Contributions*, published on 31 January 2018.³ These criteria are set out in Box 2.1.

The 2018 Practice Note replaces the 2014 *Revised Local Development Contributions Practice Note for the assessment of Local Contributions Plans by IPART*. 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 2017.⁴ The assessment criteria for our review remain unchanged since the 2014 Practice Note.

³ Department of Planning and Environment, *Practice Note: Local infrastructure Contributions* (Practice Note), January 2018.

⁴ From 1 March 2018 the provisions applying to Ministerial Directions concerning contributions plans are in section 7.17 of the *Environmental Planning and Assessment Act 1979*.

We also assessed whether CP22 contains information required by the *Environmental Planning and Assessment Regulation 2000* and whether the council addressed the Minister's advice in response to our 2012 assessment of *Contributions Plan 22 for Area 20*.

Box 2.1 Contributions plan assessment criteria

IPART assesses contributions plans in accordance with the criteria set out in the Department of Planning and Environment's Practice Note. 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 **nexus**
3. the proposed development contribution is based on a **reasonable estimate of the cost** of the proposed public amenities and public services
4. the proposed public amenities and public services can be provided within a **reasonable timeframe**
5. the proposed development contribution is based on a **reasonable apportionment** of costs
6. the council has conducted **appropriate community liaison and publicity** in preparing the contributions plan, and
7. the plan complies with **other matters** IPART considers relevant.

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

2.2.1 We assessed whether CP22 contains information required by the 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 CP22 contains the information required by this clause of the Regulation. A summary of this analysis is provided in Appendix B and a particular issue relating to the provision of information in the plan is discussed in section 9.4.2.

2.2.2 We assessed whether the council addressed the Minister's advice

IPART completed an assessment of draft *Contributions Plan 22 for Area 20* in September 2012. The council subsequently adopted the plan, which came into force on 5 June 2013. The council advised that the 2013 version of the plan incorporated changes requested by the Minister following IPART's 2012 assessment.

In assessing CP22 against the Practice Note, we have considered whether the council addressed the Minister's requested changes to CP22 in response to our 2012 assessment. A summary of this analysis is provided in Appendix C. The details of any changes that the council did not address are discussed in the main body of this report, where relevant.

2.3 We consulted with Blacktown City Council and other stakeholders

In the early stages of our assessment, representatives of the Tribunal and the IPART Secretariat met with council officers who provided an introduction to the plan, and undertook a site visit to Area 20 and Riverstone East precincts. Throughout the assessment, Blacktown City Council provided responses to several information requests from IPART. We also sought information on aspects of the plan from DPE.

When placing the council's completed application on our website, we also stated we would accept public submissions related to the assessment criteria. The council placed a notice on its website advising stakeholders about IPART's submission period. The four week consultation period closed on 22 June 2018. We received two submissions; one from a consultant (Urbis) engaged by owners of land subject to the plan⁵ and another from the Urban Development Institute of Australia (UDIA) NSW.

Blacktown City Council officers and the DPE provided comments on a draft of this report, which we considered in finalising our assessment.

2.4 We engaged consultants to assist with our assessment

To assist with our assessment of CP22 we engaged three specialist consultants:

- ▼ We engaged WTP to review the council's bill of quantities for roads with concept designs.⁶ We used the advice to inform our assessment of transport works in CP22W against Criterion 3 Reasonable cost.
- ▼ We engaged Cardno to inform our assessment of stormwater management works in CP22W against Criteria 2, 3 and 5 of the Practice Note (Nexus, Reasonable cost and Apportionment).
- ▼ We engaged Morrison Low to inform our assessment of open space embellishment in CP22W against Criterion 3 of the Practice Note (Reasonable cost).

2.5 The Minister will consider our recommendations

We have provided a copy of this report to the Minister for Planning, DPE and Blacktown City Council. The report is also available on IPART's website.

The Minister will consider our report and 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.

⁵ Metro Award Rouse Hill Pty Ltd and CDMA Australia Pty Ltd, being the owners of 44 and 56 Cudgegong Road respectively.

⁶ A bill of quantities is a document prepared by a cost consultant (usually a quantity surveyor) that provides project specific measured quantities for construction works. For example, it states how many metres of pavement is required for a road, or how many cubic metres of material needs to be excavated from a site to build a stormwater detention basin.

3 Overview of Contributions Plan No 22 Rouse Hill

CP22 applies to the Area 20 Precinct and the Riverstone East Precinct, both of which are in Sydney's North West Growth Area. The council refers to the two precincts collectively as Rouse Hill.

IPART completed an assessment of draft CP22 in September 2012. At that time, the plan only applied to the Area 20 Precinct. This is the first time we have assessed a plan which applies to the Riverstone East Precinct.

CP22 is in two parts:

- ▼ CP22L – *Rouse Hill (Land)* covers land for local infrastructure
- ▼ CP22W – *Rouse Hill (Works)* covers local infrastructure works and administration costs.

The total cost of land, works and plan administration in CP22 is \$987.6 million (\$Sep2017). This comprises:

- ▼ \$548.6 million (55.5%) for the acquisition of land for local infrastructure
- ▼ \$432.5 million (43.8%) for local infrastructure works
- ▼ \$6.5 million (0.7%) for plan administration.

3.1 Status of CP22

Blacktown City Council exhibited the draft plan between 20 December 2017 and 20 January 2018. The plan has been in force since 7 March 2018.

3.2 Development in the Area 20 and Riverstone East precincts

CP22 for Rouse Hill applies to two precincts within Sydney's North West Growth Area; Area 20 and the neighbouring Riverstone East Precinct. Both precincts are primarily zoned for residential development, with small areas designated for business uses.

When preparing the contributions plan, the council assumed a net increase in the population of the two precincts of 31,237 people over 25 years. However, DPE subsequently advised the council that it should use a revised forecast of 34,438 people, which is based on analysis underpinning the *North West Growth Priority Area Land Use and Infrastructure Implementation Plan*, released by DPE in May 2017,⁷ and using higher occupancy rates.⁸

⁷ See DPE, *North West Growth Priority Area Land Use and Infrastructure Implementation Plan*), May 2017 and AECGroup, *Priority Growth Areas: NWGC, Housing Market Needs Analysis* July 2015, p 41. The NWPGA is now known as the North West Growth Area (NWGA).

⁸ Email from Blacktown City Council, 9 November 2018.

To date, only a small amount of the expected development has occurred in the precincts. In its application for assessment, the council estimated that approximately 7% of the total projected development had been approved and/or constructed.

Development is expected to occur over a 25-year period, although it is difficult to forecast the pace of development because of fragmented land ownership and uncertainty about when utility providers will deliver essential water and electricity infrastructure. For this reason, Stage 3 of the Riverstone East precinct has not yet been rezoned.

Although only Stages 1 and 2 of the Riverstone East have been rezoned, CP22 has been prepared on the basis that it will apply to all three stages.

3.2.1 Development in Area 20

Area 20 was initially rezoned for urban development in 2011.⁹ Zonings were later amended as a result of the following Government initiatives:

- ▼ Plans for the location of the North West Rail Link (NWRL) corridor, Cudgegong Road Station, Sydney Metro Trans Facility (SMTF) stabling yard and Cudgegong Town Centre were finalised. The Sydney North West Metro terminates at Cudgegong Station in the south west of the Area 20 precinct, and a town centre will be located adjacent to the station.
- ▼ In 2013 the acquisition authority for the Second Ponds Creek trunk drainage corridor changed from Sydney Water to Blacktown City Council. Second Ponds Creek runs diagonally across the precinct; as a result there is a significant area of land for drainage and open space adjacent to the waterway.

When the council was preparing the contributions plan the dwelling yield for residential development in Area 20 was expected to be approximately 4,400 dwellings, and the final population approximately 13,420 residents.¹⁰

The adjusted net developable area (NDA) is 104.6 hectares (see Table 3.1). The adjustments relate to the exclusion of an existing private school as well as land for the Cudgegong Road train station, roads and carpark. The calculation of NDA also excludes:

- ▼ the Rouse Hill Regional Park and the heritage-listed Rouse Hill House and Estate in the north-west of the precinct (30.81 ha),
- ▼ land zoned for state and local public infrastructure (65.57 ha), and
- ▼ the E2 conservation zone (2.56 ha).

Figure 3.1 shows the indicative layout plan for the precinct.

⁹ Area 20 is referred to as the Cudgegong Road precinct on DPE's website, however the council does not use this name in CP22.

¹⁰ CP22W, p 7. In the version of CP22 which IPART reviewed in 2012, the dwelling yield was 2,500, and the projected population was 6,400.

Table 3.1 Land uses and NDA in Area 20 Precinct (ha)

Land use	NDA	Adjustment	Adjusted NDA
R2 Low Density residential	18.48	-7.69 ^a	10.79
R3 Medium Density residential	93.30	-5.63 ^b	87.67
B2 Local Centre	4.33	-1.90 ^b	2.42
B4 Mixed Use	9.09	-5.36 ^b	3.73
Total	125.2	-20.58	104.61

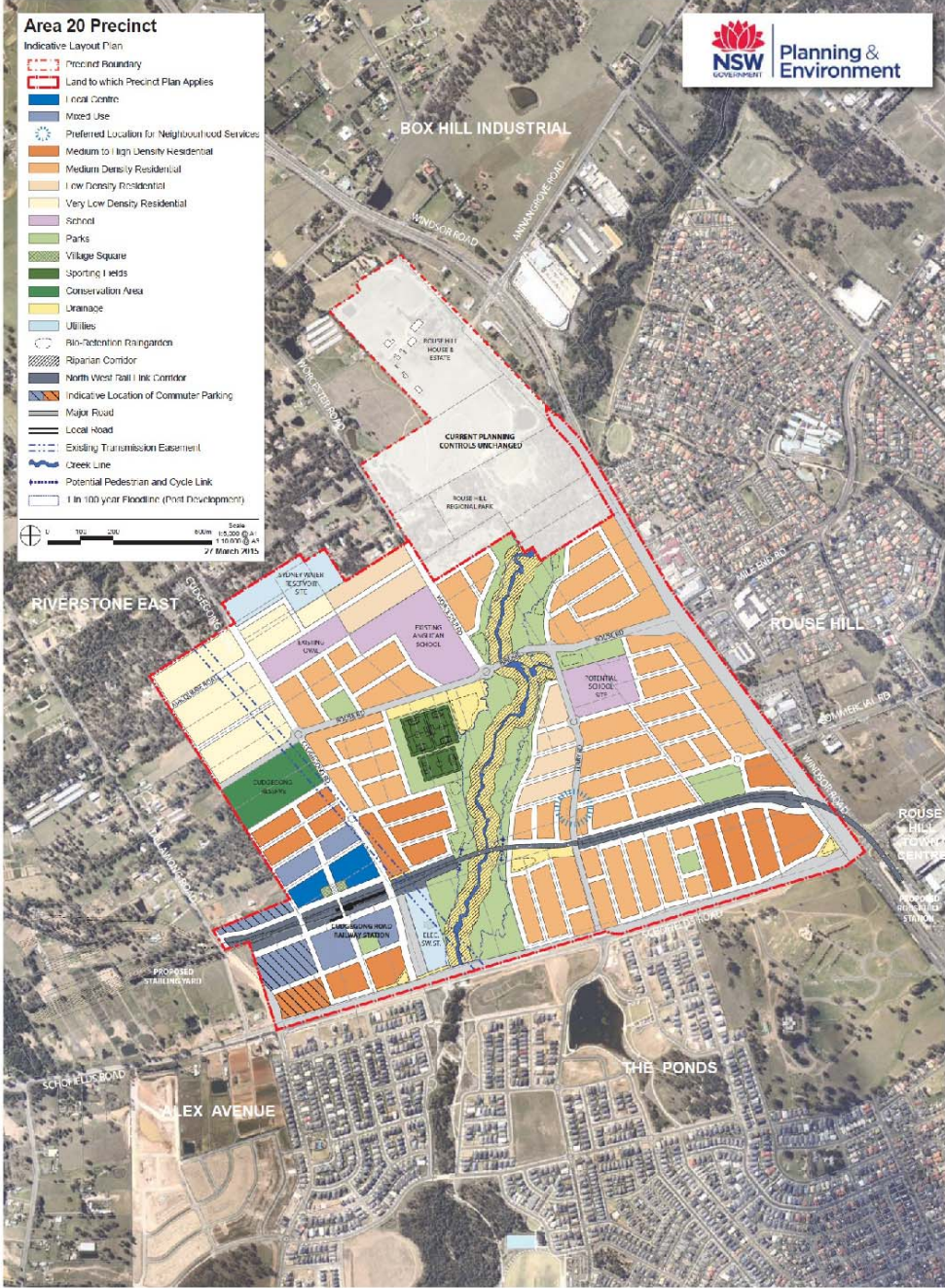
a Land on which an existing private school is located.

b Land for Cudgegong Road Station, roads and carpark.

Note: The NDA is adjusted to reflect the area of land on which urban development is restricted, or cannot occur.

Source: CP22W Works Schedule.

Figure 3.1 Indicative Layout Plan – Area 20



Note: The parcel of land on the north-west corner of Area 20 shown here as Very Low Density Residential has since been rezoned as Medium Density and Public Recreation.

Source: DPE, *Cudgegong Road Station (Area 20 Precinct) Finalisation Report*, June 2015, p 2.

3.2.2 Development in Riverstone East

Riverstone East Precinct is subject to a staged rezoning approach. Riverstone East Stages 1 and 2 were rezoned in 2016, but rezoning of Stage 3 was deferred. Master planning for this area will depend on a number of factors, including greater certainty about the timing of delivery of essential infrastructure and the market demand for housing.

When the council was preparing the contributions plan the dwelling yield Stages 1 and 2 were projected to yield 3,532 dwellings, with an estimated population of 10,850. Population estimates for Stage 3 were based on preliminary planning and Stage 3 was projected to yield 2,268 dwellings, with an estimated population of 6,967.

For the purposes of calculating contributions for stormwater management quality infrastructure, the council has created two separate catchments, First Ponds Creek and Killarney Chain of Ponds.

The adjusted NDA of the entire Riverstone East Precinct is 345.8 hectares. It is made up of 240.5 hectares in the First Ponds Creek catchment (see Table 3.2), and 105.3 hectares in the Killarney Chain of Ponds catchment (see Table 3.3).

Within the First Ponds Creek catchment, 232.7 hectares are zoned for residential development, mainly low density. Commercial development will be located in two local business centres and a small business corridor (6.8 hectares).

Excluded from the developable area of the Riverstone East Precinct are:

- ▼ the E2 conservation zone (2.42 hectares)
- ▼ the North West Metro stabling yards (28.0 hectares), and
- ▼ state and local public infrastructure (288.0 hectares).

Figure 3.2 shows the indicative layout plan for the precinct.

Table 3.2 Land uses and NDA in Riverstone East, First Ponds Creek (ha)

Land use	NDA	Adjustment	Adjusted NDA
R2 Low Density Residential	184.52	-8.66 ^a	175.86
R3 Medium Density Residential	56.91		56.91
B2 Local Centre	1.47		1.47
B4 Mixed Use	1.85	-0.97	0.88
B6 Enterprise Corridor	5.12		5.12
E3 Environmental Management	2.56	-2.40 ^b	0.16
E4 Environmental Living	0.71	-0.63 ^b	0.08
Total	253.14	-12.66	240.48

^a Public school and transmission easement.

^b Minimum lot sizes of 2 and 5 hectares.

Source: CP22W Works Schedule.

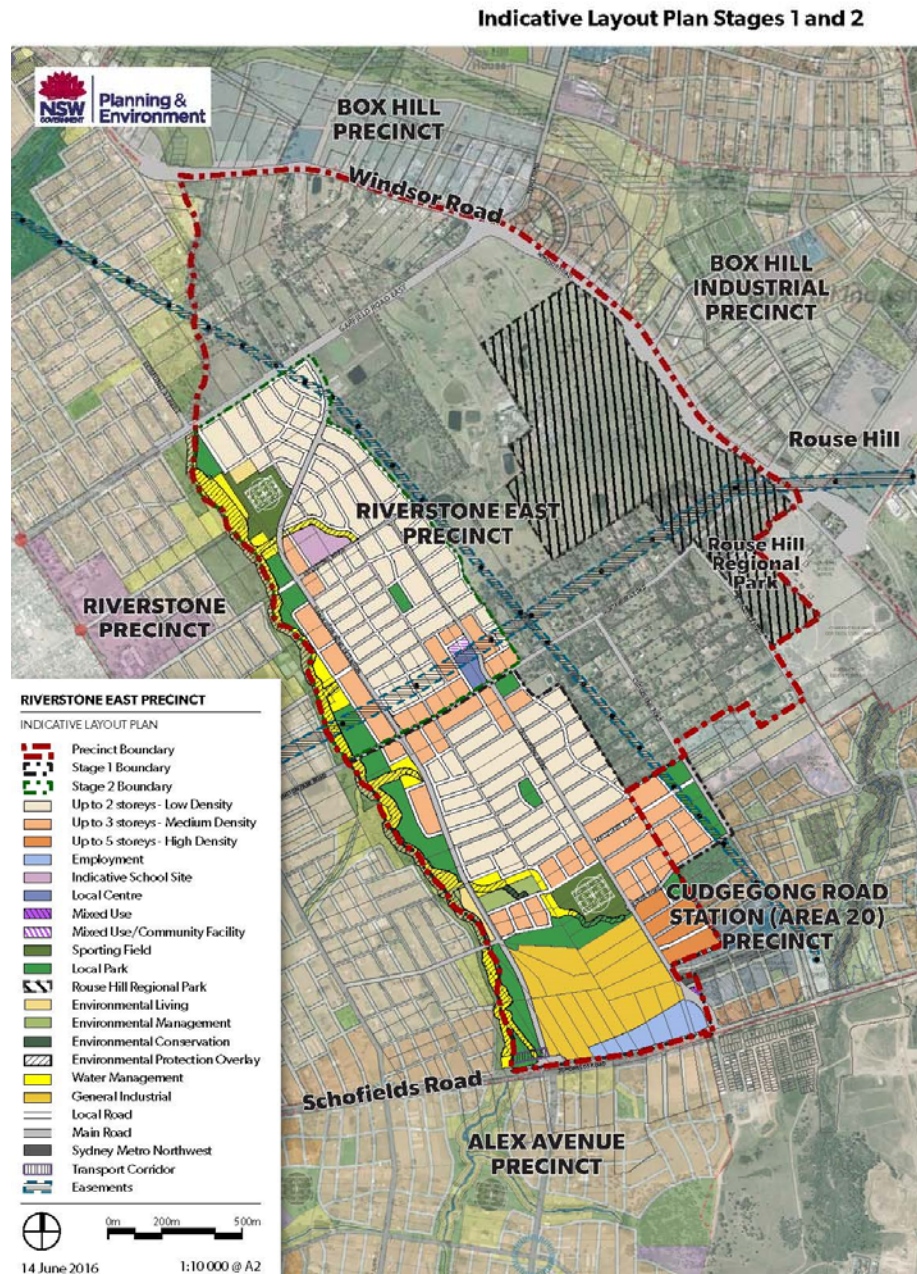
Table 3.3 Land uses and NDA in Riverstone East, Killarney Chain of Ponds (ha)

Land use	NDA	Adjustment	Adjusted NDA
R2 Low Density Residential	109.39	-6.22 ^a	103.17
R3 Medium Density Residential	2.11		2.11
Total	111.50	-6.22	105.28

^a Land for new public school.

