

Independent Pricing and Regulatory Tribunal
New South Wales

Targeted assessment of revised open space embellishment costs in Contributions Plan No. 21 – Marsden Park

Blacktown City Council

**Final Report
Local Government**

February 2021

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ISBN 978-1-76049-474-2

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Contents

Local Government Committee Members	ii
1 Executive Summary	1
1.1 Our key findings	2
1.2 Our recommendations	3
1.3 Structure of this report	3
2 Context and approach for this targeted assessment	4
2.1 Why has IPART reviewed open space costs in CP21?	4
2.2 What is the scope of this targeted assessment?	4
2.3 How have we assessed reasonable cost?	6
2.4 What happens next?	6
3 Overview of open space in CP21	7
3.1 Open space provision in CP21	10
4 Proposed open space embellishment in CP21	13
4.1 Criterion 1: Essential works list	13
4.2 Criterion 2: Nexus	13
5 Reasonable cost of open space embellishment items in CP21	18
5.1 We have assessed the reasonableness of the council's revised costs for each item of open space embellishment	18
5.2 Criterion 3: Reasonable cost	18
6 Reasonable cost of open space in CP21	24
6.1 The council omitted 3 reserves from its revised works schedule	24
6.2 A playground in Reserve 994 and playing field in Reserve 995 should be included in embellishment costs	25
6.3 Embellishment costs per square metre	25
6.4 IPART-assessed reasonable cost	26
A Reasonable costs by item and reserve	29
B Our approach to assessing reasonable cost	31
C Terms of Reference	33

1 Executive Summary

On 13 October 2020, the Minister for Planning and Public Spaces (the Minister) requested IPART conduct a targeted assessment of revised open space embellishment costs in Blacktown City Council's *revised Section 94 Contributions Plan No. 21 – Marsden Park* (CP21).

This targeted assessment arises from recommendations made in our 2017 assessment of CP21 (2016) that Blacktown City Council (the council) should:

- ▼ undertake a review of the reasonable costs of all items of open space embellishment
- ▼ pending the outcome of the review, remove \$112 million of open space embellishment costs (for items such as playing fields, amenities blocks and car parking)
- ▼ remove \$6 million of landscaping costs for environmental and bush regeneration works.

The then Minister for Planning accepted our recommendations and instructed the council to make the necessary changes. The council completed its review of its open space embellishment costs and submitted them to IPART for assessment in October 2020. The Minister for Planning and Public Spaces has requested that IPART conduct a targeted assessment of revised open space embellishment costs in CP21.

The scope of our targeted assessment is limited to considering the reasonableness of the council's revised costs for open space embellishment items which were included in CP21 (2016).¹ This is consistent with an assessment against Criterion 3: Reasonable costs, in the Department of Planning, Industry and Environment's (DPIE's) Practice Note (Practice Note).ⁱ Our targeted assessment scope does not include consideration of any changes in population since 2016, or the requirements to cater for the open space needs of this changing population. We note that this targeted assessment supplements the full assessment completed in August 2017, which provides details of our assessment against the Practice Note.

We found that the council's revised costs are reasonable for most embellishment items. However, we found that the site establishment costs for the Grange Avenue landfill site should not be included in CP21 as they duplicate the costs of site remediation.

Our recommendations revise the cost of open space embellishment in CP21 to \$159.0 million. This equates to a decrease in embellishment costs of \$15.2 million (8.7%) relative to CP21 (2016), and a decrease of \$39.4 million (19.9%) relative to the relevant costs submitted by the council for assessment. The IPART-assessed reasonable cost includes the costs for embellishment of Reserves 934, 998 and 990, for which embellishment costs have been established through agreements with developers, and which should be included in the plan.

¹ Open space land in CP21 is out of scope. We also conducted a limited assessment of Criterion 1: Essential works list and Criterion 2: Nexus, where it was necessary to consider changes made by the council in its revised information.

This Final Report follows a Draft Report published in December 2020. We received 2 submissions in response to our Draft Report, from the council and from Woorong Park Pty Ltd (landowner/developer of Newpark residential estate), and have considered both submissions in preparing this Final Report.

1.1 Our key findings

We have conducted this targeted assessment in accordance with our Terms of Reference.

We found that the council's revised embellishment items are consistent with the essential works list, and that nexus is established for most revised embellishment items, except for site preparation and establishment costs for the former Grange Avenue landfill site, as these duplicate the site remediation costs. We found that most of the council's revised costs are reasonable.

CP21 should not include site preparation and establishment costs for the Grange Avenue landfill site

The council has included site preparation and establishment costs in CP21 to bring open space land up to a suitable standard for use by the public. We consider that nexus is established for these costs in all reserves except for the Grange Avenue landfill site (Reserve 1006). We note that CP21 includes \$33.0 million in site remediation costs for this site, and that these works are intended to allow for open space and recreational uses on the site. We consider that the inclusion of \$28.8 million of site preparation and establishment costs would be double counting.

Most of the council's revised costs are reasonable

The council engaged quantity surveyors, Altus Group, to provide detailed estimates for all open space embellishment items. The council has also provided its contract costs for some embellishment items.

The Altus Group estimates include cost breakdowns for each embellishment item, which include rates and quantities for each sub-component. In revising its costs, the council has also ensured that landscaping embellishments do not exceed the total area of open space reserves, and that landscaping costs have not been double-counted.

We found that the council's revised rates are reasonable for most embellishment items, except for seating areas, youth facilities, BBQ areas, playing fields, amenities buildings, carparks, site hydraulic services and site electrical services, for which the rates are too high, and for which we have recommended cost adjustments.

The cost of open space in CP21 is reasonable on a per square metre basis

The IPART-assessed reasonable cost of open space embellishment in CP21 is \$99 per square metre, which is reasonable compared with other plans we have assessed. This is lower than the \$123 per square metre proposed by the council for in-scope embellishment items.

We note that this rate is calculated based on the total area of open space area, including dual purpose drainage areas. These drainage areas are relatively large and have low embellishment costs. Further, we note that the council's proposed inclusions in the plan, including items that are out of scope for this targeted assessment, would have resulted in a higher cost per square metre.

1.2 Our recommendations

We have made 2 recommendations as a result of our targeted assessment of open space embellishment costs in CP21. Our recommendations (and the page number on which they appear in the following chapters) are listed below. Both recommendations require action by the council.

- 1 Revise the reasonable cost of open space embellishment in CP21 to \$159.0 million by updating the cost of each embellishment item to the IPART-assessed reasonable cost. 27

- 2 Update the apportioned costs for Reserve 980 (centralised netball competition venue in Schofields) in other Blacktown City Council contributions plans (*Contributions Plan No.24 for Schofields* and *Contributions Plan No.22 for Rouse Hill*) when those plans are next reviewed. 27

1.3 Structure of this report

The following chapters provide our analysis of the reasonable cost of open space embellishment in CP21.

- ▼ [Chapter 2](#) outlines the context and approach for this assessment
- ▼ [Chapter 3](#) provides an overview of open space in CP21
- ▼ [Chapter 4](#) considers the proposed open space embellishment
- ▼ [Chapter 5](#) presents our analysis of the reasonable cost of the revised open space embellishment items
- ▼ [Chapter 6](#) presents the reasonable cost of open space in CP21
- ▼ [Appendix A](#) provides detailed tables of IPART-assessed reasonable costs by embellishment item and open space reserve
- ▼ [Appendix B](#) presents our approach to assessing reasonable cost by embellishment item
- ▼ [Appendix C](#) provides a copy of our Terms of Reference for this targeted assessment.

2 Context and approach for this targeted assessment

Blacktown City Council submitted CP21 (2016) to IPART for assessment in December 2016. IPART's final assessment report was published in August 2017. The cost of open space embellishment in CP21 (2016) was \$174.3 million. This equated to around 18% of the total costs in the plan. We found that the cost of open space embellishment was too high and recommended the council undertake a review of the costs of all items of open space embellishment, and remove most open space embellishment costs from the plan pending that review.

In January 2019, the then Minister for Planning requested that the council action our open space recommendations,ⁱⁱ which reduced open space embellishment costs by approximately \$118.1 million. This comprised reductions of:

- ▼ \$112.0 million for playing fields, amenities buildings, tennis courts, car parking, landscaping 'type 1' and 'type 2' and youth recreation facilities, pending a review of the costs of all items of open space infrastructure
- ▼ \$6.0 million in landscaping 'type 3' works costs,
- ▼ \$46,000 for plans of management for a combined netball facility and remediation of Reserve 1006.

The council made these changes and exhibited the updated plan. The adopted plan with these changes is an IPART-reviewed contributions plan.

2.1 Why has IPART reviewed open space costs in CP21?

In actioning our 2017 recommendation, the council has conducted a review of open space embellishment costs in CP21, and is seeking to include the revised costs in the plan.

On 13 October 2020, the Minister for Planning and Public Spaces, with the Premier's endorsement, requested IPART conduct a targeted assessment of revised open space embellishment costs in CP21. This is a targeted assessment with a limited scope, and is not a full assessment of the plan. The Minister's request that forms the Terms of Reference for this review is at [Appendix C](#).