Source: CP22W Works Schedule.

Figure 3.2 Indicative Layout Plan – Riverstone East



Note: The parcel of land to the east of the precinct boundary which runs north-west from Cudgegong Road Station is actually within Area 20, but was rezoned in conjunction with the Riverstone East ILP in June 2016 from Very Low Density Residential (as shown in Figure 3.1 above) to Medium Density Residential and Public Recreation as shown here.

Source: DPE, *Riverstone East Precinct Stages 1 and 2 Precinct Rezoning*, Brochure, August 2016.

3.3 Cost of land and works

The total cost of land and works in CP22 is \$987.6 million. This comprises \$548.6 million for land, \$432.5 million for works and \$6.5 million for plan administration. Table 3.4 provides a breakdown of costs by infrastructure category.

Table 3.4 Cost of land and works in the plan (\$Sep2017)

Infrastructure	Land	Works	Administration	Total
Transport	16,334,293	95,218,401	1,428,276	112,980,970
Stormwater	104,647,966	136,016,075	2,040,242	242,704,283
Open space	397,022,496	198,836,000	2,982,540	598,841,036
Community services ^a	23,521,496			23,521,496
E2 conservation zone	7,030,099	2,473,071	37,096	9,540,266
TOTAL	548,556,350	432,543,547	6,488,154	987,588,051

^a Community services includes a community hub that directly services residents of CP22; and combined precinct facility land costs, which services the four precincts in CP20 and CP22.

Source: CP22L, Appendix E and CP22W, Appendix E.

3.4 Contribution rates

The contribution rates for each infrastructure type are set out in Table 3.5 and Table 3.6. Indicative contribution rates for residential development types are listed in Table 3.7. Contributions for residential development are currently subject to caps, in accordance with the Minister for Planning's *Local Infrastructure Contributions Direction 2012*.

Table 3.5 Contribution rates – CP22L (\$Sep2017)

	Residential	Non-residential
Transport	\$518 per person	\$31,921 per ha NDA
Stormwater (FPC) ^a	\$203,254 per ha NDA	\$203,254 per ha NDA
Stormwater (KCP) ^a	\$206,464 per ha NDA	\$206,464 per ha NDA
Stormwater (SPC) ^a	\$325,331 per ha NDA	\$325,331 per ha NDA
Open space	\$12,710 per person	n/a
Community services ^b	\$753 per person	n/a
E2 conservation zone	\$225 per person	n/a

^a First Ponds Creek (FPC) and Killarney Chain of Ponds (KCP) are within the Riverstone East precinct and Second Ponds Creek (SPC) is within the Area 20 precinct.

^b Community services includes a community hub that directly services residents of CP22; and combined precinct facility land costs, which services the four precincts in CP20 and CP22.

Source: CP22L, Appendix F.

Table 3.6 Contribution rates – CP22W (\$Sep2017)

	Residential	Non-residential
Transport	\$3,064 per person	\$188,871 per ha NDA
Stormwater (FPC) ^a	\$336,355 per ha NDA (R2 & Environmental Living) ^b \$212,704 per ha NDA (Other residential development)	\$212,704 per ha NDA ^b
Stormwater (KCP) ^a	\$476,976 per ha NDA (R2 & Environmental Living) ^b \$339,860 per ha NDA (Other residential development)	\$339,860 per ha NDA ^b
Stormwater (SPC) ^a	\$319,386 per ha NDA (R2 & Environmental Living) ^b \$115,604 per ha NDA (Other residential development)	\$115,604 per ha NDA ^b
Open space	\$6,461 per person	n/a
Community services	n/a	n/a
E2 conservation zone	\$80 per person	n/a

^a First Ponds Creek (FPC) and Killarney Chain of Ponds (KCP) are within the Riverstone East precinct and Second Ponds Creek (SPC) is within the Area 20 precinct.

^b These include both stormwater quantity and quality contribution rates.

Note: The rates include administration costs.

Source: CP22W, Appendix F.

3.4.1 Indicative residential contribution rates

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

The Minister for Planning's *Local Infrastructure Contributions Direction 2012*, as amended in July 2017,¹¹ caps the local infrastructure contributions for residential development that the council can levy under CP22.

The Direction specifies the maximum contribution per residential dwelling or lot for each precinct, before and then after a plan is formally made into an "IPART reviewed plan".

Indicative (un-capped) contributions for various types of residential development in the First Ponds Creek, Killarney Chain of Ponds and Second Ponds Creek are set out in Table 3.7.

Table 3.7 Indicative residential contributions – CP22 (\$Sep2017)

Development type	Dwellings per ha	Occupancy rate per dwelling	Indicative contribution (\$Sep2017)		
			First Ponds Creek	Killarney Chain of Ponds	Second Ponds Creek
Low density	12.5	2.9	112,221	123,729	
Low density	15.0	2.9	105,045	114,638	112,056
Medium density	20.0	2.9			101,289
Medium density	25.0	2.7	80,929	86,144	81,928
High density	45.0	2.7	73,525		74,079

Source: CP22L section 8.7, p 34 and CP22W section 6.7, p 28.

3.4.2 Indexation of contribution rates

CP22 provides for quarterly indexation of contribution rates in CP22L and CP22W in accordance with the Consumer Price Index – All Groups Sydney (CPI).¹²

3.4.3 Exemptions from contributions

Both CP22L and CP22W provide that the plan applies to all developments that require the submission of a development application or an application for a complying development certificate, including the intensification of use of a site involving expansion of area occupied by a development and/or the addition of population.¹³ No development is specified to be exempt from contributions.

As indicated in section 3.2 above, in each precinct the NDA is adjusted to take account of land for public infrastructure, both state and local, including the Cudgegong Road train station and car park, North West Metro stabling yards and the Rouse Hill Regional Park and the heritage-listed Rouse Hill House and Estate. Contributions under CP22 will not be levied on development on this land.

¹¹ This Direction was made under section 94E of the *Environmental Planning and Assessment Act 1979*. From 1 March 2018 the provisions apply to Ministerial Directions concerning contributions plans are in section 7.17 of the Act.

¹² CP22L section 9.3 and CP22W section 7.3.

¹³ CP22L section 1.7 and CP22W section 1.7.



4 Transport

This chapter presents our assessment of transport infrastructure in CP22 against the essential works list, nexus, reasonable cost (works only) and apportionment criteria in the Practice Note. To assist with our assessment we engaged consultants, WTP,¹⁴ to review the reasonableness of the bill of quantities to estimate road costs in CP22.

The total cost of transport infrastructure in CP22 (2018) is \$115.55 million (11.3% of total costs), comprising \$16.33 million for land and \$95.22 million for works.

We found that land for transport in CP22L is consistent with the essential works list, that nexus has been established and that the apportionment of costs is reasonable.

Our findings and recommendations for transport works in CP22W are summarised in Table 4.1. We recommend that Blacktown City Council make adjustments to the plan, which we estimate would reduce the cost of transport works by around \$5.32 million (5.6%).

¹⁴ See WT Partnership, *Blacktown City Council Contribution Plan No 22 – Quantity verification report for Independent Pricing and Regulatory Tribunal*, November 2018.

Table 4.1 Summary of IPART-recommended adjustments to transport works

Criterion	Finding	Recommendation	(\$Sep2017)
Total cost in plan			95,218,401
Essential works	All items are on the essential works list		
Nexus	A culvert crossing could also be a reasonable alternative to Kensington Park Rd Bridge	Obtain advice from the Natural Resources Access Regulator (NRAR) before design commences	No adjustment, subject to advice from NRAR ^a
	The full cost of Kensington Park Rd Bridge is in CP20	Reduce cost of bridge in CP20	No adjustment
	Nexus is established for all items except for one roundabout	Remove roundabout from the plan	No adjustment ^b
Reasonable cost	The council's nominal 'standard' unit rates for roads are reasonable but incorrectly applied to RM12	Apply full width standard 'per linear metre' rate to road RM12	105,000
	Some calculation errors and differences in assumptions identified	Reduce base costs of roads with concept designs	-4,855,000
	Cost of R4.3 is based on R4.2	Apply updated R4.2 unit rate to R4.3, for consistency	206,000
	Cost of bridges and roundabouts not indexed using the most cost reflective index	Reduce cost of bridges and roundabouts to reflect indexation using the ABS PPI (Road and Bridge Construction) Index	-10,000
	Cost of footbridges not indexed to base year of plan		
	Percentages for design and contingency are reasonable, except for R1.1 and R1.2	Reduce contingency percentage from 10% to 5% of the new base costs for R1.1 and R1.2	-770,000
	Design and contingency allowances should be recalculated on the new base costs of roads with concept designs	Recalculate design and contingency, so that the combined allowances remain 10% of base costs of roads with concept designs	
Apportionment	Apportionment of costs is reasonable		
Total IPART recommended cost adjustment			-5,324,000
Total IPART assessed reasonable cost			89,894,401

^a If NRAR suggests a culvert crossing is its preferred solution, the council should revise the cost in CP22W as part of the next periodic review of the plan.

^b As the council omitted the cost of one local roundabout in Riverstone East from CP22 in error, no adjustment to costs is required for this recommendation.

4.1 Criterion 1: Essential works

We found that all land and works for transport infrastructure in CP22 are consistent with the essential works list in the Practice Note. The works items in CP22W are set out in Table 4.2.

Table 4.2 Transport works in CP22W

Items on the essential works list	
▼ Road upgrades and new roads	▼ Signalised intersections
▼ Bridges	▼ Roundabouts
▼ Foot bridges	▼ Bus shelters

4.2 Criterion 2: Nexus

In assessing whether there is nexus between the transport land and works in CP22 and development in the precincts, we relied on information in the supporting technical studies for transport management, the relevant Development Control Plans (DCPs), land acquisition maps, information from the council and information from the Natural Resources Access Regulator (NRAR).

We found that there is nexus for all transport land in CP22L. We note that not all transport works require land acquisitions. For example, CP22W includes the cost of upgrading some existing roads which the council already owns.

The supporting technical studies for the transport works in CP22W are listed in Table 4.3. These studies use traffic modelling to establish a road hierarchy in the precincts based on traffic and transport needs. They also establish pedestrian and cycle networks, including crossings of creek lines and the North West Rail Link, to ensure a continuous network of facilities within the precincts and connections with regional routes.

Table 4.3 Technical studies for transport works in CP22

Author	Title	Date
Urban Horizon	<i>Area 20 Transport and Access Study, Final Report</i>	October 2010
Road Delay Solutions	<i>North West Growth Centre Area 20 Post Exhibition Assessment – Transport and Access “End State” Year 2036</i>	August 2011
ARUP	<i>Riverstone East Precinct Transport Study, Post – Exhibition Report</i>	November 2015

Note: These technical studies were commissioned by the Department of Planning and Environment (DPE).

Only some segments of the local and collector roads in the Area 20 and Riverstone East precincts are in CP22W. The council has assumed that most local roads and large segments of collector roads will be provided directly by developers of the land fronting the roads, as conditions of development consent. Other local and collector roads are included in the plan because they either have no developer frontage or cannot be effectively constructed by developers. We found that this approach is reasonable. We checked the classification of the roads that are in the plan and found that their classification is consistent with the DCPs.

We also found that the technical studies establish nexus for most bridges and most intersections in CP22W. However, they do not identify the need for Kensington Park Road Bridge, or four local traffic management roundabouts that are in the plan. We relied on the Indicative Layout Plan for Riverstone East and the *Guidelines for controlled activities of waterfront land: Riparian corridors* to establish nexus for the bridge, although we note that a culvert crossing could also be a reasonable transport solution. We found that explanations from the council establish nexus for three of the four additional roundabouts but that nexus is not established for one roundabout.

Recommendations

- 1 Obtain formal written advice from the Natural Resources Access Regulator in relation to the appropriate watercourse crossing of First Ponds Creek at Kensington Park Road before proceeding with a detailed design for infrastructure at this location.
- 2 Reduce the cost of Kensington Park Road Bridge in Contributions Plan No 20 (Riverstone and Alex Avenue) to reflect the apportionment of half of the cost of this watercourse crossing to CP22W.
- 3 Remove the proposed local traffic management roundabout in Stage 3 of Riverstone East from CP22W and review the need for additional transport facilities when this stage is rezoned. As the council omitted the cost of this roundabout from the plan in error, no adjustment to costs is required at this time.

4.2.1 There is nexus for roads in the plan

CP22 includes the cost of some collector and local road segments. The council explained that the costs of these roads are included because either:

- ▼ the roads have no developer frontage or they occupy full lots resulting in no development potential, or
- ▼ the horizontal and vertical alignments of the roads and fragmented ownership of adjoining developments preclude effective road construction by developers.¹⁵

Roads that fall into the first category, having no developer frontage, are commonly included in local infrastructure contributions plans because there is no adjoining development for which the developer would otherwise provide the road.

In CP22, there are 11 collector roads and two local roads which fall into the second category, where the alignment of the road and fragmented ownership of adjoining developments preclude effective road construction by individual developers.¹⁶

We recently published a discussion paper seeking stakeholder views on which transport items should be included in local infrastructure contributions plans.¹⁷ In this paper we identified that in some cases it might not be feasible for developers to construct the roads that provide access to their properties as a condition of their development consent.

¹⁵ CP22W, pp 18-22.

¹⁶ Collector roads: R1.1, R1.2, R1.3, R3.1, R3.2, R4.2, R4.3, R5.1, R5.2 R5.3 and R6; Local roads: R2 and R4.1.

¹⁷ IPART, *Contributions for local transport infrastructure*, Discussion Paper, 12 September 2018.

To overcome coordination difficulties, councils are likely to be best placed to deliver a road where there is fragmented ownership of land fronting the road, and:

- ▼ there are changes in the vertical alignment of the road from existing levels
- ▼ there are changes in the horizontal alignment of the road from any existing roads, and/or
- ▼ a required upgrade of an existing road in segments would require temporary works.

We indicated our preliminary position that it is reasonable for councils to include such roads in contributions plans. Stakeholders responding to the discussion paper generally supported this position.

We therefore consider it is reasonable for CP22 to include the 11 collector and two local roads that provide access to individual properties as it is not feasible for developers to construct these roads. Nexus is established between these roads and development in the precincts.

4.2.2 There is nexus for a watercourse crossing at Kensington Park Road

CP22W includes a bridge (Kensington Park Road Bridge) crossing First Ponds Creek (a 3rd order stream) between Riverstone (subject to CP20 – Riverstone and Alex Avenue) and Riverstone East (subject to CP22). This bridge has not been constructed. Currently, the full cost of the bridge is included in CP20 (\$8,992,000, \$June2015). The council has included half the bridge cost in CP22 (\$4,671,000, \$Sep2017) and advised that it will reduce the cost in CP20 when it is next amended.

Neither the technical studies for CP20 nor CP22 identify any transport works at the location of Kensington Park Road Bridge. The council considers that nexus is established for the bridge because:

- ▼ the Indicative Layout Plan (ILP) for Riverstone and Riverstone East Precincts show the continuation of Kensington Park Road over First Ponds Creek, and
- ▼ Office of Environment and Heritage (OEH) guidelines provide a minimum standard for watercourse crossings.

The council advised that the inclusion of a bridge at this location was decided for CP20 based on the OEH guidelines in place at that time. The relevant guidelines have been revised twice since the Kensington Road Bridge was planned in CP20 and now provide that either a culvert or bridge may provide an appropriate crossing for 3rd order streams.¹⁸

¹⁸ Natural Resources Access Regulator, *Guidelines for controlled activities on waterfront land: Riparian corridors*, May 2018, Table 2. The 'riparian corridor matrix' in the 2018 guidelines contains an error. Consistent with the 2012 guideline, it should read 'yes' to culvert crossings for both 3rd and 4th order streams.

We contacted the Natural Resources Access Regulator (NRAR), which now administers the relevant guidelines, to determine how the guidelines should be applied to identify the appropriate watercourse crossing at a given location. NRAR advised that:

- ▼ the appropriate water crossing at a given location will depend on upstream land uses, with culverts being inappropriate for heavily vegetated watercourses, and
- ▼ councils are required to consult with it about relevant controlled activities as a condition of the exemption under the *Water Management (General) Regulation 2011* from NRAR approval and that consultation should occur at the design phase for the relevant infrastructure.¹⁹

The council advised that it consulted with OEH in 2008 during precinct planning and received verbal advice that a bridge was the appropriate watercourse crossing at Kensington Park Road based on the category of watercourse and the guidelines in place at that time. It has not sought formal follow-up advice in relation to the bridge but will obtain this advice when the bridge is at the detailed design stage.

We consider that the ILP establishes nexus for a watercourse crossing of First Ponds Creek at Kensington Park Road, and that the *Guidelines for controlled activities of waterfront land: Riparian corridors*, May 2018, establish nexus for it to be either a bridge or culvert crossing.

We recommend that before progressing a detailed design, the council should obtain formal written advice from NRAR about the appropriate watercourse crossing at this location.

We also recommend that the council reduce the cost of Kensington Park Road Bridge in CP20 when it is next amended to reflect the apportionment of half of the cost of this watercourse crossing to CP22.

4.2.3 There is nexus for three of the four additional local roundabouts in CP22

CP22 includes three local traffic management roundabouts in Area 20 and one in Riverstone East that are not supported by the technical studies. They cost \$220,000 each.

The council has identified the locations of the three roundabouts in Area 20, with two being at intersections of local roads and one at an intersection of a collector and local road. The council's traffic engineers have assessed that these roundabouts are required based on forecast traffic and turning flows and proximate land uses with high volumes of pedestrian movements (such as town centres and schools). We consider the council's explanation establishes nexus between these three roundabouts and development in Area 20.

In relation to the local traffic management roundabout in Riverstone East, the council advised that it will be located in Stage 3 of development in this precinct and the precise location will only be confirmed when the road network in this stage is finalised. We consider that without evidence of the need for a roundabout and the precise location, nexus is not established for this roundabout at this time.²⁰

¹⁹ Phone conversation with NRAR, September 2018.

²⁰ As the council omitted the cost of the roundabout in Riverstone East from the CP22 works schedule in error, no adjustment to costs is required to reflect our recommendation at this time.

4.3 Criterion 3: Reasonable cost of transport works

In this section, we assess whether the proposed development contributions are based on a reasonable estimate of the cost of the proposed transport infrastructure. The reasonable cost of land for transport works is discussed in Chapter 9.

We considered the approach in CP22W to cost the capital works requirements for transport infrastructure. We then considered the reasonableness of the cost estimates, including any indexation of costs to the base year of the contributions plan.

To assist with our assessment, we engaged WTP to review the reasonableness of the bill of quantities the council used to estimate the cost of roads with concept designs in CP22W.

We found the council's costing method for transport works was reasonable although we found some minor errors in its application. These relate to road RM12 and indexation of the estimated cost of footbridges, Kensington Park Road Bridge and some roundabouts. In addition, WTP identified more significant calculation errors and an unreasonable assumption in the council's estimated cost of roads with concept designs, which has a flow-on impact on another road without a concept design (R4.3).

Recommendations

- 4 Apply the full width standard 'per linear metre' rate to road RM12, which would increase the cost of transport works in CP22W by an estimated \$105,000.
- 5 Reduce the base cost of roads with concept designs by an estimated total of \$4,855,000 to reflect the adjustments recommended by WTP outlined in Table 4.4.
- 6 Increase the base cost of R4.3 Riverstone Road by an estimated \$206,000 (22%), for consistency with the cost per linear metre of R4.2 Riverstone Road.
- 7 Reduce the cost of transport works by an estimated \$10,000, to reflect indexation of the rates to September 2017 using the more cost reflective ABS PPI (Road and Bridge Construction) index instead of CPI for:
 - Kensington Park Road Bridge
 - footbridges, and
 - local roundabouts.
- 8 Reduce transport design and contingency allowances by an estimated \$770,000 so that they are each 5% of the base cost of works. This requires the council to:
 - reduce the contingency allowance from 10% to 5% for road items R1.1 and R1.2
 - recalculate the design and contingency allowances based on the revised base costs recommended by WTP.

4.3.1 Blacktown City Council's costing methodology for transport works is reasonable

Blacktown City Council used two approaches for estimating the cost of transport works that have not yet been constructed.

- ▼ For some roads and all miscellaneous transport items, it used standard unit rates for the type of infrastructure.
 - For **roads** where detailed concept designs **have not** been prepared, it used a standard 'per linear metre' rate multiplied by the length of the relevant road.²¹
 - For other **miscellaneous** transport items such as bridges, bus shelters and intersections, it used a 'standard' unit rate (per item or per metre) for the items based on its previous tendered design jobs.
- ▼ For roads where detailed concept designs **have** been prepared, it used its design estimate rates for civil construction for the 2017-18 financial year. These rates are based on the council's schedule of rates for road and drainage work contracts. Where works items are not included in the council's contracts, it used other sources for industry rates such as *Rawlinsons Australian Construction Handbook*.²²

For facilities already constructed, the plan includes the actual cost of construction, indexed by Sydney All Groups CPI to the base date of the contributions plan. We consider this approach is reasonable and consistent with the EP&A Regulation.

We found that:

- ▼ The standard 'per linear metre' rate for roads is reasonable, although in one instance the council incorrectly applied the half road unit rate to the full width road (RM12).
- ▼ For roads with concept designs, there are significant errors in the bill of quantities. For some of these roads there is also an unreasonable assumption about the provision of road drainage. These issues were identified and the impact quantified by WTP.
- ▼ The council's design and contingency allowances are generally reasonable.
- ▼ The council's site investigation fees are reasonable.
- ▼ The council's estimates for miscellaneous transport items (bridges, bus shelters and intersections) are generally reasonable.

4.3.2 Blacktown City Council's nominal 'standard' unit rate for roads is reasonable

Blacktown City Council used a standard 'per linear metre' rate (standard unit rate) for new collector roads where concept designs have not been prepared. Road costs prepared on this basis represent \$6.3 million or 6.7% of the total transport works costs in CP22W.

The nominal 'standard' unit rates for new collector roads used in CP22W are similar to the rates that IPART has recently assessed as reasonable in other plans.

²¹ Email from Blacktown City Council, 12 July 2018. The rate is based on 2017-18 rates and its previous tendered design jobs.

²² Blacktown City Council, *Application for assessment of a section 94 development contributions plan – Part A*, January 2018, p 9.

Blacktown City Council incorrectly applied the half road unit rate to the full width road (RM12)

Where the council is only going to construct half the width of a road, it estimates the cost as half the cost of a full width of the road plus 10%.²³

We found one instance (road RM12) where the council has applied the half road unit rate when it will be constructing the full width of the new road. The council acknowledged that it should have applied the full width rate. We recommend the full width rate should be applied to RM12. This would increase the cost of the road by \$105,000.

4.3.3 There are some errors, and an unreasonable assumption, in the bills of quantities for roads with concept designs

Blacktown City Council used concept designs to generate cost estimates for most roads in CP22W. The cost of these roads (excluding intersection, site investigation, design and contingency costs) in the plan is \$67.3 million (71% of the total transport works costs in CP22W).

We engaged WTP to review the reasonableness of the bill of quantities used to estimate road costs. Blacktown City Council's schedule of rates is based on market rates from its previously tendered design jobs for component parts of the transport infrastructure items.²⁴ Given the schedule of rates is based on market rates established through a public tender process, we consider the rates are reasonable. Therefore, we only requested the consultant to review the reasonableness of the bill of quantities.

WTP recommends adjustments to the bill of quantities that would **reduce** the base cost (ie, the cost excluding site investigation, design and contingencies) of the roads it reviewed by \$4.9 million, or 7.2%. Most of the adjustments are to correct the council's calculation errors. There was also a minor difference in an underlying assumption used to estimate the bill of quantities. The recommended adjustments result in large changes, both positive and negative, at the sub-category cost level, which leads to a relatively small net change in total estimated road costs.

We recommend that the council reduce the base cost of roads with concept designs by a total of \$4,855,000 (rounded), to reflect the adjustments recommended by WTP in Table 4.4.

²³ The standard unit rate includes a 5% contingency allowance.

²⁴ Email from Blacktown City Council, 12 July 2018.

Table 4.4 Cost of roads with concept designs – recommended adjustments by road

Site No	Blacktown City Council proposed cost	WTP-recommended cost	Change (\$)	Change (%)
R1.1	1,855,065	2,118,299	263,233	14.2
R1.2	3,254,836	4,680,898	1,426,062	43.8
R1.3	3,350,036	3,556,764	206,728	6.2
R2	1,141,213	1,058,186	-83,026	-7.3
R3.1	1,509,770	995,996	-513,774	-34.0
R3.2	8,146,649	7,950,270	-196,379	-2.4
R4.1	2,517,135	1,300,825	-1,216,310	-48.3
R4.2	3,785,180	4,615,722	830,541	21.9
R5.1	1,153,649	1,824,333	670,684	58.1
R5.2	2,281,887	2,792,508	510,621	22.4
R5.3	406,288	386,286	-20,001	-4.9
Stage 3				
R3.3	29,567,319	22,286,454	-7,280,866	-24.6
R6	7,138,435	7,719,669	581,233	8.1
R7	1,167,712	1,133,989	-33,723	-2.9
Total	67,275,174	62,420,198	-4,854,976	-7.2

Note: Excluding on-costs (eg, site investigation, design and contingencies) and intersections.

Source: IPART analysis; WT Partnership, *Blacktown City Council CP22 – Quantity Verification Report for IPART*, September 2018; Blacktown City Council, CP22 Works Schedules.

4.3.4 Revisions to the cost of R4.3

The council used the per linear metre cost of one of the roads reviewed by WTP (R4.2 Riverstone Road) to inform its estimate of the cost of another segment of the same road, R4.3 Riverstone Road. WTP assessed the reasonableness of quantities for R4.2 and recommended adjustments, which increase the cost of the road, and hence the unit rate (\$ per metre). We therefore recommend that the revised base cost for R4.2 Riverstone Road is applied to the other segment of the road, R4.3. This would increase the cost of the road R4.3 by \$206,000.

4.3.5 The estimated costs for miscellaneous transport are reasonable

Bridges, bus shelters and intersections in CP22W represent \$12.0 million, or 12.6% of total transport works costs in the plan. We compared the overall costs of the miscellaneous transport items with similar items in other contributions plans we have assessed and have found the proposed costs are reasonable.

However, we identified some indexation errors in the plan. Some items in the plan are in December 2012 dollars²⁵, while some items have been indexed to the base period of the current version of CP22W (September 2017) using CPI (All groups) Sydney. Using CPI is not unreasonable, but we recommend instead that it use a relevant Producer Price Index (PPI) published by the Australian Bureau of Statistics (ABS). This would be more cost

²⁵ Kensington Park Road Bridge is from CP20 Riverstone and Alex Avenue, which was in June 2015 dollars indexed to September 2017 dollars using CPI (All groups) Sydney.

reflective for the relevant infrastructure categories. The recommended PPI for transport costs is the ABS PPI (Road and Bridge Construction).²⁶

Indexing the costs to the base period of the plan using the PPI instead of the CPI for bridges and some roundabouts decreases the costs in the plan by \$10,000. We recommend that Blacktown City Council decrease the cost of bridges and roundabouts by \$10,000 to reflect indexation to 2017 dollars using the PPI.

We also note that while there is nexus for a crossing of First Ponds Creek at Kensington Park Road, the council has assumed that the crossing will be a bridge and has estimated the cost of the crossing on this basis. We consider this is reasonable. If, when the council progresses to the design stage, the NRAR suggests a culvert crossing is its preferred solution, the council should revise the cost in CP22W as part of the next periodic review of the plan.

4.3.6 Site investigation fees are reasonable

Blacktown City Council applies a fixed rate of either \$20,000, \$50,000 or \$70,000 for site investigation for road items with concept designs. Blacktown City Council advised that the size of the fees are proportional to the size of the project.

In response to our previous assessment of CP22, the Minister asked Blacktown City to reduce the site investigation fees from \$50,000 to \$20,000 for R1.1 and R1.2.²⁷ We followed up with the council and it provided information which shows the site investigation fees are substantially higher than the \$20,000 recommended in our previous assessment of CP22.²⁸ Based on the updated information provided by Blacktown City Council, we consider the site investigation fees (between \$20,000 and \$70,000) in CP22W are reasonable.

4.3.7 Design and contingency allowances are mostly reasonable

Blacktown City Council applies design and contingency allowances to its road costing estimates (base costs excluding on-costs) as follows:

- ▼ design: 5% of construction costs, and
- ▼ contingencies: 5% of construction costs, except for R1.1 and R1.2 where it uses 10%.

We note that for other miscellaneous items on the transport works schedule, the assumed rates are inclusive of allowances for design, investigation and construction contingencies.²⁹

We consider a standard 5% design fee across all road estimates is reasonable, based on advice we received from WorleyParsons in 2012.³⁰ At the time, WorleyParsons considered the 5% design fee on transport works to be reasonable.

We consider the 5% contingency allowance is also reasonable and consistent with our recommendations in our previous assessment of this plan.³¹ At the time, we found a 10%

²⁶ ABS, 6427.0 Producer Price Indexes, Table 17, Index No 3101 Road and bridge construction New South Wales.

²⁷ Minister for Planning and Infrastructure, Letter to Blacktown City Council, 4 December 2012.

²⁸ Email from Blacktown City Council, 27 September 2018.

²⁹ Email from Blacktown City Council, 25 June 2018.

³⁰ WorleyParsons, *Review of Blacktown City Council Contributions Plan – Area 20*, August 2012.

contingency was too high and recommended a 5% contingency allowance apply to all roads including R1.1 and R1.2. The Minister asked the council to make this change but it has not. We consider our previous finding is still relevant and we therefore again recommend that the 5% contingency rate is applied to R1.1 and R1.2.

Given our recommendation to reduce Blacktown City Council's base costs (by 7.3%) based on WTP's advice, Blacktown City Council should re-apply the 5% design and the 5% contingency component to the revised base costs.

We estimate the total reduction in costs for design and contingency would be \$770,000 (rounded).

4.4 Criterion 5: Apportionment

In assessing apportionment of transport costs in CP22W, we have taken into account:

- ▼ the demand for infrastructure in the plan, arising from the expected development inside and outside the development
- ▼ the capacity of existing infrastructure and the needs of the existing population, and
- ▼ the demand generated by different types of development that will occur in the precincts.

We have found that Blacktown City Council's approach to apportionment of transport costs in CP22W is reasonable.

4.4.1 Apportionment of transport costs in this plan is reasonable

Blacktown City Council apportions transport costs to both residential and non-residential development in CP22 on the basis of Net Developable Area (NDA) for each land use.

The portion of costs assigned to residential development (99%) is then divided by the anticipated increase in population to derive 'per person' contribution rates. The portion of costs assigned to non-residential development (1%) is divided by the projected amount of retail floor space to derive contributions rates 'per gross square metre of floor space'.

CP22 assumes the residential NDA is 445.3 hectares (which includes areas zoned for a local centre and mixed use development). We examined the impact of including land zoned for a local centre and mixed use development within the residential NDA. Adjusting the residential NDA would have only a minor impact on the apportionment between residential and non-residential development. We therefore consider the council's approach is reasonable.

We recently published a discussion paper, seeking stakeholder views on which transport items should be included in local infrastructure contributions plans and how the costs should be apportioned across development within the plan.³²

³¹ IPART, CP22 for Area 20, September 2012, WorleyParsons, *Review of Blacktown City Council Contributions Plan – Area 20*, August 2012, p 13.

³² IPART, *Contributions for local transport infrastructure*, Discussion Paper, 12 September 2018.

In particular, we considered the issue of the difficulty in apportioning the costs of roads that provide access to individual lots but where construction by individual developers is not feasible (and which would otherwise be funded through the development approval process, separate to developer contributions). The costs of these roads are included in CP22W and it can mean that:

- ▼ Some developers pay the costs of roads providing access to their individual lots as a condition of their development consent AND contribute to a share of the costs of other such roads via developer contributions under the contributions plan.
- ▼ Other developers are not facing the costs of roads providing access to their individual lots as part of their development consent (eg, because construction by an individual developer is not feasible), but rather having these costs funded by all developers subject to developer contributions under the contributions plan.

Stakeholders responding to the discussion paper indicated that it was necessary to apply assumptions and averaging within a plan. The Hills Shire Council stated that using more specific apportionment method would likely have a minimal impact on the actual contribution rates and the benefits of applying a more complex method would not justify the extra costs, complexity and the uncertainty it would create for developers.³³ Therefore, we consider Blacktown City Council's approach to apportioning costs equally across all development within the plan as described above is reasonable.

³³ The Hills Shire Council submission to IPART Discussion Paper.

5 Stormwater management

This chapter presents our assessment of stormwater management infrastructure in CP22 against the essential works list, nexus, reasonable cost (works only) and apportionment criteria in the Practice Note.

The total cost of stormwater management infrastructure in CP22 is \$240.67 million (24.4% of total costs), comprising:

- ▼ \$104.65 million for land (19.1% of the total *land* costs in CP22L), and
- ▼ \$136.02 million for works (31.4% of the total cost of *works* in CP22W).

To assist with our assessment we engaged consultants Cardno to review the nexus, reasonable cost and apportionment criteria of the stormwater infrastructure in CP22.

We found that land for stormwater management in CP22L is consistent with the essential works list, that nexus has been established and that the apportionment of costs is reasonable.

Our findings and recommendations for stormwater management works in CP22W are summarised in Table 5.1. We recommend that Blacktown City Council make adjustments to the plan which we estimate would reduce the cost of stormwater works by around \$15.73 million (11.57%).