2.2 What is the scope of this targeted assessment?

The scope of this targeted assessment is defined by our Terms of Reference. It requires us to consider the reasonableness of the council's revised costs for open space embellishment items which were included in CP21 (2016).² This is consistent with an assessment against Criterion 3: Reasonable costs, in DPIE's Practice Note.ⁱⁱⁱ Our targeted assessment scope does not include consideration of any changes in population since 2016, or the requirements to cater for the open space needs of this changing population.

² Open space land in CP21 is out of scope.

We note that this targeted assessment supplements the full assessment completed in August 2017, which provides details of our assessment against the Practice Note.

The council's revised costs include new items that were not included in CP21 (2016). As instructed by the Minister, we have excluded these items from this targeted assessment. We have also not considered any changes in factors that may affect the nexus for open space embellishment since our 2017 assessment, such as changes in population.

However, we have undertaken a limited assessment of Criterion 1: Essential works and Criterion 2: Nexus (see [Chapter 4](#)), for items of open space embellishment which were included in the previous version of the plan, and which the council has since revised.

Our interpretation of the scope of this targeted assessment is explained in Box 2.1.

The outcome of this targeted assessment is a revised recommendation on the cost of open space embellishment in CP21.

Box 2.1 Scope of this targeted assessment

In scope

We consider embellishment items are within the scope of this assessment where the embellishment item, and the proposed units of that embellishment item, are the same as in CP21 (2016).

On a case by case basis, we have also considered some 'revised' items are in scope, where the embellishment item and/or the proposed units of that item were included in CP21 (2016), but where the council made some changes in the information submitted for this targeted assessment. For example, CP21 (2016) included site establishment costs within the cost of some individual embellishment items. The council has now presented site establishment costs as a separate embellishment item. We consider this is in scope, because site establishment costs were included in CP21 (2016).

Another example is 'site services', included in CP21 (2016). The council has now disaggregated 'site services' into 'site hydraulic services' and 'site electrical services'. As this disaggregation has not introduced new items in the plan, we consider the 2 embellishment items are in scope. Further details on these items and our rationale for considering them in scope is in [section 4.2](#).

Out of scope

We consider embellishment items are out of scope of this assessment if they were not included in CP21 (2016). For example, CP21 (2016) did not include any shade sails or basketball courts, and hence they are out of scope for this targeted assessment.

Additional units of embellishment items are also out of scope of this targeted assessment. For example, the council's revised costs include 12 tennis courts in Reserve 1006, but CP21 (2016) only included 7 tennis courts in Reserve 1006. We consider that the 7 tennis courts that were in CP21 (2016) are in scope for this review, but not the additional 5 tennis courts as these were not included in CP21 (2016).

2.3 How have we assessed reasonable cost?

We reviewed the council's proposed costs for embellishment items, and their component sub-items.

We applied the reasonable costs of individual embellishment items to the reserves in CP21 to estimate a reasonable embellishment cost for each reserve, and for CP21 open space in total.

In December 2020, we published our Draft Report on our website and invited submissions from the council, developers and interested stakeholders. We received 2 submissions, one from the council and one from a developer, and have considered all feedback in preparing this Final Report. The submissions are published on our [website](#).

We have presented our analysis in June 2016 dollars (\$Jun2016) for consistency with the base period of the estimates in our 2017 assessment of CP21 (2016). Further details on our approach to assessing reasonable cost are in [Chapter 5](#) and [Appendix B](#).

2.4 What happens next?

The Minister's Nominee will consider our report and advise the council of any required amendments to the contributions plan. This advice will be published on DPIE's website. Once the council makes these amendments, the plan will become an "IPART-reviewed contributions plan". This will entitle the council to levy contributions in accordance with the adopted plan.

3 Overview of open space in CP21

CP21 includes the Marsden Park Precinct (MPP) and Marsden Park Industrial Precinct (MPIP). Both precincts are part of the North West Growth Area, located north-west of Blacktown and the Sydney CBD. The MPIP is located to the south-east of the MPP and is roughly one-fifth of its size. Most open space in CP21 is located in the MPP, with the exception of Reserve 934 which is located in the MPIP.

The MPP and MPIP are relatively flat. The MPP includes several small waterways (most originating from South Creek, which forms the northern border of the precinct), including Little Creek which runs through the precinct from north to south. The Shanes Park woodland is located in the south of the MPP, west of the MPIP, and comprises around one-third of the MPP's total area. Almost one-fifth of open space in the plan is covered by transmission line easements.

The open space in CP21 includes 18 reserves and a proportional share of the costs of the centralised netball competition venue at Schofields, located outside the precinct. It also includes open space in 8 dual purpose drainage areas.

Table 3.1 lists the open space reserves and drainage areas in CP21.

Table 3.1 Reserves in CP21

Description	Reserve	Area (hectares)
MPP		
Local park	Reserve 990	0.48
	Reserve 991	0.61
	Reserve 993	11.71
	Reserve 994	0.91
	Reserve 998	0.57
	Reserve 1000	0.75
	Reserve 1003	0.90
	Reserve 1004	0.62
	Reserve 1005	0.42
	Reserve 1001	0.20
Active reserve with playing fields	Reserve 995	4.26
	Reserve 997	4.32
	Reserve 999	4.28
	Reserve 1002	6.76
Large active reserve	Reserve 1006	64.32
Transmission easement land	Reserve 992	2.17
	Reserve 996	5.08
Drainage area ^a	Reserve A	14.18
	Reserve B	N/A ^b
	Reserve C	14.48
	Reserve D	N/A ^b
	Reserve E	23.38
	Reserve F	N/A ^b
	Reserve G	0.14
	Reserve H	N/A ^b
MPIP		
Local park	Reserve 934	0.76
Schofields		
Centralised competition venue	Reserve 980	11.95 ^c

a Reserves A through H serve a dual purpose as additional passive open space co-located within stormwater management facilities.

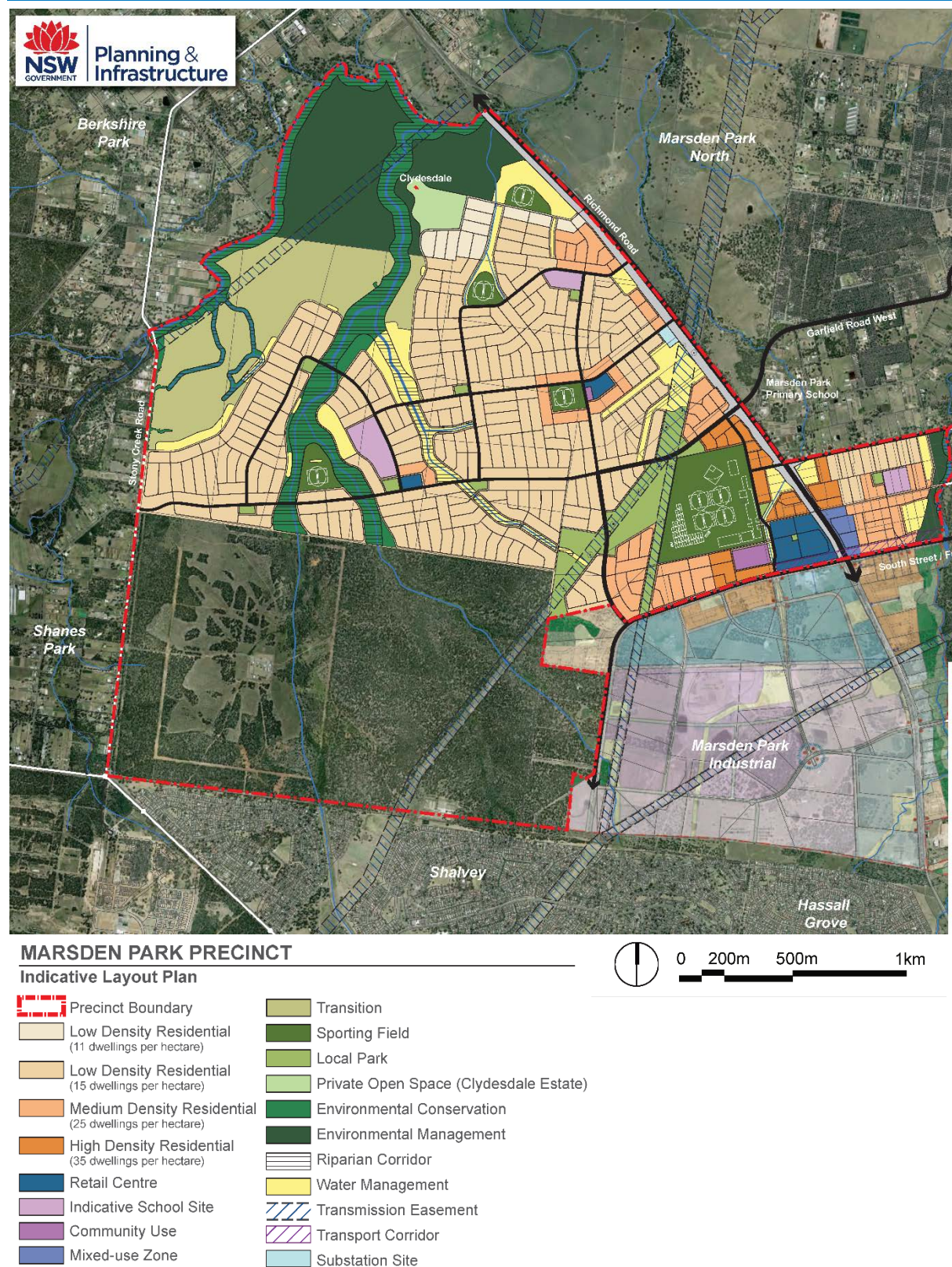
b The council has not provided area measurements for this reserve.