Table 5.1 Summary of IPART-recommended adjustments to stormwater works

Criterion	Finding	Recommendation	(\$Sep2017)
Total cost in plan			136,016,075
Essential works	All items are on the essential works list		
Nexus	The size of detention basins are too large	Adjust the size of detention basins using size in technical studies	-6,631,000
	The channel lengths are not accurate	Adjust the length of channels using lengths in concept design drawings	984,000
	Nexus is established for all items except for four culverts	Remove four culverts from the plan	-2,038,000
Reasonable cost	Some gross pollutant traps costs are not reasonable	Reduce the cost of gross pollutant traps	-1,331,000
	Excavated material costs are not reasonable	Reduce the unit rate of contaminated asbestos excavated material	-683,000
	Some rates are applied inconsistently across the plan	Revise the cost estimates and apply a consistent rate across the plan	-828,000
	Site investigation costs are not reasonable	Apply a shared site investigation cost for multiple stormwater infrastructure items	-5,311,000
Apportionment	Apportionment of costs is reasonable		
Total IPART-recommended cost adjustment			-15,838,000
Total IPART-assessed reasonable cost			120,178,075

5.1 Criterion 1: Essential works

We found that all land and works for stormwater management infrastructure in CP22 are consistent with the essential works list in the Practice Note. The works items in CP22W are set out in Table 5.2

Table 5.2 Stormwater management works in CP22W

Items on the essential works list	
▼ Detention basins	▼ Gross pollutant traps (GPTs) at inlet to bio-retention
▼ Bio-retention filters (stand alone and located within detention basins)	▼ Stormwater channels
▼ Raingardens	▼ Culverts
	▼ Trunk drainage lines

5.2 Criterion 2: Nexus

In assessing whether there is nexus between the land and works for stormwater management infrastructure in CP22 and development in the Area 20 and Riverstone East precincts, we considered whether the infrastructure is sufficient to meet, but not exceed, the demand from the anticipated new residents and workers in the precincts. We assessed nexus separately for each stormwater catchment in CP22, based on advice from Cardno.

The stormwater management strategy for the precincts requires a combination of water quantity and water quality treatment measures to safely convey stormwater runoff through the development and discharge it into the:

- ▼ Second Ponds Creek catchment for the Area 20 precinct, and
- ▼ First Ponds Creek and Killarney Chain of Ponds catchments for the Riverstone East precinct.

Figure 5.1 shows the catchments within the two precincts. The entire Killarney Chain of Ponds catchment and part of the First Ponds Creek catchment are within Stage 3 of the Riverstone East Precinct.

The supporting technical studies for the stormwater management works in CP22W are listed in Table 4.3. Based on advice from Cardno, we found:

- ▼ The size of some raingardens and gross pollutant traps differ from the supporting technical studies but these deviations are reasonable in the circumstances.
- ▼ There is insufficient nexus for increased detention volume for basins in Killarney Chain of Ponds.
- ▼ There is insufficient nexus for the length of channels draining to First Ponds Creek.
- ▼ There is insufficient nexus for additional culverts in the Killarney Chain of Ponds catchment.

Table 5.3 Technical studies for stormwater works in CP22

Author	Title	Date
J. Wyndham Prince	<i>Area 20 Precinct, Rouse Hill Water Cycle Management Strategy Incorporating Water Sensitive Urban Design Techniques</i>	July 2011
J. Wyndham Prince	<i>Area 20 Precinct, Rouse Hill Water Cycle Management Strategy Incorporating Water Sensitive Urban Design Techniques</i>	October 2010
Mott MacDonald	<i>Water Cycle Management Report Riverstone East</i>	May 2016
Mott MacDonald	<i>Water Cycle Management Report Riverstone East</i>	April 2015
Mott MacDonald	<i>Infrastructure Precinct Planning Report</i>	April 2016

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

Figure 5.1 CP22 stormwater catchments



Source: CP22L and CP22W, Appendix A1.

We examined and found that there is nexus for all stormwater management land in CP22L. We note that not all land acquisitions correspond to stormwater works in the plan. This is mostly the case for riparian land along First Ponds Creek and Second Ponds Creek. All stormwater works have corresponding land acquisitions.

Recommendations

- 9 Adjust the sizes of detention basins in Killarney Chain of Ponds to be consistent with the sizes in the Mott Macdonald technical studies, which would reduce the cost of stormwater works in CP22W by an estimated \$6,631,000.
- 10 Adjust the channel provision in First Ponds Creek to be consistent with the lengths provided in the concept design drawings, which would increase the costs of stormwater works in CP22W by an estimated \$984,000.
- 11 Remove the additional culverts in Killarney Chain of Ponds, which would reduce the costs of stormwater works in CP22W by an estimated \$2,038,000.

5.2.1 There is nexus for the size of some raingardens and gross pollutant traps in Riverstone East

CP22W includes raingardens with filter areas and gross pollutant traps with sizes that are different to the sizing recommended in the technical studies.

Cardno found that CP22W includes:

- ▼ raingardens with filter areas that are greater (14% in First Ponds Creek and 16% in Killarney Chain of Ponds) than the total filter area recommended, and
- ▼ 16 gross pollutant traps (10 in First Ponds Creek and 6 in Killarney Chain of Ponds) where the nominated sizes of the gross pollutant traps were larger and serve a larger catchment than the proposed catchment area in the indicative sizing table.

Blacktown City Council explained that it is constrained by the available SP2 zoned land for constructing the raingardens and gross pollutant traps. The council has increased the filter area for some to compensate for the reduction of filter areas in other locations. In addition, the council has also increased the gross pollutant trap sizes in the plan. It noted that this method is generally less efficient, however these are appropriate measures used to meet water quality targets.

Cardno reviewed the council's modelling and found that while it was not ideal to install oversized gross pollutant traps and increase raingarden filter areas, the increase was reasonable in this circumstance. Cardno also found the overall system would meet but not exceed the water quality targets.

We consider the council's explanations and Cardno's analysis of total filter area and indicative sizes of the gross pollutant traps establish nexus for the size of raingardens and gross pollutant traps in First Ponds Creek and Killarney Chain of Ponds.

5.2.2 There is insufficient nexus for the size of some detention basins in Riverstone East

CP22 includes six detention basins (two in First Ponds Creek and four in Killarney Chain of Ponds). The technical studies included seven detention basins. The council explained that the Basin 1 was removed because the railway stabling yard site will provide its own stormwater detention and treatment basin. Cardno's review of the detention basins supported the removal of Basin 1 from CP22W and the inclusion of the basin as part of the Sydney Metro North West Project.

Cardno compared the detention volumes of the detention basins in CP22W with the technical studies and found the combined volume of basins in Killarney Chain of Ponds³⁴ is 38% greater than the storage volumes recommended in the technical studies, as shown in Table 5.4.

³⁴ The Killarney Chain of Ponds catchment is within Stage 3 development of Riverstone East precinct. Land for Stage 3 has not been rezoned.

Table 5.4 Killarney Chain of Ponds – Detention Basin Comparison

CP22 Name	CP22 storage volume (m3)	Technical studies storage volume (m3)	Difference (m3)	Difference (%)
K1.5	7,565	4,800	2,765	58%
K5.2	28,289	21,400	6,889	32%
K6.2	22,536	18,500	4,036	22%
K3.4	9,689	4,800	4,889	102%
Total	68,079	49,500	18,579	38%

Source: CP22 Works Schedule and Cardno, *Review of Stormwater Works – Blacktown Contributions Plan No. 22W (Rouse Hill) Report*, October 2018, p 7.

We recommend that Blacktown City Council adjust the size of the detention basins in Killarney Chain of Ponds, using the sizes from the Mott MacDonald technical studies. This would reduce the cost of detention basins in Riverstone East by approximately \$6,631,000 (including design and contingency allowances).

5.2.3 There is insufficient nexus for some channel lengths in Riverstone East

For the Second Ponds Creek catchment, CP22W includes a trunk drainage line that was not in the technical study. The council also changed some channels identified in the technical study to culverts or drainage lines. For the First Ponds Creek catchment, CP22W also includes two new channels and the length of other channels are not the same as the lengths in the technical study.

Cardno found that these deviations from the technical studies are reasonable, except for the changes in channel lengths in First Ponds Creek. Cardno measured the channel lengths using the concept design drawings in the technical studies. The differences between the lengths in CP22W and the concept design drawings are presented in Table 5.5.

Table 5.5 First Ponds Creek – indicative channel length

CP22 identifier	CP22 length (m)	Concept design length (m)	Difference (m)
F32.5	154	315	161
F32.1	60	57	-3
F36.1	176	170	-6
F37.4	170	295	125
F37.8	513	400	-113
F38.1	500	500	0
Total	1,573	1,737	164

Source: Cardno, *Review of Stormwater Works – Blacktown Contributions Plan No. 22W (Rouse Hill) Report*, October 2018, p 8 and CP22W Concept Drainage Design drawings.

Cardno considered the differences in channel lengths between the concept design drawings and the channel lengths in CP22 are significant and do not reflect the required provisions for the First Ponds Creek catchment. Therefore, there is insufficient nexus for the length of channels draining to First Ponds Creek.

We recommend that Blacktown City Council adjust the channel provision in First Ponds Creek to reflect the channel lengths in the concept design drawings. This would increase the cost of channels in Riverstone East by approximately \$984,000 (including design and contingency allowances).

5.2.4 There is insufficient nexus for some culverts in Riverstone East

CP22W includes eight culverts (four in First Ponds Creek catchment and four in Killarney Chain of Ponds catchment) that are not supported by technical studies.

Cardno found that the additional culverts in the First Ponds Creek catchment (F34.1, F38.2, F33.3, and F30.4) are reasonable. However, the council did not provide evidence for the additional culverts in Killarney Chain of Ponds catchment (K1.4, K2.2, K3.3 and K6.6).

We consider that in the absence of any additional information, there is insufficient nexus for the additional culverts in the Killarney Chain of Ponds catchment.

We recommend that Blacktown City Council remove the additional culverts in Killarney Chain of Ponds catchment. This would reduce the cost of culverts in Riverstone East by approximately \$2,038,000 (including design and contingency allowances).

5.2.5 There is nexus for land acquisitions

CP22 includes 30.48 hectares of land for stormwater management that is located in riparian corridors, comprising:

- ▼ 19.96 hectares of riparian corridor along First Ponds Creek (F1.0), and
- ▼ 10.52 hectares of riparian corridor along Second Ponds Creek (S1.0).

While there some stormwater management works located within these riparian corridors, there are also segments of the corridors that are not associated with any works.³⁵ We consider this is reasonable and that nexus is established for all of the 30.48 hectares.

The remaining land for stormwater management in the plan corresponds to specific works items. We consider that nexus is also established for this land.

5.3 Criterion 3: Reasonable cost of stormwater management works

In this section, we assess whether the proposed development contributions are based on a reasonable estimate of the cost of the proposed stormwater management works. The reasonable cost of land for stormwater management works is discussed in Chapter 9.

To inform our assessment, we asked Cardno to consider:

- ▼ the method the council used to prepare its cost estimates
- ▼ the cost estimates in the plan, and

³⁵ Due to the presentation of information in CP22L and CP22W, it is difficult to determine how much land has no corresponding works.

- ▼ whether the choice of indices to escalate cost estimates to the base period of the plan are reasonable.

Blacktown City Council used the concept designs for Area 20 (JWP) and Riverstone East (Mott MacDonald) to generate the quantities for the main work items and applied its own schedule of rates to estimate the cost of stormwater infrastructure in CP22W. For the works items where the council did not have a schedule of rates, the council used industry rates.

Based on Cardno's advice, we found that the council's costing method for stormwater works is reasonable and that the works costs in CP22W are broadly reasonable except for:

- ▼ some gross pollutant traps
- ▼ the costs used for excavated material
- ▼ application of inconsistent rates for some items, and
- ▼ investigation costs.

Recommendations

- 12 Adjust the unit cost of gross pollutant traps, which would reduce the cost of stormwater works in CP22W by an estimated \$1,331,000.
- 13 For stormwater management works:
 - Reduce the unit rate (\$ per m³) for excavation and disposal of contaminated/asbestos waste from \$469 per m³ to \$400 per m³. This would reduce the cost of stormwater works in CP22W by an estimated \$683,000.
 - In the council's next comprehensive review of CP22W, obtain site-specific estimates to update the assumed proportion of contaminated excavated material and revise cost estimates for stormwater management works in CP22W accordingly.
- 14 Revise the cost estimates for stormwater management works in CP22W and ensure that consistent unit rates are used across the different catchments and for items of the same type. Based on revised information the Council has provided to us, this would reduce the cost of stormwater works in CP22W by an estimated \$828,000.
- 15 Spread site investigation costs across multiple stormwater infrastructure items, which would reduce the cost of stormwater works in CP22W by an estimated \$5,311,000.

5.3.1 The method for estimating stormwater works costs is reasonable

JWP prepared cost estimates for the stormwater management strategy for First Ponds Creek. However, the council chose not use the JWP estimates because they do not reflect the cost of constructing infrastructure in an area with fragmented ownership. Instead the council prepared its own costings, with quantities based on JWP's designs and the council's design estimate rates for civil construction for the 2017-18 financial year (ie, the council's schedule of rates). Where the council did not have a rate on its schedule of rates, the council used industry rates from sources including Rawlinsons.³⁶

³⁶ Rawlinsons is a construction cost consultant and quantity surveyor. It publishes a building and construction reference book named 'Rawlinsons Australian Construction handbook' every year.

Mott MacDonald did not provide any costing information for the First Ponds Creek and Killarney Chain of Ponds catchments and the council used the same approach to costing as it did for Second Ponds Creek. We consider this approach is reasonable, in principle. However, Cardno identified some issues with how it was applied.

5.3.2 The cost of some gross pollutant traps is unreasonable

The average supply and installation costs (including design and contingency) for gross pollutant traps in CP22W ranges from \$19,000 to \$21,000 per hectare. Cardno considers these costs appear excessively high.

Cardno compared the average rate across other plans, including *Contributions Plan No.21 – Marsden Park* (CP21), and found that the cost rates used in CP22 are approximately 15% to 20% higher than the unit costs in CP21 for the same gross pollutant trap units. The method used by Blacktown City Council to derive the rates for gross pollutant traps are the same in both plans and are derived from the same supplier in the prior year. Cardno advised that the cost of gross pollutant traps should be reduced by 15%.

We recommend that Blacktown City Council reduce the cost estimates of gross pollutant traps in CP22W by 15%. This would reduce stormwater management works costs in CP22W by approximately \$1,331,000.

5.3.3 The cost of excavated material is unreasonable

The cost of excavation and disposal of materials accounts for \$50.24m, which is 37% of stormwater works costs in CP22W.

Cardno reviewed and compared the cost of the excavated materials across the catchments. Without detailed design information, Cardno found that the assumed total volumes of excavated material appear reasonable.

However, given the value of the cost of excavated material and the varying levels of contamination in every site, Cardno recommended that the council use site-specific estimates, which could be based on preliminary contamination investigations and/or other available information.

In response to Cardno's comments about contamination, the council noted that there has been no contamination testing on the land for proposed stormwater works and therefore there is no site-specific information available.

Cardno also compared the unit rates (\$ per m³) for excavated material with Rawlinsons and found that rates for excavation and disposal of contaminated/asbestos waste are not reasonable. The comparison is summarised in Table 5.6.

We recommend that the council reduce the unit rate (\$ per m³) for excavation and disposal of contaminated/asbestos waste to \$400 per cubic metre. This would reduce the cost of stormwater management works by \$683,000.

Table 5.6 Comparison of cost rates for excavated material

Cost Item	First Ponds Creek ^a	Second Ponds Creek ^b	Rawlinsons ^b	Cardno recommendation
Disposal of surplus VENM (\$/m ³)	70	86.49	0-105	Both rates are reasonable
Excavate and dispose of contaminated/ asbestos waste (\$/m ³)	468.74 ^c	478.89 ^d	310-430	400
Excavate and disposal of mixed soil/waste (\$/m ³)	328.88 ^c	333.70 ^d	340-350	Both rates are reasonable

a First Ponds Creek and Killarney Chain of Ponds uses the same rates.

b An assumed density of 1.8t/m³ has been used to convert \$/t to \$/m³.

c Assumed to include excavation, cartage and tip fees.

d Calculated using tip fees, cartage for 20km and bulk cut.

Source: Cardno, *Review of Stormwater Works – Blacktown Contributions Plan No. 22W (Rouse Hill) Report*, October 2018, Table 3-2.

We also recommend that the council, in its next comprehensive review of CP22W, obtain site-specific estimates to update the assumed proportion of contaminated excavated material and revise cost estimates for stormwater management works in CP22W accordingly.

5.3.4 Unit rates are not consistently applied

Blacktown City Council has applied inconsistent rates across a range of stormwater infrastructure items in CP22W. Cardno found that the inconsistent rates are applied within the catchment area for different infrastructure items.

For example, Cardno found the council applied a different cost rate for excavation of clay across detention basins, embedded bioretention, standalone bioretention, channels and culverts in First Ponds Creek. The rates applied varied from \$10.14 to \$20.74/m³. Cardno noted that different rates can be applied to different types of excavation, however given the size of the project, it is likely that the method of excavation would be similar.

We found the council also applied inconsistent rates across the same infrastructure item for different catchment areas. For example, maintenance and removal costs for culverts are costed on a per item basis of \$5,000 in Second Ponds Creek and costed on a per linear metre basis of \$103.53 (which is an average cost of \$10,191 per item) in First Ponds Creek and Killarney Chain of Ponds. Using the lower site-specific rate for all catchments would result in a total reduction in stormwater cost of \$88,250.

Cardno recommended that a consistent rate should be applied across catchments and within catchments for items unless additional justification can be provided for site specific variations.

In reviewing the inconsistent rates applied by the council, Cardno was unable to estimate the overall impact on cost because:

- ▼ there were multiple instances where inconsistent rates were identified,
- ▼ it was difficult to extract the differences due to the set-up of the costing spreadsheets, and

- ▼ there was uncertainty around the ultimate value of the rate that should be adopted.

Due to the inconsistent rates applied, we also found it difficult to identify whether the council has correctly applied the method used for estimating stormwater works stated in its application.

The council has provided revised cost schedules with updated stormwater management cost estimates. We have reviewed the revised schedule and found that the costs have been consistently applied.

We recommend that the council use the unit rates in the revised schedules which would reduce the total cost of stormwater works in CP22W by \$828,000.

5.3.5 Site investigation costs are unreasonable

Blacktown City Council has included a range of site investigations in its estimated cost of most stormwater management items in CP22W. Cardno found that the cost rates are generally reasonable if all items were constructed as standalone projects. However, Cardno considered that in many instances, the items would likely be designed and constructed as a single project and that it is therefore not reasonable for Blacktown City Council to apply investigation costs to each individual stormwater infrastructure item.

The council applied a shared investigation cost across three raingardens in Second Ponds Creek. Cardno recommended this approach also be applied to investigation costs in First Ponds Creek and Killarney Chain of Ponds for stormwater infrastructure items (including detention basins, culverts, channels and raingardens). The council agreed that some stormwater infrastructure items can be packaged together to generate cost savings.

The council provided an updated costs schedule which combined multiple stormwater infrastructure items in First Ponds Creek and Killarney Chain of Ponds together. We found the method for estimating the likely shared investigation costs across the stormwater infrastructure items to be reasonable.

We recommend that the council amend the cost estimates of CP22W so that they are consistent with the updated shared investigation costs. This would result in a reduction in stormwater works costs of approximately \$5,311,000, comprising:

- ▼ \$2,834,000 in First Ponds Creek, and
- ▼ \$2,477,000 in Killarney Chain of Ponds.

5.4 Criterion 5: Apportionment

In assessing apportionment of stormwater costs in CP22, Cardno 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 precincts.

The council apportions the cost of stormwater management land and works to all development in CP22 on a per hectare of net developable area (NDA) basis.

Stormwater management land costs in CP22L are apportioned evenly within each stormwater catchment (ie, First Ponds Creek and Killarney Chain of Ponds in Riverstone East and Second Ponds creek in Area 20).

Stormwater management works in CP22W are separated into stormwater *quantity* and stormwater *quality* functions:

- ▼ For stormwater quantity works, costs are apportioned evenly within each stormwater catchment.
- ▼ For stormwater quality works, costs are apportioned to different types of development in proportion to their respective demand for stormwater quality measures: In calculating the contributions rates the council assumes the catchment size is
 - 100% of total NDA for low density residential (R2) and environmental living, and
 - 25% of total NDA for all other developable land in Riverstone East and Area 20.³⁷

CP22W states that the differences in demand for stormwater quality management is because:

- ▼ for low density residential land use (zoned R2 including environmental living), stormwater quality treatment measures are required on a regional scale as it is not practical to provide this on individual lots, and
- ▼ for higher density residential, commercial and industrial land uses (zoned R3, B2, B4 and B6), stormwater treatment measures will be provided on-lot as part of the conditions of development consent, with minor additional regional measures to treat stormwater from precinct roads that are not serviced by on-lot stormwater treatment measures.³⁸

Cardno found this reasonable. Cardno also reviewed the stormwater infrastructure items where the demand arises from development external to the precincts in CP22 and found that the costs have been appropriately apportioned to the respective precinct. We agree with Cardno's conclusions.

³⁷ CP22W, section 2.2, p 12.

³⁸ CP22W, section 2.2, p 12.

6 Open space

This chapter presents our assessment of land for open space and its embellishment in CP22L and CP22W against the essential works, nexus, reasonable cost (works only) and apportionment criteria in the Practice Note.

The total cost of open space land and embellishment in CP22 is \$595.86 million (approximately 60.3% of total costs), comprising \$397.02 million for land and \$198.84 million for works.

We found that all land for open space in CP22L is consistent with the essential works list and that the council's apportionment of open space land costs is reasonable. We found there is nexus for most open space land in CP22L, even though the overall provision of open space in the precincts exceeds the commonly used per capita benchmark. We consider that nexus is not established for one reserve in the Riverstone East precinct and we recommend that the council remove the cost of acquiring land for this reserve from CP22L. This would reduce the cost of open space land by \$25.36 million (6.39%).

Our findings and recommendations relating to open space embellishment in CP22W are summarised in Table 6.1. We recommend that Blacktown City Council make adjustments to the plan which we estimate would reduce the cost of open space embellishment by \$87.14 million (43.83%).

Table 6.1 Summary of IPART-recommended adjustments to open space embellishment in CP22W

Criterion	Finding	Recommendation	(\$Sep2017)
Total cost in plan			198,836,000
Essential works	All items are on the essential works list		
Nexus	Nexus is established except for:		
	▼ 7 playgrounds	Remove cost of 7 playgrounds and increase the cost of 7 other playgrounds	-1,542,000
	▼ embellishment of Reserve 1063	Remove embellishment cost for Reserve 1063 (including demolition costs)	-3,318,000
Reasonable cost			
	Overall open space costs are not reasonable	Revise cost of remaining embellishment in line with rates recommended by Morrison Low	-82,282,000
Apportionment	Apportionment is reasonable		
Total IPART recommended cost adjustment			-87,142,000
Total IPART assessed reasonable cost			111,694,000

6.1 Criterion 1: Essential works

We consider all open space land and items of embellishment in CP22 are consistent with the essential works list in the Practice Note. The types of embellishment in CP22W are set out in Table 6.2.

Table 6.2 Open space embellishment in CP22W

Items on the essential works list
Local parks: playground, shade sail, pathway, cycleway, boundary fencing, picnic area, seating, landscaping (T1 & T2), turfing
Corridor parks: playground, shade sail, pathway, cycleway, boundary fencing, fitness station, picnic area, seating, landscaping (T1, T2 & T3), turfing
Neighbourhood parks: playground, shade sail, picnic area, seating, fitness station, hydraulic works, pathway, boundary fencing, landscaping (T1, T2 & T3), turfing
Active reserves: playground, shade sail, pathway, cycleway, boundary fencing, double playing fields, playing field lighting, amenities building, spectator areas, cricket wicket, tennis court and lighting, netball court and lighting, fitness station, car park, BBQ area, picnic area, seating, hydraulic works, electrical works, landscaping (T1, T2 & T3), turfing
Town plazas: playground, seating, paved areas, park lighting, boundary fencing, landscaping (T1 & T2), turfing, hydraulic works, electrical works
Cudgegong reserve: seating, cycleway, boundary fencing, landscaping (T1, T2 & T3)
Generally: demolition of existing structures

Note: Landscaping Type 1 = small trees and ground cover, T2 = advanced trees and medium shrubs, T3 = advance trees, larger shrubs and concrete edging.

Source: CP22W Work Schedule ('Open Space' and 'Open Space Costing').

6.2 Criterion 2: Nexus

In assessing whether there is nexus between the open space land and works in CP22 and development in the precincts, we considered whether the infrastructure is sufficient to meet, but not exceed, the demand from the anticipated new residents in the Area 20 and Riverstone East precincts.

CP22L includes 101.26 hectares of land zoned, or expected to be rezoned,³⁹ RE1 Public recreation. Facilities to be provided for recreational use by residents include 19 playing fields, 8 tennis courts and 34 playgrounds.

The supporting technical studies supporting the open space land and its embellishment in CP22 are listed in Table 6.3.

Table 6.3 Technical studies for open space land and embellishment in CP22

Author	Title	Date
Elton Consulting	<i>Social Infrastructure and Open Space Report – Area 20</i>	May 2010
LFA (Pacific)	<i>Area 20 Precinct, Public Domain & Landscape Strategy</i>	August 2011
Place Planning Design Environment	<i>Riverstone East, Landscape & Visual Assessment</i>	September 2014
Elton Consulting	<i>Social Infrastructure Assessment Riverstone East Precinct</i>	April 2015
Blacktown City Council	<i>Sporting Code Allocation, Playing Fields and Courts in New Release Areas</i>	2015
Blacktown City Council	<i>Social Profile</i>	2016
Blacktown City Council	<i>Recreation and Open Space Strategy</i>	2018

Note: The first four reports were prepared for the Department of Planning and Environment (or its predecessors).

The principal technical study used to inform DPE's precinct planning and rezoning for Riverstone East and Area 20 precincts was Elton Consulting's *Social Infrastructure Assessment Riverstone East Precinct*, April 2015 (Elton study). This study made recommendations about the needs of new development in the entire Rouse Hill area, ie, Riverstone East and the previously rezoned Area 20 Precinct, building on an Elton Consulting's report in 2010 for the rezoning of Area 20.

Blacktown City Council used the benchmarks and recommendations in the Elton study as the basis for determining the number and types of recreational facilities to be provided in Rouse Hill, as well as those in its own plans and strategies (noted in Table 6.3)

³⁹ Stage 3 of Riverstone East has not yet been rezoned. The land in Stage 3 which is included in CP22L for open space is the council's estimate of the areas which potentially will be zoned RE1, based on the draft Indicative Layout Plan exhibited by DPE in 2015.

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. We found that:

- ▼ nexus is established for the open space land in CP22L with the exception of Reserve 1063 in Stage 3 of Riverstone East, and
- ▼ nexus is established for the items of embellishment in CP22W except for the number of playgrounds which exceed the number reasonably required to meet demand from the new residents of the precincts.

Recommendations

- 16 Remove the cost of land and associated embellishment for Reserve 1063, which would reduce the cost of open space land in CP22L by an estimated \$25,361,210, and the cost of open space embellishment in CP22W by an estimated \$3,318,000.
- 17 Remove the cost of seven playgrounds from CP22W and increase the cost of seven other playgrounds in CP22W, which would reduce the cost of open space embellishment by an estimated \$1,542,000.

6.2.1 Land zoned for open space exceeds commonly used per capita benchmark

The total area of the reserves in Rouse Hill is 105.41 hectares. This comprises 101.26 hectares zoned or expected to be rezoned RE1 Public recreation and 4.0 hectares zoned E2 Environmental Conservation (Cudgegong Reserve).

CP22 adopted a total estimated residential population across Area 20 and Riverstone East Stages 1, 2 and 3 of 31,237. This results in an overall rate of provision of 3.37 hectares per 1,000 residents. The benchmark in the Growth Centres Development Code is 2.83 hectares per 1,000 residents.

DPE advised Blacktown City Council in November 2018 that the most recent estimates of anticipated population should be used. For CP22, the estimates were 15,878 for Area 20, and 18,560 for Riverstone East precincts, stages 1, 2 and 3.⁴⁰

With 105.41 hectares available for open space, based on the population estimate used by the council in CP22, the rate of provision is 3.37 ha/1,000. Using the updated population estimate advised by DPE, the rate would reduce to 3.06ha/1,000. When further adjusting to reflect our recommendation to remove 7.59 hectares of Reserve 1063 (see section 6.2.2), the rate of provision would be 2.84ha/1,000.

Table 6.4 shows the overall rate of provision of land for open space in CP22L, compared with the benchmarks and recommended provision in the Elton study.

⁴⁰ See section 3.2

However, with the exception of a specific parcel of land, Reserve 1063, we consider that nexus is established for the open space land in CP22L. In reaching this conclusion, we considered the following factors:

- ▼ quality of open space
- ▼ land zoned RE1 for a primary purpose other than resident's open space needs
- ▼ the beneficiaries of land zoned for open space, and
- ▼ the statutory obligation for the council to acquire the land.

These are explained in more detail below, as is our consideration of Reserve 1063.

Table 6.4 Overall rate of provision of open space in CP22L

Facility type	Standard (Growth Centres Development Code and the council)	Requirement for a population of 30,400 (Elton Study)	Provision in CP22
Total quantum of open space	Minimum 2.83ha/1,000	Minimum 2.83ha, ^a about 86ha	Total 105.4ha (3.37ha/1,000) including active and passive open space on constrained ^b and unconstrained land
Total quantum passive open space	1.9ha/1,000 (part of 2.83ha/1,000 total)	57.76ha	67.34ha open space other than active reserves, ie, parks and green corridors
Passive open space along creek corridors		Riparian corridors and associated flood-affected land (with pathways and cycleways and basic embellishment) for passive recreation uses and linkages to key destinations	Local and corridor parks along First and Second Ponds Creeks

^a The Elton study notes (at p 65) that Blacktown City Council has accepted the 2.83ha/1,000 as a minimum but considers this should exclude regional open space, drainage, areas of cultural significance, conservation land, flood prone land, land under transmission lines and creek lines. The approach the Elton study recommended for precinct planning accepts the council's position (in Table 7, p 70).

^b Includes land constrained by flooding, land along First Ponds Creek, Aboriginal archaeology sites, land under transmission easements, and land with ENV.

Source: Elton Consulting, *Social Infrastructure Assessment Riverstone East Precinct*, April 2015, pp 69-76, DPE, *Riverstone East Priority Precinct – Finalisation Report Stages 1 and 2*, CP22L and IPART calculations.

Quality of open space

Nexus should consider not only the quantity of open space, as quality and location are also relevant. The *Growth Centres Development Code* benchmark is 2.83ha/1,000 residents, where the land is accessible and of suitable quality for active and passive recreation. This benchmark is a quantitative guide, and consideration should also be given to qualitative factors such as topography, accessibility, the location of sensitive native vegetation and heritage items, whether areas are contaminated or flood-prone, and the need to integrate existing open space areas and create pedestrian and cyclist linkages.

In the case of CP22L, constraints apply to a significant portion of the open space land, which can reduce its quality and usability for recreational purposes. These constraints include

Existing Native Vegetation (ENV), transmission easements, flood prone and drainage land and archaeological sites.

Land zoned RE1 for a primary purpose other than residents' open space needs

We identified some land which was zoned RE1 public recreation, where the primary purpose was not to meet the recreational needs of the new residents, but to facilitate the desired planning outcomes of the precinct.

The land we identified comprises Reserves 1044, 1047 and part of 1045:

- ▼ The land immediately adjacent to the Sydney Metro Trains Facility (SMTF) stabling yard (in Reserve 1045) was zoned open space so as to provide a buffer between residential development and the stabling yard at the end of the Sydney Metro Northwest (SMNW) line. The land expands the size of the active reserve, although as it contains ENV, its embellishment will be restricted.⁴¹
- ▼ To preserve the landscaped viewline from Rouse Hill House, Reserves 1044 and 1047 were created by rezoning five lots along Cudgegong Road, creating an additional 1.07 hectares of open space land to the east of a transmission easement running through the five blocks, and removing the 2,000m² minimum lot size control on land to the west, which was originally intended to mitigate visual impacts from the State-heritage listed Rouse Hill House. The rezoning allows for residential development in line with current controls for typical medium density housing types as well as increasing the amount of land for passive recreation uses.

Notwithstanding the underlying objectives in the rezoning decisions, we consider that nexus is established, and the cost of the land and its embellishment should be retained in CP22 Rouse Hill. The zoning of the land and its acquisition by the council is required to facilitate the desired planning outcomes of the precinct (including maximising development yield and preserving amenity) and the land will be available to the new residents for passive recreation use.

Residential development is the primary beneficiary of land zoned for open space

The new residential development in Rouse Hill is not necessarily the 'impactor' of all open space land in CP22L, however it is the prime beneficiary.

Under IPART's funding hierarchy for determining the allocation of costs, the party creating the need for the cost (the impactor) should pay in the first instance. If that is not possible, the party benefiting (the beneficiary) from the activity creating the cost should pay. In some cases, the impactor and the beneficiary are the same. If it is not possible to charge impactors or beneficiaries, then the government should pay.

Council is the acquisition authority for RE1 zoned land

Where rezoning has occurred as a result of precinct planning for Area 20 and Riverstone East, the council is the designated acquisition authority for the land zoned RE1 Public recreation. If the acquisition costs are not funded through the contributions plan, the council would have to seek alternative funding sources.

⁴¹ Email from Blacktown City Council, 9 November 2018.

6.2.2 There is insufficient evidence for Reserve 1063 in Riverstone East Stage 3

Blacktown City Council has included land for which it **is** or **expects to** be the designated acquisition authority in the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006*:

- ▼ 25.6 hectares is within Area 20. Around 12 hectares is located alongside the riparian corridor for Second Ponds Creek.⁴² The acquisitions also include 6.4 hectares for an active reserve (Reserve 945) of which 2.8 hectares have been already acquired.
- ▼ 32.4 hectares is within Riverstone East Stages 1 and 2. Around 15 hectares is located alongside the riparian corridor for First Ponds Creek. The acquisitions also include land for two active reserves (Reserve 1058 and part of Reserve 1045).
- ▼ 43.2 hectares is within Riverstone East Stage 3. Almost 6 hectares is adjacent to the riparian corridor for First Ponds Creek and 17.4 hectares is for active reserves (Reserve 1060 and Reserve 1067).

Unlike Reserves 1044, 1047 and 1045, the council currently has no obligation to purchase any land in Riverstone East Stage 3 as it has not been rezoned.

Riverstone East Precinct is subject to a staged rezoning approach. Riverstone East Stages 1 and 2 were rezoned in 2016, but rezoning of Stage 3 was deferred. Master planning for this area will depend on a number of factors, including greater certainty about the timing of delivery of essential infrastructure and the market's demand for housing.

DPE exhibited a draft Indicative Layout Plan for all stages in 2015, indicating the likely location of open space.⁴³ As precinct planning has not been finalised, there is no precinct planning report which usually explains how the proposed open space reserves will meet the demands from the new development.

The technical study informing open space planning considered the three stages and precincts in aggregate. As a result, the distribution of open space land is not uniform across the three Riverstone East stages. Stage 3 is expected to accommodate around 22% of the anticipated population, but contains 44% of the total area of open space and 33% of the total cost of open space, as well as being adjacent to the Rouse Hill Regional Park.

It appears that the land for Reserve 1063 is mostly free of development constraints and is not required to meet the nearby residents' need for good quality, accessible open space. As the council currently has no obligation to purchase Reserve 1063, we recommend that until the need for this land is more clearly established through the precinct planning process, the cost of the land, and its associated embellishment, be removed from the plan. This would reduce the cost of open space land in CP22L by \$25,361,210, and reduce the cost of open space embellishment in CP22W by \$3,318,000.