c Part of the embellishment costs of the centralised competition venue located in Schofields are apportioned to CP21.

Source: CP21, Appendix E3, p 78.

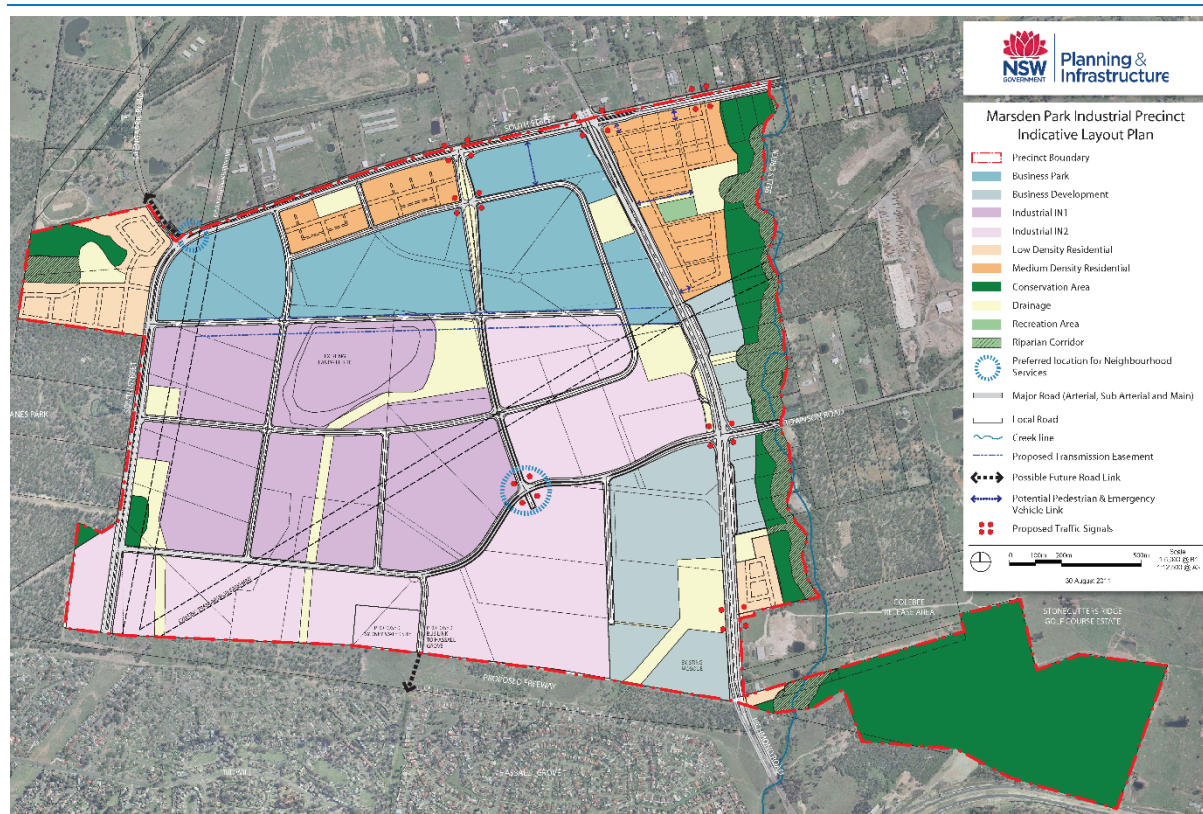
Figure 3.1 shows the indicative layout of the MPP. Figure 3.2 shows the indicative layout of the MPIP.

Figure 3.1 Indicative layout plan of Marsden Park Precinct



Source: Department of Planning and Infrastructure, Marsden Park – Indicative Layout Plan, October 2013.

Figure 3.2 Indicative layout plan of Marsden Park Industrial Precinct



Source: Department of Planning and Infrastructure, Marsden Park Industrial – Indicative Layout Plan, October 2011.