⁴² This includes part of the land for which Sydney Water was once the nominated acquisition authority. In July 2013, the Government decided to remove Sydney Water as the responsible acquisition authority for trunk drainage land throughout the Rouse Hill Development Area within the Area 20 Precinct. The zoning changes associated with this decision were finalised in June 2015. (DPE, *Cudgegong Road Station (Area 20 Precinct) Finalisation Report*, June 2015).

⁴³ DPE, *Indicative Layout Plan Stage 3 - Working Draft*, June 2015, available: <https://majorprojects.accelo.com/public/7081f6bd8cab4a2909b3a26bcd9f1eb1/Indicative%20Layout%20Plan%20Stage%203%20-%20Working%20Draft.pdf>, accessed 14 December.

This recommendation would also reduce the provision of open space from 3.37 hectares per 1,000 residents to 3.13 hectares per 1,000 residents (compared to the *Growth Centres Development Code* benchmark of 2.83 hectares per 1,000 residents).

6.2.3 Rate of provision of specific recreational facilities

We consider that the rates of provision for most specific recreational facilities in CP22W are broadly consistent with recognised benchmarks and the recommendations in the technical studies.

However, we consider that the number of local playgrounds is much higher than necessary using the population-based standard, although some of them may be needed to meet the accessibility standard. We recommend the rate of provision in CP22W should more closely align with the rate of provision recommended in the supporting technical study.

Nexus is established for playing fields

CP22W includes 19 playing fields, ie, 9.5 double playing fields. This exceeds the 8 double playing fields recommended in the Elton Study for a population of 30,400, based on the council's own benchmark of 1 field per 1,850 residents.

The council advised that its open space planning team used a population estimate of 34,438 to inform the required number of playing fields in the plan.⁴⁴ This is higher than the population estimate of 31,237 which is generally used throughout CP22L and CP22W for determining local infrastructure requirements and calculating contribution rates.

DPE advised the council (and IPART) that CP22 should adopt the revised population estimate of 34,438.⁴⁵ The council's benchmark of 1 field per 1,850 residents would require 19.1 fields. We are satisfied there is nexus for the playing fields included in CP22W.

Nexus is not established for the number of playgrounds

CP22W includes 34 playgrounds, which far exceeds the 17 recommended in the Elton study. The population estimate used in CP22W (31,237) is slightly higher than the estimate used in the Elton study (30,400), but this does not explain the larger number of playgrounds.

Blacktown City Council standard for playgrounds is 1 per 1,750 people and within walking distance of 500 metres of all residents. The Elton study's recommended 17 playgrounds is in line with the council's population-based measure. The study noted the council's standard for playgrounds:

should be considered as a guide only and the focus should be on creating a good distribution of playgrounds, access to local play opportunities for all residents and quality play opportunities for children of different ages. This may necessitate **fewer** (emphasis added) but larger and higher quality playgrounds ... provided in a range of settings including standalone local parks, active open space as well as the proposed neighbourhood park, which should include a larger playground catering to various ages and abilities.⁴⁶

⁴⁴ Email from Blacktown City Council, 29 August 2018.

⁴⁵ Email from Department of Planning and Environment, 23 November 2018.

⁴⁶ Elton study, p 73.

The council assumes the same standard/scope for all playgrounds. CP22 indicates that playground provision is in line with Blacktown City Council's Playground Strategy (provision at suitable sites and within 500 metre walking distance).⁴⁷ The council explained that the DPE-endorsed rate of provision was that a playground should be within 400 to 500 metres (accessible) walking distance of residents.⁴⁸

We accept that the higher numbers can be justified to some extent by the topography of Riverstone East and Area 20, which means there are many more local and corridor parks, where playgrounds are situated, along the watercourses. We also note that there are large areas of medium and high density residential development in the Area 20 precinct, and that the demand for playgrounds may be higher for residents in this area than elsewhere in Rouse Hill.

However, these factors do not, in our view, sufficiently explain the high rate of playground provision.

We recommend that Blacktown City Council reduce the number of playgrounds in CP22W. We identified seven reserves which include the cost of two playgrounds. If the council removes the cost of one playground from each of these seven reserves, this would reduce the number of playgrounds in the plan from 34 to 27 (approximately 20% fewer). This would bring the total number of playgrounds closer to the number recommended in the Elton study, while recognising the accessibility of open space for residents of Rouse Hill may justify more than the benchmark. Their removal would reduce the cost of open space embellishment in CP22W by \$1.9 million.⁴⁹

However, in recognition of the higher anticipated population and the proximity of these reserves to high density residential development, we consider it is reasonable for the council to include the cost of a higher standard playground (ie, one which contains more items of play equipment) for the playgrounds that remain in those reserves. We estimate the higher standard playground costs \$243,000 which is around \$52,000 more than the regular standard playground.⁵⁰ On this basis, the impact of including seven of the playgrounds at a higher standard is an increase of around \$364,000.

We recognise that the council has included two playgrounds in neighbourhood and local parks accessible to residents of the medium and high density development, but there is no clear explanation for two playgrounds in other reserves, nor for the total number in reserves throughout Riverstone East. Ultimately, it is for the council to determine the location and quality of playgrounds for the new residents. Our recommendation relates to the overall number of playgrounds that should be funded by local infrastructure contributions.

⁴⁷ CP22W Works Schedule. The same general principle is in the council's 2017 *Recreation and Open Space Strategy* (see pp 20 and 26).

⁴⁸ Email from Blacktown City Council, 16 August 2018.

⁴⁹ This figure includes a 10% design allowance, and is indexed to the base year of the plan (September 2017).

⁵⁰ This cost is based on the Morrison Low schedule of revised costs: see section 6.3 and recommendation 20.

Table 6.5 Reserves in Rouse Hill for which CP22W includes costs for two playgrounds

Reserve number	Reserve type	Total area of reserve (ha)
943	Neighbourhood park	1.05
945	Active reserve	6.32
949	Neighbourhood park	1.38
1045	Active reserve	9.7
1046	Local park	0.83
1067	Active reserve	9.04
1071	Local park	0.35

Source: CP22W Works Schedule.

Table 6.6 Recommended adjustment for number of playgrounds

Reserve number	\$ (July 2017)
Remove cost of 7 'type 1" playgrounds ^a	-1,906,000
Increase standard of 7 remaining playgrounds ^b	364,000
Adjustment for playgrounds	1,542,000

^a Cost in CP22W

^b Cost based on the Morrison Low schedule of revised costs.

Source: CP22W Works Schedule, Morrison Low schedule of revised costs and IPART calculations.

6.3 Criterion 3: Reasonable cost of open space works

In this section, we assess whether the proposed development contributions are based on a reasonable estimate of the cost of the proposed open space embellishment. The reasonable cost of land for open space is discussed in Chapter 9.

We initially assessed whether the cost of open space embellishment in CP22W is reasonable by comparing the overall cost on a per person basis with other plans we have assessed.

We found that the per person cost of embellishment in CP22W exceeds the rates we have assessed as reasonable in other contribution plans for greenfield areas, including the per person rates in the council's *Contribution Plan 21 for Marsden Park*, which we reviewed in 2017 and found were significantly higher than those in all other plans.⁵¹

The council relied on quantity surveyor (QS) advice on the cost of 27 items of embellishment and demolition of existing buildings. The council's method of relying on cost estimates provided by a quantity surveyor (QS) is, in principle, reasonable. However, our examination of the QS estimates identified examples of apparent internal inconsistencies and inexplicable assumptions in the rates or scope of work components, duplicated or unnecessary work components and inappropriate units of measure. We made similar findings in our assessment of *Contribution Plan 21 for Marsden Park*.

⁵¹ IPART, Assessment of Blacktown City Council's revised Section 94 Contributions Plan No 21 – Marsden Park, section 5.3.1, pp 107-108.

As a result, we engaged Morrison Low Consultants to provide an external review of those costs. We asked Morrison Low to:

- ▼ determine the reasonableness and reliability of the QS advice on which the cost of open space embellishment in CP22W is based, and
- ▼ where the cost schedules are found not to be reasonable, propose alternative reasonable costs for those infrastructure items.

The consultant's advice confirmed our view that the open space embellishment costs in CP22W are not reasonable.

The council's proposed costs and the consultant's revised costs for 26 items of open space embellishment and the demolition of existing buildings are set out in Table 6.7. The consultant's base rates do not include design fees and are in June 2016 dollars.⁵²

Recommendation

- 18 Revise the base cost of items of open space embellishment as shown in Table 6.7, which would reduce the cost of open space embellishment in CP22W by an estimated \$82,282,000.

⁵² With the exception of the Morrison Low rate for demolition, which is in \$September2017.

Table 6.7 Morrison Low's revised base rates for open space embellishment in CP22W

Asset	Number ^a	Unit	CP22W rate (\$June 2016)	Morrison Low rate (\$June 2016)	Difference between CP22W & Morrison rates
Double playing field lighting 100 Lux	9.50	/double field	2,068,219	321,485	-1,746,734
Double playing field	9.50	/double field	3,524,143	1,990,393	-1,533,750
Boundary fencing	33,088.63	/lineal metre	459	271	-188
Picnic area	44.38	/120m ² area	145,195	27,514	-118,681
Amenities building	8.33	/m ²	1,558,692	1,064,000	-494,692
Car park	11.00	100 space	843,429	480,821	-362,608
Playground	34.19	/500m ² area	232,943	163,287	-69,655
Fitness station	12.19	/200m ² area	316,395	134,407	-181,987
Seating area	167.88	/10m ² area	16,423	3,603	-12,819
Landscape type 1	72,450.63	/m ²	119	92	-27
Cycleway	16,363.75	/lineal metre	650	532	-118
Demolition	47.50	/house	133,952	99,853 ^b	-34,099
Electrical works	11.50	/connection	335,818	201,866	-133,952
Landscape type 2	47,950.63	/m ²	141	114	-27
Tennis court & lighting	8.00	/court	360,934	224,704	-136,229
Shade sail	21.19	/100m ²	103,679	60,278	-43,400
Paved areas	2,380.00	/m ²	752	405	-347
Turfing	51,365.00	/m ²	72	58	-15
Netball courts	1.33	/6 courts	1,263,837	936,994	-326,843
Cricket wicket	5.00	/pitch	74,000	-	-74,000
BBQ area	12.38	/10m ² area	50,312	24,861	-25,451
Landscape type 3	13,825.00	/m ²	221	196	-25
Hydraulic works	13.50	/connection	46,274	26,181	-20,093
Pathway	13,164.25	/lineal metre	372	358	-15
Park lighting	3.00	/1,000m ² area	233,076	168,913	-64,163
Dog agility park	2.00	/100m ² park	107,162	59,609	-47,553
Netball court lighting	2.00	/court	129,666	58,939	-70,727
Spectator seat	76.00	/seat	2,424	2,424	0

^a This is the number of items in CP22W. As a result of our assessment of open space embellishment against Criterion 2 Nexus we recommend the council reduce the quantity of some items.

^b The rate for demolition is in \$September2017.

Note: The rate for each item of embellishment does not include the 10% design fees and indexation from June 2016 dollars to September 2017 dollars, which the council applies to the cost estimate provided by its quantity surveyor (QS).

Source: Morrison Low, Blacktown City Council QS Review, September 2018, Table 1.

6.3.1 Morrison Low recommend lower costs for open space embellishment

Morrison Low adopted a structured approach to ensure that each element of the QS costs breakdown was reasonable. The consultant's report notes that "it was not an exercise in achieving the lowest price possible for each asset but rather a review of whether the costs used were reasonable, accurately accounted for all elements and were a good representation of community expectations".⁵³

For each item of embellishment ('asset'), Morrison Low evaluated whether:

- ▼ the component elements were suitable and relevant, and cross-checked to remove any duplication
- ▼ the appropriate unit of measure was being used and areas/units were appropriate and logical, and
- ▼ a reasonable unit rate was adopted, testing them against industry rates and Morrison Low data from other comparable councils.

Morrison Low found inconsistencies within specific assets, common across multiple assets, and irregularities in linkage back to the main costing sheet. The report indicates that the cost of all but one of the items of embellishment should be adjusted, and in all cases the result is a net reduction.

Morrison Low recommends a lower base cost for 26 of the 27 specific items of embellishment included in CP22W, and also for the cost of demolition. We are satisfied that the method used by Morrison Low for its revised costings is reasonable. Accordingly, we recommend Blacktown City Council adopt Morrison Low's revised base cost for all the specific items of embellishment and also for demolition costs.

We estimate the recommendation would reduce the cost of open space embellishment in CP22W by \$82,282,000 (43.83%). Our estimate of the impact on total open space embellishment costs includes the 10% allowance for design fees and indexation. This adjustment applies only to those items for which we consider there is nexus (see recommendations in sections 6.2.2 and 6.2.3).

6.3.2 Indexation of the cost estimates to the base period of the plan is reasonable

Morrison Low commented in its report that more clarity was required around the justification for index rates. The consultant also advised that the index used by Blacktown City Council showed higher increases than seen in other relevant indices but it did not raise any 'in-principle' objections to the council's use of the index.

Blacktown City Council uses the ABS PPI Non-residential Building Construction Index for NSW (3020) when indexing the June 2016 dollar rates in the QS advice to September 2017 dollars, the base rate used in CP22W. This is consistent with our recommended index for escalating open space costs in the *Local Infrastructure Benchmark Costs Report* (April 2014).

⁵³ Morrison Low, Blacktown City Council QS Review, September 2018, section 2.

We recognise that the increase in this index in recent quarters has been comparatively high.⁵⁴ This has had a significant impact on the overall level of open space costs in CP22W. However, we still consider that this is an appropriate index for the council to use.

6.4 Criterion 5: Apportionment

CP22 apportions the cost of land for open space and its embellishment to the new residential development only, based on the estimated total incoming population of the Area 20 and Riverstone East precincts. CP22 assumes that existing facilities do not have the capacity to meet the demand for infrastructure created by the new development.⁵⁵

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

The council apportions to CP22 some of the costs of a netball facility to be located on Reserve 980 in Schofields which will meet the demand from residents of Rouse Hill and neighbouring precincts based on their respective populations. CP22 is apportioned the cost of six courts (and their lighting) which will be provided at this facility, as well as 18.75% of the cost of an amenities building, car park and other embellishment. We consider this approach to be reasonable.⁵⁶

Our assessment considered whether it was reasonable for CP22 Rouse Hill to use a single catchment for apportioning open space costs.⁵⁷ We concluded that, in the circumstances, the council's approach of using one catchment is reasonable.

Rouse Hill consists of three separate precincts. Precinct planning for the area has occurred in two stages. Rezoning will occur in three stages; Area 20 in 2011, Riverstone East stages 1 and 2 in 2016, and Riverstone East Stage 3 is yet to be rezoned. However, preliminary studies assessing the need for open space and recreational facilities took into account the demand which would arise from the population of the combined precincts and stages. Precinct planning and rezoning determined the most appropriate location of reserves to meet their combined needs, given the features and constraints of the land available, and taking into account the outcomes of planning decisions for other uses of land in the precincts, driven by a range of planning objectives. Neither the density of residential development nor the distribution of open space areas is uniform across the three separate precincts. It is most marked between Area 20 and Riverstone East Stage 3.

If separate catchments were to be used for apportionment, any cross-subsidisation by Area 20 residential development would be reduced, but the rate of provision of open space

⁵⁴ In the five quarters from June 2016 to September 2017, this index increased from 107.7 to 114.4, which is a significant rise in a short period. By comparison, the previous increase of the same magnitude occurred over 13 quarters, from 100.0 in March 2013 to 107.7 in June 2016.

⁵⁵ CP22L and CP22W section 2.2.

⁵⁶ The facility will have 32 courts in total, six of which are to meet the demand from Rouse Hill, and the cost of other embellishment is allocated proportionately across precincts.

⁵⁷ The issue was raised in correspondence from Urbis Pty Ltd providing supplementary information in support of the submission it lodged on behalf of landowners in Area 20.

in Area 20 would be a much lower than the recognised benchmark. Increasing the rate of provision could only be met by acquiring land otherwise suitable for residential development, which would most likely be much more expensive than the areas of constrained land on which open space facilities are located in Riverstone East.

7 Community services and E2 Conservation Zone

This chapter presents our assessment of land for community services in CP22L and land and works for the E2 Conservation Zone in CP22 against the essential works, nexus and apportionment criteria.

It also includes our assessment of the reasonable cost of works for the conservation zone. There are no works for community services in CP22W. The reasonable cost of land for community services and the conservation zone in CP22L is discussed in Chapter 9.

7.1 Land for community services

CP22 includes a total of \$23.52 million for the cost of acquiring land for community services. However, as discussed in Chapter 9 of this report, \$19.28 million should be removed because of an administrative error.⁵⁸ The council intended to include only \$4.24 million for the cost of acquiring land for community services.

In our assessment we found that:

- ▼ CP22 includes only land for the two community resource hubs, consistent with the essential works list
- ▼ nexus is established, and
- ▼ apportionment of the costs of land for community services facilities on a per person basis is consistent with the approach used in other contributions plans, and is reasonable.

7.1.1 Criterion 1: Essential works

CP22L includes the cost of acquiring land for two community resource hubs:

- ▼ A district-level Community Hub (0.46 hectares) directly serving the residents of Area 20 and Riverstone East, allowing the facilities for a range of services to be co-located. It will provide for functions including a neighbourhood centre, community and cultural development facilities, child and family services and facilities, and a youth centre which were recommended in the social infrastructure studies.
- ▼ A Community Resource Hub located in the Riverstone Precinct, which will include facilities for the residents of four precincts: Riverstone, Alex Avenue, Area 20 and Riverstone East.

We consider the inclusion of the land is consistent with the essential works list in the Practice Note.

⁵⁸ Our analysis identified a double counting error in the total cost of land for community services included in CP22L. We recommend an amount of \$19,281,496 for land that has already been acquired and has been wrongly included in the Schedule of Values in the Contribution Formula (Appendix E) be removed, see recommendation in Chapter 9.

7.1.2 Criterion 2: Nexus

Blacktown City Council's proposed approach of including the costs of land for providing a community resource hub in Riverstone East and a share of the costs of land for a combined precinct facility in Riverstone reflect the recommendations in the technical studies:

- ▼ *Social Infrastructure and Open Space Report Area 20 Precinct*, Elton Consulting, May 2010, and
- ▼ *Social Infrastructure Assessment Riverstone East Precinct, Final Report*, Elton Consulting, April 2015.

Elton Consulting based its analysis of community need on the benchmarks used by the Growth Centres Commission (GCC), but supported Blacktown City Council's model of having fewer but larger community service facilities than would be indicated by relying solely on the GCC standards. We consider nexus for community facilities in CP22 is established.

7.1.3 Criterion 5: Apportionment

CP22 apportions the cost of land for the community facilities to all new residents in Area 20 and Riverstone East on a per person basis. It includes the full cost of land for the district-level Community Hub.

For the facility which will serve four precincts, the cost is apportioned to two contributions plans based on the anticipated residential population of each precinct:

- ▼ 41.4% to CP22 for Area 20 and Riverstone East precincts, and
- ▼ 58.61% to CP20 for Riverstone and Alex Avenue precincts.⁵⁹

We consider the apportionment of costs land for both the community facilities is reasonable.

7.2 E2 Conservation zone Reserve 867

CP22 includes \$9.54 million (1.0% of total costs) for an E2 conservation zone of 20.37 hectares (Reserve 867) located in the nearby Riverstone Precinct. The amount comprises:

- ▼ \$7.03 million for land (1.3% of the total *land* cost in CP22L) and
- ▼ \$2.47 million for works (0.6% of the total cost of *works* in CP22W).

Reserve 867 was zoned as 'E2 Environmental Conservation' under the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006* (the Growth Centres SEPP).⁶⁰ The Growth Centres SEPP nominated Blacktown City Council as the acquisition authority for the conservation zone. At that time, there was an agreement between the Department of Planning and Environment and the council to apportion the total cost of land and facilities for the reserve amongst all of Blacktown City Council residential precincts within the North West Growth Area (NWGA).

⁵⁹ CP22L, section 7.1, p 30.

⁶⁰ Conservation zones are areas set aside in the State Environmental Planning Policy (Sydney Region Growth Centres) 2006 to protect native vegetation to the area such as Cumberland Plain bush land.

7.2.1 Criteria 1 and 2: Essential works and nexus

Reserve 867 serves an environmental purpose, and is not required to meet the open space or other infrastructure needs of development in Riverstone East or Area 20. Therefore, its inclusion in the plan does not meet the essential works or nexus criteria.

However, our past assessments of Blacktown City Council's contributions plans have found that the inclusion of the reserve is reasonable because of the agreement between DPE and the council. We maintain this position in our current assessment of CP22.

7.2.2 Criterion 3: Reasonable cost of conservation zone works

Blacktown City Council has not yet scoped the works to be carried on in the E2 conservation zone. The cost estimate is based on a square metre rate for on-off bush regeneration and conservation works, indexed from the original estimate of \$45.28m⁶¹. We consider these costs are reasonable.

7.2.3 Criterion 5: Apportionment

Apportioning the cost of land and works for the conservation zone among the 10 precincts of the Blacktown LGA in the NWGA on the basis of the estimated residential population of each is reasonable, however we recommend the council adjust the calculation of the relative shares for each precinct to reflect the most recent publically available population estimates.

Recommendation

- 19 Reapportion the cost of land and works for the conservation zone, based on the revised population estimates for Marsden Park North and West Schofield precincts, which would reduce the cost of land in CP22L by an estimated \$310,490, and the cost of works in CP22W by an estimated \$109,397.

The council anticipates that the conservation zone will serve a combined estimated population of 135,000 in 10 precincts in the Blacktown LGA. Based on projected populations, CP22 is apportioned 23.2% of the costs associated with the conservation zone, \$7.03 million for land and \$2.47 million for works.⁶²

However, since the council adopted CP22, DPE has released draft master plans for the Marsden Park North and West Schofield precincts. The discussion papers exhibited alongside the draft master plans include revised population forecasts, indicating the number of residents in each precinct will be higher than previously expected.⁶³ DPE advised Blacktown City Council in November 2018 that CP22 should adopt the revised population estimate of 34,438 for the Area 20 and Riverstone East precincts.⁶⁴

⁶¹ Blacktown City Council, Response to request for information date 24 February 2012, in relation to our assessment of draft CP22.

⁶² CP22L, p 30 and CP22W p 25. The total cost of land and works for the conservation zone is around \$41 million (\$30.30 million for land and \$10.68 million for works).

⁶³ NWGC, *Housing Market Needs Analysis*, July 2015, p 41.

⁶⁴ See section 3.2. DPE gave the same advice to IPART in response to our draft report.

We consider the apportionment of costs for the conservation zone is reasonable but that the population forecasts used for the apportionment population are now out-of-date. We recommend that the council update the apportionment across precincts based on the revised population estimates for the Marsden Park North and West Schofield precincts, and also for Area 20 and Riverstone East precincts. Table 7.1 sets out IPART's calculation of the basis for the revised apportionment.

We note it is most likely that when it revises the contributions plans applying to each of the 10 precincts, the council will need to revise the apportionment shares to reflect the impact of any changes to planning controls on the number of new residents which can be expected in each precinct.

Table 7.1 Relative populations in the 10 precincts in the Blacktown LGA contributing to the cost of the E2 Conservation Zone

Precinct	Population estimate – CP22	Population estimate – IPART	Share of population – CP22	Share of population – IPART
Riverstone	26,229	26,229	19.5%	16.9%
Alex Avenue	17,999	17,999	13.3%	11.6%
Area 20	13,420	15,878	10.0%	10.2%
Riverstone East	17,817	18,560	13.2%	11.9%
Marsden Park Industrial	3,504	3,504	2.6%	2.3%
Marsden Park	30,238	30,238	22.4%	19.4%
Schofields	7,440	7,440	5.5%	4.8%
Marsden Park North	11,200	19,917	8.3%	12.8%
West Schofields	5,600	14,381	4.2%	9.2%
Shanes Park	1,400	1,400	1.0%	0.9%
Total	134,847	155,546	100%	100%
Total for CP22 (Area 20 and Riverstone East precincts)	31,327	34,438	23.2%	22.1%

Source: CP22L, section 7.2, p 30, and IPART calculations.

8 Plan preparation and administration

CP22W includes \$6.49 million for plan preparation and administration costs (plan administration). The plan does not include administration costs as a standalone category. Instead, it is included as a component (1.5%) of the contributions rate for each category of works.⁶⁵

Plan preparation and administration costs are on the essential works list and we consider there is nexus between these activities and the development in Riverstone East and Area 20, and that apportionment of these costs is reasonable.

Given our recommendations to adjust the costs in CP22W would result in a net reduction in the cost of works for each infrastructure category, we recommend that plan preparation and administration costs are reduced by \$1.63 million to \$4.86 million (see Table 8.1). This would ensure that preparation and administration costs remain 1.5% of the total *reasonable* cost of works in CP22W.

Table 8.1 Summary of IPART-recommended adjustments to plan administration costs

Criterion	Finding	Recommendation	(\$Sep17)
Total cost in plan			6,488,154
Essential works	Inclusions of plan preparation and administration costs is consistent with the essential works list		
Nexus	There is nexus for plan preparation and administration costs		
Reasonable cost	Costs are calculated using IPART benchmark of 1.5% of capital costs of infrastructure, which is reasonable	Reduce administration costs to be 1.5% of the revised cost of works	-1,626,202
Apportionment	Apportionment of preparation and administration costs is reasonable		
Total IPART-recommended cost adjustment			-1,626,202
Total IPART-assessed reasonable cost			4,861,952

⁶⁵ The 1.5% allowance is consistent with guidance in IPART's Benchmark Report. (IPART, *Local Infrastructure Benchmark Costs – Final Report*, April 2014.)

8.1 Criterion 1: Essential works

Plan 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).⁶⁶

8.2 Criterion 2: Nexus

We consider there is nexus between plan preparation and administration activities and the expected development in Riverstone East and Area 20.

8.3 Criterion 3: Reasonable cost

We consider that estimating the cost of plan administration as 1.5% of the total cost of capital works in a contributions plan is reasonable. The 1.5% allowance is consistent with guidance in IPART's Benchmark Report.⁶⁷

In its submission to IPART on CP22, the Urban Development Institute of Australia (UDIA) NSW noted that plan administration costs are high, amounting to \$200,000 per year over twenty years. It argued that while the costs in the plan are consistent with the IPART benchmark, our assessment should consider the actual costs of plan administration.⁶⁸ We consider that is reasonable to assume that plan administration costs are generally in proportion to the total works costs of a plan. We also consider that the cost of requiring councils to record the actual costs of plan administration would outweigh the benefits of greater accuracy.

Given that the impact of our recommendations would reduce the cost of works for local infrastructure overall by \$108,413,397 to align with the allowance of 1.5%, the cost of plan administration should be reduced by \$1,626,202. This amount is indicative only and the final cost of plan administration will depend on the reasonable cost of infrastructure in CP22 as a result of changes required by the Minister.

Recommendation

- 20 Adjust the cost of plan administration so that it remains 1.5% of the cost of capital works, which would be an estimated \$4,861,952.

⁶⁶ Department of Planning and Environment, *Local infrastructure Contributions Practice Note*, January 2018, p 16.

⁶⁷ IPART, *Local Infrastructure Benchmark Costs – Final Report*, April 2014, p 60.

⁶⁸ UDIA NSW, *Section 94 Contributions Plan No.22 – Rouse Hill*, UDIA NSW Response to IPART, June 2018, p 5.

8.4 Criterion 5: Apportionment

CP22W apportions the costs of plan administration to residential and non-residential development in CP22 in the same way as the other costs for each infrastructure category; for example for open space and community services on a per person basis, and for transport on a per hectare of net developable area (NDA) for each land use, and then on a per person or per square metre of retail GFA basis. Consistent with our assessment of apportionment in relation to transport, stormwater management, open space and the conservation zone costs, we consider the apportionment of plan administration costs in CP22W is reasonable.

9 Cross category considerations

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

- ▼ the reasonable cost of land (Criterion 3)⁶⁹
- ▼ the timing of delivery of infrastructure (Criterion 4)
- ▼ apportionment of costs using revised population estimates (Criterion 5)⁷⁰
- ▼ the council's consultation when preparing CP22 (Criterion 6), and
- ▼ other matters (Criterion 7).

We found that the cost of land in CP22L is reasonable with the exception of some double-counting of acquisitions.

We consider CP22 satisfies both the timing of delivery of infrastructure and the consultation assessment criteria. In relation to other matters, we have made two recommendations about the presentation of information in CP22, which are aimed at improving transparency around land acquisitions and of infrastructure provision in Stage 3 of Riverstone East.

We found an issue with the population estimates the council used when preparing the plan. This is discussed in detail in section 3.2. This means that the apportionment of costs on a per person basis are out-of-date so we have recommended the council recalculate the contributions rates using the revised estimates.

Only our recommendation in relation to the cost of land in the plan will have an impact on the costs in CP22. We recommend Blacktown City Council make adjustments to the plan which we estimate would reduce the cost of land in the plan by \$19.28 million (3.5%), as show in Table 9.1.

⁶⁹ We assess the reasonable cost of all works, and administration costs in chapters 4 to 8.

⁷⁰ We assess the council's apportionment of costs for specific infrastructure categories and administration costs in chapters 4 to 8.

Table 9.1 Summary of IPART's assessment of Criterion 3: reasonable cost of land

Criterion	Finding	Recommendation	(\$Sep2017)
Total cost in plan			548,556,350
Reasonable cost	The council has double-counted some land acquisitions	Remove \$19.28m to correct double-counting of open space land acquisitions	-19,281,496
	The council allowance for 'other' land acquisition costs is reasonable		
Total IPART recommended cost adjustment (Criterion 3 – reasonable cost of land)			529,274,854

^a This includes 'other' land acquisition costs (such as just terms compensation, survey and legal/conveyancing costs) associated with the 5 reserves.

9.1 Criterion 3: Reasonable cost (all land)

CP22L includes \$548.56 million for land acquisition, as shown in Table 9.2. Blacktown City Council will acquire 160.8 hectares of land in the Area 20 and Riverstone East precincts. It will also acquire land in the Riverstone Precinct for a conservation zone and a combined precinct facility, both of which are intended to meet the needs of residents in Area 20 and Riverstone East.⁷¹

Table 9.2 Land for local infrastructure in CP22L

Infrastructure category	Area (ha)	Cost (\$Sep2017)
Transport	3.1396	16,334,293
Stormwater	55.9089	104,647,966
Open space	101.2601	397,022,496
Community services		
within Area 20 and Riverstone East	0.4642	20,738,496
combined precinct facility (CP22 share)	0.1936	2,783,000
E2 Conservation zone (CP22 share)	4.7261	7,030,099
Total	165.6925	548,556,350

Source: CP22L, Appendix E, p 44.

Across all of the categories in Table 9.2, the land for which contributions are sought includes:

- ▼ land that is **already owned** by the council and was acquired for the provision of public infrastructure required for new development, and
- ▼ land that has **yet to be acquired** for public infrastructure.

In addition, for the E2 Conservation Zone, the plan includes the cost of some land the council owned prior to its rezoning for public infrastructure.

⁷¹ The \$548.56 million includes a portion of the costs for acquiring land for the conservation zone and the combined precinct facility. Blacktown apportions the remaining costs for these specific parcels of land to the contributions plans for other precincts in the North West Growth Area.

The council uses different approaches to costing land, depending on whether it has already purchased the land (and for the E2 Conservation Zone, when it purchased the land) or whether it is yet to acquire the land.

We found that:

- ▼ The costs of land already acquired in Riverstone East and Area 20 are reasonable, except that the council has double-counted the cost of open space land acquisitions worth \$19.3 million.
- ▼ The council's method for estimating the costs of land yet to be acquired in Riverstone East and Area 20 is reasonable.
- ▼ The council's application of average land values to land yet to be acquired in CP22L is reasonable.
- ▼ The council's basis for calculating an allowance for 'other' land acquisition costs (just terms compensation, surveying, and legal/conveyancing costs) at 5% of the estimated market value of each parcel of land and its application of this allowance to land yet to be acquired in CP22L are reasonable.

Recommendation

- 21 Correct the double-counting of open space land acquisitions, which would reduce the total cost of land in CP22L by an estimated \$19,281,496.

9.1.1 Land already acquired in Riverstone East and Area 20

At the time CP22L was adopted, the council had acquired 12.2 hectares of land in Riverstone East and Area 20 (7.6% of a total 160.8 hectares). The council has included the actual costs of land acquisition, indexed to the base period of the plan.

The council's approach is consistent with the requirements in the *Environmental Planning and Assessment Regulation 2000*.⁷² However, the council has double-counted the cost of open space land acquisitions worth \$19.3 million and we recommend this be corrected. This would reduce the cost of land the council has already acquired in Riverstone East and Area 20 from \$55.8m to \$36.5m.

9.1.2 Land not yet acquired in Riverstone East and Area 20

At the time CP22L was adopted, the council still had 153.5 hectares of land to acquire in Riverstone East and Area 20.

We have assessed whether the cost in CP22L for this land is reasonable by considering:

- ▼ the method used by the council to estimate land costs
- ▼ the average values for each land value category identified in the plan
- ▼ the council's application of the average values, including its assumptions about underlying zonings and the extent of any constraints, and

⁷² *Environmental Planning and Assessment Regulation 2000*, cl 251.

-
- ▼ the estimated costs of just terms compensation and other transaction costs associated with land acquisitions.

The council's method for estimating land to be acquired is reasonable

The council has estimated the costs of land yet to be acquired in Riverstone East and Area 20 by:

- ▼ Engaging a qualified valuer (MJ Davis), to provide advice on average market values (dollars per square metre) for different categories of land in each precinct.⁷³
- ▼ Applying the average values recommended by MJ Davis to the land in the plan based on its assumptions about:
 - the underlying zoning for each parcel of land, and
 - the area of any encumbrance (or constraint).
- ▼ Applying an allowance to cover the amount that the council may have to pay in association with land acquisitions, such as:
 - legal and conveyancing fees
 - survey fees, and
 - compensation payments to land-owners for acquisition of their land.⁷⁴

We found that the council's method for estimating the cost of land yet to be acquired in Riverstone East and Area 20 is reasonable.

The council's application of average land values is reasonable

The council has applied the average values for each land category to the land in the plan by making assumptions about:

- ▼ the underlying zoning for each parcel of land, and
- ▼ the impact of any development constraints (eg, for flood affected, riparian land).

The council provided mapping that shows:

- ▼ the zoning or anticipated zoning of adjoining land
- ▼ the 1 in 100 year flood level
- ▼ riparian corridors through the precincts, and
- ▼ the location of transmission easements.

We found that the council's application of average land values to land in the plan is reasonable.

⁷³ MJ Davis, *Periodic Review of Proposed Contributions Plan No.22 – Rouse Hill – Average Estimated Land Values as at 1 November 2017*, VN16760; and MJ Davis, Addendum to VN16760, 24 November 2017.

⁷⁴ Payable under the *Land Acquisition (Just Terms Compensation) Act 1991*.

9.1.3 Other land acquisition costs are reasonable

For land already acquired for CP22L, the acquisition cost includes the cost of any compensation paid to a land owner under the *Land Acquisition (Just Terms Compensation) Act 1991*, surveys and any legal or conveyancing work in relation to the acquisition.