3.1 Open space provision in CP21

CP21 contains 109.6 hectares of land for open space.³ This equates to a rate of provision of land for open space of around 3.3 hectares per 1,000 residents, based on an estimated residential population of around 33,750 persons.⁴ This rate of provision exceeds the Growth Centres Commission's benchmark of 2.8 hectares per 1,000 residents. While out of scope for our targeted assessment, we note that CP21's updated population estimate of 44,700 persons would cause the rate provision of land for open space to fall to 2.5 hectares per 1,000 residents, below the Growth Centres Commission benchmark.^{iv}

In a 2012 technical study of Marsden Park, MacroPlan noted that the open space benchmark is a quantitative standard only, and its application must have regard to the quality of the open space offering and its accessibility to the dwellings it is intended to serve.^v In CP21, approximately 27% of the land identified as open space in CP21 provides restricted use for passive recreation, which limits its ability to be used as open space:

³ This figure represents the total land for open space in the plan for MPP and MPIP, however, we note that there are around 50 hectares of drainage areas which also contribute to open space in CP21. CP21 also includes the embellishment costs for a centralised competition venue (Reserve 980) to be located in Schofields, which is outside of the land to which CP21 applies.

⁴ However, the 2016 Open Space Audit by GHD for the North West Priority Growth Area indicates that the population to be accommodated in the Marsden Park precincts will be approximately 44,700, 32% higher than the plan's estimate.

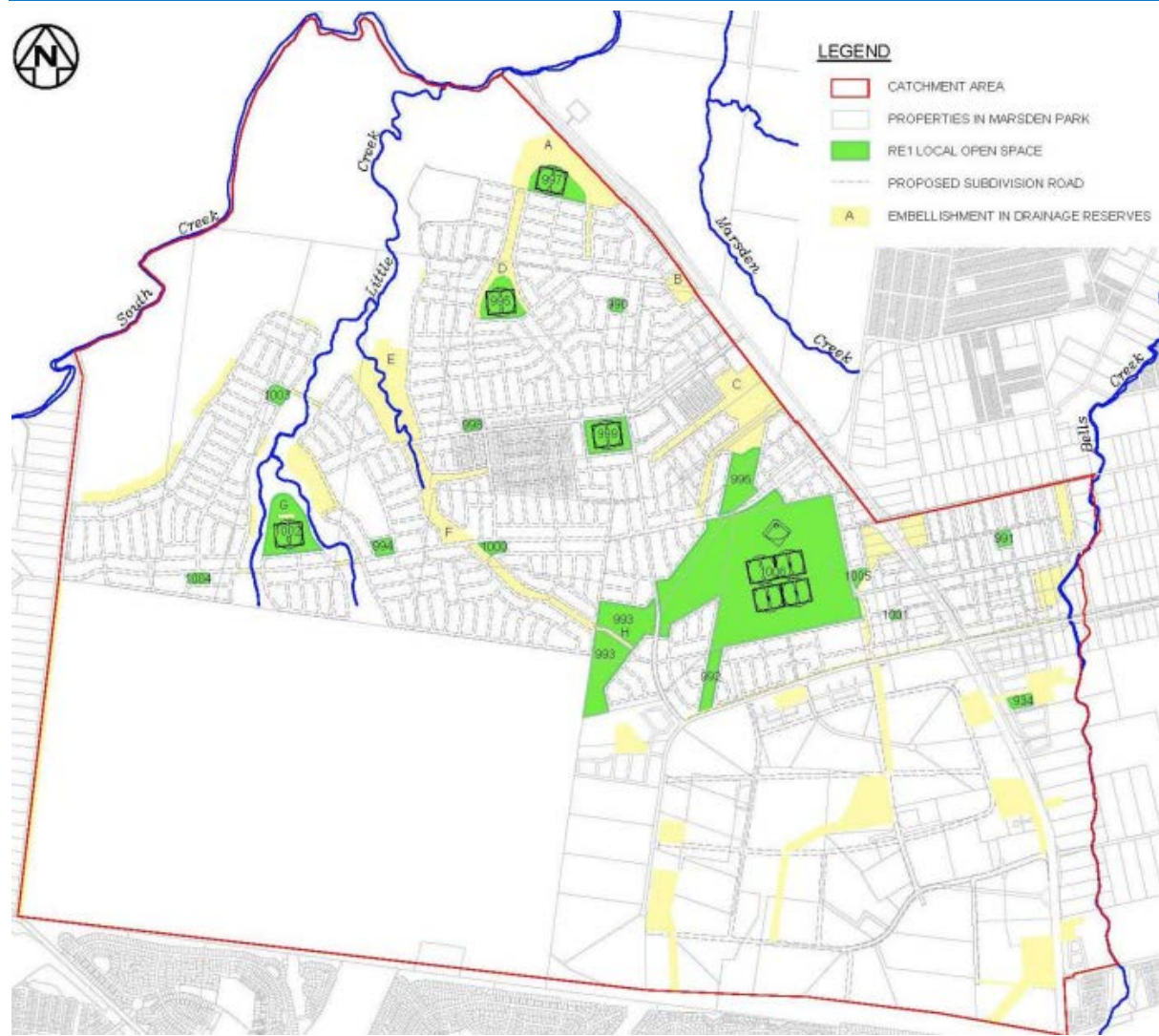
-
- ▼ Approximately 18 hectares (16%) of open space is located under transmission line easements. TransGrid guidelines apply to this land,^{vi} which prohibit public spaces or recreational activities that encourage people to spend time within the easement, but permit cycleways, walking tracks and footpaths on the outer part of the easement or as a thoroughfare across it. The council's proposed embellishment of transmission easement land is consistent with TransGrid's guidelines.
 - ▼ Approximately 11 hectares (10%) of land zoned for public recreation is protected as part of the biodiversity certification for existing native vegetation in the Growth Centres. On this land, only development for the purpose of eradicating noxious weeds can be completed without consent from the Office of Environment and Heritage (OEH). Recreational uses are not permitted, nor are embellishments such as playgrounds, pathways or cycleways.^{vii}

Of the 108.7 hectares of land for open space in the MPP, the council has identified 64.3 hectares for local active open space and 44.4 hectares for local passive open space. The 0.8 hectares of land for open space in the MPIP (Reserve 934) is a local park.

In addition to the open space in CP21, there are 10.5 hectares of private open space included in MPP's indicative layout plan, which is not funded through developer contributions.

Figure 3.3 shows open space in the MPP and MPIP in green, as well as numbers identifying the reserves.

Figure 3.3 Open space and reserves in CP21



Source: CP21, p 77.

4 Proposed open space embellishment in CP21

The council has provided revised information on open space embellishment in CP21, including new and revised items of embellishment within open space facilities.^{viii} Our assessment is limited to the reasonable cost of items included in CP21 (2016). This includes items that the council has revised within the scope of what we previously assessed (see [section 4.2](#)). This chapter provides our assessment of these changes as they relate to Criterion 1: Essential works list and Criterion 2: Nexus.

4.1 Criterion 1: Essential works list

In assessing contributions plans, we are required to consider whether a plan includes open space land and base level embellishment items consistent with ‘essential works’ in the Practice Note.

Our 2017 assessment found that the council’s landscaping ‘type 3’ embellishments reflected bushland regeneration works which were not consistent with the essential works list. We recommended the council remove these works from the plan. The council has now revised the scope of its landscaping ‘type 3’ embellishments.

4.1.1 The revised landscaping ‘type 3’ embellishment is consistent with the essential works list

The council has clarified that landscaping ‘type 3’ embellishments are not for environmental purposes but to bring sites up to a standard suitable for use. The council has revised these embellishments to only include tree planting to meet safety standards for use as open space. The proposed landscaping works do not include any maintenance items, drip irrigation or works within riparian areas.

We note that tree planting is consistent with the essential works list, and as this item was included in CP21 (2016), our targeted assessment scope includes considering whether the revised costs for tree planting are reasonable.

4.2 Criterion 2: Nexus

Our assessment of contributions plans requires us to assess whether the proposed public amenities and public services are reasonable in terms of nexus.⁵ Our 2017 assessment found that nexus was established for the proposed open space in CP21, noting the constraints of the land, and that additional open space appears to be needed for the higher projected population for the precinct.

⁵ Nexus ensures that there is a connection between the land and facilities in a contributions plan and the need for them arising from the new development.

In this targeted assessment, we consider whether nexus is established for embellishment items that have changed relative to the plan previously assessed. The council made 3 types of changes to embellishment items in CP21:

- ▼ including new items, which are out of scope for our assessment⁶
 - e.g. shade sails, which were not included in CP21 (2016)
- ▼ increasing the quantities of embellishment items, which is out of scope for our assessment
 - e.g. longer cycleway lengths than were included in CP21 (2016)
- ▼ revising items, which is within our assessment scope
 - e.g. reclassifying ‘landscaping type 1’ as ‘turf’.

Table 4.1 summarises these changes as they relate to the embellishment items submitted by the council for assessment.

We have not otherwise revisited our previous finding or taken into account any new information such as changes to population projections in establishing nexus.