For land that is yet to be acquired in the plan, the council has applied an allowance to cover the cost of similar items: just terms compensation, surveys and legal/conveyancing work. This allowance is **5% of the estimated market value** for each parcel of land. The council advises that this reflects the average value of such costs for land that it has already acquired in the precincts.⁷⁵

We consider that the council's basis for calculating an allowance for other land acquisition costs, and its application of this allowance to land yet to be acquired in CP22L, are reasonable.

9.1.4 E2 Conservation Zone land costs are reasonable

CP22L includes \$7.03 million (1.3% of the total *land* cost in CP22L) towards the cost of acquiring an E2 Conservation Zone (Reserve 867) located in the nearby Riverstone Precinct (which is outside the precincts to which CP22 applies).

The total cost of acquiring the 20.37 hectares of land for the E2 Conservation Zone is \$30.30 million.⁷⁶ This cost is apportioned amongst multiple precincts in the Blacktown LGA on the basis of each precinct's relative population. The cost is comprised of:

- ▼ \$16.4m for land acquired, including:
 - 11.3 hectares acquired prior to 2010, and
 - 2.2 hectares acquired since 2010.
- ▼ \$13.9m for 6.9 hectares of land yet to be acquired.

The council acquired some of the land prior to 2010 as 'operational land' and had not intended to use it for public infrastructure at the time of purchase. Our 2015 assessment of *CP20 Riverstone and Alex Avenue* concluded that this land could be included at the market value at the time the contributions plan was created (being the time the land was rezoned for public infrastructure), indexed to the base year of the plan. Therefore, CP22L's share of this land is included in the plan at the market value in 2010, indexed to September 2017.

The council's approaches to costing the 2.3 hectares of land acquired since 2010 and the remaining land yet to be acquired for the conservation zone are the same approaches used for other land within Riverstone East and Area 20 (as outlined in sections 9.1.1 and 9.1.2 above). We consider that the cost of the land for the E2 Conservation Zone in CP22L is reasonable.

⁷⁵ Email from Blacktown City Council, 29 May 2018.

⁷⁶ CP22L Works Schedule.

9.2 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. We consider CP22 satisfies this assessment criterion.

Both CP22L and CP22W prioritise infrastructure delivery according to infrastructure category (highest to lowest is water cycle management, traffic and transport, open space, community then combined precinct facilities).⁷⁷

CP22W also provides an indicative timeframe for delivery of the different infrastructure categories, specifying three 5-year tranches.⁷⁸

9.3 Criterion 5: Apportionment

DPE advised Blacktown City Council in early November 2018 that it should use the current population estimates of 15,878 for Area 20 and 18,560 for Riverstone East, a total of 34,438.⁷⁹ This represents an increase of 3,201 people (10%) on the total estimated population of 31,237 used by the council.

The council apportioned the cost of transport, open space and community services infrastructure in CP22 on a per person basis. All other things being equal (ie, if there is no change to the amount of, or cost of, land and works), the contribution rates for infrastructure apportioned on a per person basis would *decrease* with an *increase* in the expected population.

As discussed in Chapter 6, open space provision relies on population benchmarks. Our recommendations take into account the facilities required to meet the needs of the additional residents expected in Rouse Hill. Our assessment assumes that there is no need for any adjustment to the provision of stormwater management infrastructure, transport infrastructure or land for community facilities in light of the higher than previously anticipated population.

It is likely that the council would over-collect contributions revenue for providing these land and works unless it uses the revised population estimate when apportioning costs on a per person basis.

We therefore recommend the council use the revised population estimate for apportioning the cost of providing transport, open space, community services infrastructure, and CP22's share of the cost of the conservation zone. We note that the percentage reduction in the per person contribution rates (and therefore per dwelling contribution amounts) would be greater than the percentage reduction in total costs in the plan. Our estimate of the impact of the higher population on contribution rates for the different infrastructure categories is shown in Table 1.3 to Table 1.5.

⁷⁷ CP22L and CP22W sections 1.19.

⁷⁸ CP22W Appendix A3, A5, A7, A9, A10, B2, B3, C3 and D2.

⁷⁹ See section 3.2.

Recommendation

- 22 Recalculate the contribution rates for transport, open space and community services, and for the conservation zone, with the per person apportionment based on an expected population for the Area 20 and Riverstone East precincts of 34,438 people.

9.4 Criterion 6: Consultation

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

Blacktown City Council publicly exhibited the draft plan between 20 December 2017 and 20 January 2018, and received three submissions (in almost identical terms and in relation to the same property). As the issues raised mainly concerned the value of compensation for land acquisitions, which the submitters considered to be too low, the council considered there was no need to amend the plan.

The three submissions to the council noted concerns about the timing of the exhibition over the Christmas holiday period and not being directly notified by the council about it, as did the submission IPART received from Urbis, on behalf of owners of land subject to CP22.⁸⁰

The council complied with the statutory requirements for consultation on a contributions plan to exhibit for a minimum of 28 days.⁸¹ Therefore, we accept that it satisfied the consultation criterion. However, we also consider that the timing of CP22's exhibition reduced the potential effectiveness of public consultation.

It would have been preferable for the council to avoid Christmas/New Year as a consultation period or, if it is required to consult over this period, to provide for a longer period for public exhibition and comment over this period. Councils should also consider how to best notify and target key stakeholders or affected parties during a plan's exhibition period.

9.5 Criterion 7: Other matters

We must assess whether CP22 complies with other relevant matters. Our assessment of CP22 identified two other relevant matters:

- ▼ Separation of CP22 into different plans for land and works (CP22L and CP22W) has reduced the transparency around land acquisitions, and
- ▼ CP22 provides less information about infrastructure proposed for Stage 3 of development in Riverstone East, reducing the transparency of infrastructure provision and costs in the plan.

We consider the council should amend CP22 to address these matters. This would improve transparency around all land acquisitions and of infrastructure provision in Stage 3 of Riverstone East.

⁸⁰ Submissions to Blacktown City Council, 20 January 2018. Letter to IPART from Urbis, 20 September 2018.

⁸¹ *Environmental Planning and Assessment Regulation 2000*, clauses 26(4), 28 and 29.

Recommendations

- 23 Amend CP22 to improve transparency around land acquisitions by providing:
- sufficient information for stakeholders to identify the land acquisitions associated with individual infrastructure items in the plan, and
 - mapping that enables stakeholders to identify the location of infrastructure and any land acquisitions that are not associated with infrastructure (such as riparian corridor land).
- 24 Amend CP22 so that it includes details of the proposed infrastructure for Stage 3 of development in Riverstone East and its estimated costs, together with mapping that identifies the location of this infrastructure.

9.5.1 Separation of CP22 into different plans for land and works has reduced transparency around land acquisitions

CP22 is the first contributions plan submitted to IPART that presents land and works in separate plans:

- ▼ CP22L – Rouse Hill (Land) includes only land for local infrastructure, and
- ▼ CP22W – Rouse Hill (Works) includes local infrastructure works and administration costs.

Previous Blacktown City Council contributions plans have combined land and works so that it has been possible to identify the areas of land acquisition associated with local infrastructure works. In contrast, using the information presented in CP22L and CP22W, it is not possible for stakeholders to identify the land acquisition associated with specific local infrastructure items and any land that is not associated with local infrastructure (such as riparian corridors).

This information has been mostly available for IPART to extract from the more detailed and confidential costing and works schedules provided by the council. However, the separation of CP22 into separate plans for land and works and changes to the presentation of the works schedules in each plan have reduced the transparency of the size and location of land acquisitions for other stakeholders.

We consider that it is important for a council to provide sufficient information for stakeholders to identify the land acquisitions associated with individual infrastructure items in the plan, and mapping that enables stakeholders to identify the location of infrastructure and any land acquisitions that are not associated with infrastructure (such as riparian corridor land).

9.5.2 CP22 provides less information about infrastructure proposed for Stage 3 of development in Riverstone East

We consider that CP22 does not provide the information required by the *Environmental Planning and Assessment Regulation 2000* in relation to Stage 3 of development in Riverstone East, which is not yet rezoned. Clause 27(1)(h) of the regulation provides that a contributions plan must include:

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).

The council has not included a detailed works schedule identifying the infrastructure and estimated costs and staging for works in Stage 3 of Riverstone East, nor a map showing the location of proposed infrastructure. Instead, the council has included an estimated total cost of the proposed infrastructure in Stage 3 for each infrastructure category in the works schedule. CP22L and CP22W also do not provide a clear statement about the inclusion of costs for Stage 3 of Riverstone East, for example section 1.2 in both documents suggest only the costs for Stages 1 and 2 are included.⁸²

We understand that the council has not included more detail on the proposed infrastructure in Stage 3 as it may change when rezoning occurs. This is similar to the situation faced by Camden Council when it adopted the *Camden Growth Areas Contributions Plan* (CGA-CP) in February 2017, with two stages of development in the Leppington Precinct yet to be rezoned. However, despite this, the CGA-CP satisfied clause 27(1)(h) of the regulation by including the proposed infrastructure in the works schedule and mapping for the precinct.

We consider that it is important for the council to include details of the proposed infrastructure for Stage 3 of development in Riverstone East and its estimated costs, together with mapping showing the location of this infrastructure. This provides greater transparency for stakeholders of the infrastructure and costs that are funded through contributions levied on developers in Area 20 and Riverstone East.

⁸² CP22L and CP22W section 1.2.

A Terms of reference

INDEPENDENT PRICING AND REGULATORY TRIBUNAL ACT 1992 TERMS OF REFERENCE

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

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


Premier
Dated: 14/11/15

Background

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

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

Services

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

In providing the services, IPART must:

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

Consultation

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

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

Definitions

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

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

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

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

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

B Information requirements

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 CP22 contains the information required by this clause of the Regulation. A summary of this analysis is provided in the table below.

Table B.1 Assessment against information requirements in the EP&A Regulation

Subclause		Location in CP
1(a)	Purpose of the plan.	Section 1.2 of CP22
1(b)	Land to which the plan applies.	Section 1.6 of CP22
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 4.1,5.1,5.1 6.1 and 7.2 of CP22L Sections 2.1,3.1.4.1, and 5.1 of CP22W
1(d)	The formulas to be used for determining the section 7.11 contributions required for different categories of public amenities and services.	Sections 3.5,4.5 and 5.3 of CP22L Sections 2.5,3.5,4.3 and 5.2 of CP22W
1(e)	The section 7.11 contribution rates for different types of development, as specified in a schedule in the plan.	Appendix E of CP22
1(g)	The council's policy concerning the timing of the payment of monetary section 7.11 contributions, section 7.12 levies and the imposition of section 7.11 conditions or section 7.12 conditions that allow deferred or periodic payment.	Sections 9.2 and 9.5 of CP22L and Sections 7.2 and 7.5 of CP22W
(h)	A map showing the specific public amenities and services proposed to be provided by the council, supported by a works schedule that contains an estimate of their cost and staging (whether by reference to dates or thresholds).	Appendices A to E CP22W, Appendices A to F of CP22L. Also see discussion in Chapter 9 of this report.
1(i)	If the plan authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes, the priorities for the expenditure of the contributions or levies, particularised by reference to the works schedule.	Section 1.21 of CP22
1A	Despite subclause (1) (g), a contributions plan made after the commencement of this subclause that makes provision for the imposition of conditions under section 7.11 or 7.12 of the Act in relation to the issue of a complying development certificate must provide that the payment of monetary section 7.11 contributions and section 7.12 levies in accordance with those conditions is to be made before the commencement of any building work or subdivision work authorised by the certificate.	Sections 1.9 of CP22
2	In determining the section 7.11 contribution rates or section 7.12 levy percentages for different types of development, the council must take into consideration the conditions that may be imposed under section 4.17 (6)(b) of the Act or section 97 (1)(b) of the <i>Local Government Act 1993</i> .	No such conditions mentioned in the plan
3	A contributions plan must not contain a provision that authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes unless the	Section 1.21 of CP 22

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.

C Minister's advice on previous plan

Table 9.2 Minister's previous advice to the council on CP22

IPART recommendation	Did the Minister ask the council to make a change?	Has council implemented the requested change?
1. The council should remove public art and Plans of Management from the cost of essential works in the plan. This will reduce the cost of essential works by \$691,184.	Yes	Yes
2. The revised Practice Note should clarify that where land serves the dual purposes of environmental protection and open space (or other categories of essential works), it is reasonable to include the environmental works as essential works.	No: recommendation to DPE	
3. In the absence of changes to the Practice Note described in recommendation 2, the council should remove environmental works from the cost of essential works in the plan. This will reduce the cost of essential works by \$1,540,217.	Yes	Not required – Practice Note has been amended.
4. The revised Practice Note should be amended to include administration costs on the essential works list	No: recommendation to DPE	
5. Administration costs should be defined to include: <ul style="list-style-type: none"> – council's costs in preparing the contributions plan, including preparation of studies to identify the needs of the proposed development – council's costs in reviewing and updating contributions plans and managing contributions receipts and expenditures. 	No: recommendation to DPE	
6. In the absence of changes to the Practice Note to include administration costs on the essential works list, the council should remove these costs from the cost of essential works in the plan. This will reduce the cost of essential works by \$465,194.	Yes	Not required – Practice Note has been amended.
7. The council should remove 2 cricket pitches from the cost of essential works in the plan to correct an error in the council's costing workbook. This will reduce the cost of essential works by \$33,553.	Yes	No longer relevant – revised rate of provision of cricket pitches is reasonable.
8. The council should review the open	Yes	Yes – open space provisions are

space provisions in CP22 when the alignment of the North West Rail Link is finalised and amend the plan if changes are required.		revised for combined Riverstone East and Area 20 precincts.
9. The council should use the CPI (All Groups) for indexing the cost of land already acquired by the council that is included in CP22.	Yes	Yes
10. To improve consistency of cost estimates in CP22, the council should index the cost of land yet to be acquired to June quarter 2011 dollars.	Yes	No longer relevant – cost estimates updated to September 2017 dollars.
11. The council should revise the tip fees for road works from \$136.50 per tonne to around \$120 per tonne. This will decrease the cost of essential works in the plan by around \$149,975.	Yes	No longer relevant – basis for estimating costs revised.
12. The council should reduce the contingency allowance for transport facilities from 11% to 5% of base costs. This will reduce the cost of essential works in the plan by around \$429,635.	Yes	No (see discussion in section 4.3.6).
13. The council should reduce the fixed fee component of transport design costs from \$50,000 to \$20,000. This will reduce the cost of essential works in the plan by \$150,000.	Yes	No longer relevant – cost estimates updated (see discussion in section 4.3.5).
14. To improve consistency of cost estimates in CP22, the council should index the cost of transport facilities to June quarter 2011 dollars.	Yes	No longer relevant – cost estimates are in September 2017 dollars.
15. The council should amend the tip fees for culvert, channel and raingarden works from \$103.70 and \$136.50 per tonne, to around \$120 per tonne. This will decrease the cost of essential works in the plan by around \$1,077,078.	Yes	No longer relevant – basis for estimating costs revised.
16. The council should continue to seek alternative sites to dispose of excavated material and further refine its cost estimates as it reviews CP22.	Yes	No longer relevant – cost estimates updated for excavated material. It is unclear whether the council found alternative sites to dispose of excavated material.
17. The Department of Planning and Infrastructure should, with the assistance of Urbangrowth NSW, prioritise the development of guidelines for councils to use when determining the quantity of excavated material that needs to be deposited at landfill.	No: recommendation to DPE	
18. The council should reduce the landscaping cost for raingardens from \$30/m2 to \$15/m2. This will reduce the cost of essential works in the plan by \$252,417.	Yes	No longer relevant – basis for estimating costs revised.
19. The council should remove the cost of jute mesh and 12 months of	Yes	Yes

maintenance applied to landscaping of channels due to double counting. This will reduce the cost of essential works by \$547,091.		
20. To improve the consistency of cost estimates in CP22, the council should index the cost of stormwater management facilities to June quarter 2011 dollars	Yes	No longer relevant – cost estimates are in September 2017 dollars.
21. The council should adjust the cost of open space embellishment to June 2011 dollars using the PPI Non-residential Building Construction for NSW.	Yes	No longer relevant – cost estimates updated to September 2017 dollars using PPI Non-residential Building Construction for NSW.
22. The council should adjust the cost of embellishment of the combined precinct facility (Reserve 867) to June 2011 dollars using the PPI Non-residential Building Construction for NSW and the Labour Price Index.	Yes	Yes – CP22W open space costs indexed using PPI Non-residential Building Construction for NSW.
23. Consistent with IPART's definition of administration costs in Recommendation 5, the council should adopt a more robust method of calculating administration costs, for example by estimating the consultancy fees incurred for the technical studies in preparing the contributions plan and staffing costs to prepare, maintain and administer the contributions plan.	Yes	No longer necessary – more recent IPART assessments have accepted 1.5% of capital costs as a reasonable measure.
24. The council should amend the plan so that the base contribution rates will be adjusted in accordance with the Consumer Price Index (All Groups) for Sydney.	Yes	Yes
25. The plan should permit the contributions payable to fall below the base contributions rates if this is the result of the consistent application of the Consumer Price Index (All Groups) for Sydney.	Yes	Yes
26. CP22 should provide an indicative timeframe for the purchase of land for community services. This could be when a population threshold is reached rather than an indicative year.	Yes	Yes
27. The council should also include an indicative timeframe for providing the combined precinct facility (Reserve 867).	No	
28. The council should apportion some of the costs associated with Cudgegong Reserve to the Riverstone East Precinct. This would reduce the cost of essential works by \$475,218.	Yes	Yes – CP22 has a single catchment for open space.
29. The council should include in CP22 a schedule of the indicative	Yes	Yes

contributions rates for different types of developments and dwelling types.		
30. CP22 should contain more detailed information, including about the underlying assumptions, the capacity of existing local facilities, the anticipated development yield and the anticipated population growth rates for the development of Area 20.	Yes	Yes