Table 4.1 New and revised open space embellishment items and quantities proposed by the council

New items – outside assessment scope	Increased quantities of embellishment – outside assessment scope ^a	Revised items – within assessment scope
<ul style="list-style-type: none"> ▼ Shade sail ▼ Water play area ▼ Single synthetic playing field ▼ AFL synthetic playing field ▼ Basketball court ▼ Off leash area ▼ Pedestrian bridge 	<ul style="list-style-type: none"> ▼ Boundary fencing in Reserve 993 ▼ Cycleway lengths in Reserves 992, 996 and 997 ▼ Seating areas in Reserve 993 ▼ Youth facility (recreation) in Reserves 997 and 1001 ▼ Picnic area in Reserve 994 ▼ BBQ area in Reserve 995 ▼ Fitness areas in Reserves 997, 1000 and 1003 ▼ Amenities buildings in Reserve 1006 ▼ Tennis courts in Reserve 1006 ▼ Pathway lengths in drainage areas (Reserves A, C and E) ▼ Seating area in drainage area (Reserve E) 	<ul style="list-style-type: none"> ▼ Site preparation and establishment ▼ Turf ▼ Shrubs and groundcovers ▼ Tree planting ▼ Youth facility (sports) ▼ Site hydraulic services ▼ Site electrical services

^a Increased units are outside our targeted assessment scope as we do not have the information required to establish nexus for these additional embellishments. However, if the council has decreased its units/quantities of embellishment items, we consider that nexus was established for the quantity in CP21 (2016), and hence, is established for any reduced quantities.

Note: This table only presents the new and revised open space embellishment items in this targeted assessment. It does not present the ‘in scope’ embellishments where the council has not changed the embellishment item, or introduced additional units of that item relative to CP21 (2016), (e.g. carpark and amenities buildings).

⁶ The Minister’s Letter (see Attachment C) states that the review is limited to “revised costs for open space items that were included in the version of CP21 assessed by IPART in 2017”.

Our assessment of nexus for the revised items of open space embellishment in CP21 is outlined in [section 4.2](#). Our assessment of the reasonable cost of all in scope open space embellishment is in [Chapter 5](#).

4.2.1 Nexus is established for site preparation and establishment costs, except for in Reserve 1006

The council has included site preparation and establishment costs in CP21 to bring open space land up to a suitable standard for use by the public. It provided examples of sites that require treatment, such as Reserve 992, pictured in Figure 4.1.

Figure 4.1 Example of open space land requiring site preparation – Reserve 992



Source: Information provided by Blacktown City Council, 15 October 2020.

CP21 (2016) included site preparation and establishment costs for some, but not all, open space embellishment items. In its revised estimates, the council has extracted site preparation and establishment costs from the individual embellishment items, and proposed a site establishment cost estimated on a per square metre basis for all reserves.

This change is consistent with advice from IPART in 2018 that site establishment costs should be applied to the total area of a reserve. This ensures that site establishment costs are included in the plan for all open space, instead of only being applied where they directly relate to other embellishment items.

As site preparation and establishment costs were included in CP21 (2016), we consider that nexus is established for the inclusion of site preparation and establishment costs in the plan.

We consider that nexus is established for site preparation and establishment costs for all reserves in CP21 except for the Grange Avenue landfill site (Reserve 1006). CP21 includes a cost of \$33.0 million for remediation of Reserve 1006, which covers the cost of landfill rehabilitation works required to:

- ▼ allow for open space and recreational uses on the site
- ▼ facilitate the construction of amenities buildings and other infrastructure associated with the reserve.^{ix}

Given the scope of the proposed remediation works, we consider that nexus is not established for including a further \$28.8 million for site preparation and establishment in Reserve 1006, as this would involve double counting.

4.2.2 Nexus is established for revised landscaping embellishments

In addition to revising its landscaping 'type 3' embellishments (see [section 4.1.1](#)), the council has reclassified its landscaping 'type 1' and 'type 2' embellishments. Landscaping 'type 1' has been reclassified as turf, and 'type 2' has been reclassified as shrubs and groundcovers.

The council has also revised the land area under each type of landscaping embellishment to ensure that no duplication of landscaping treatments occurs, i.e. the total area subject to these 3 embellishments does not exceed the total open space area in a given reserve. In doing this, it has reduced the area of shrubs and groundcovers in all reserves and drainage areas, and increased the tree planting area in most reserves. The council has made this change to increase tree canopy to reduce urban heat effects.^x

It is out of scope of our targeted assessment to consider whether nexus is established for any changes to the plan, such as changed landscaping embellishments. However, we note that the council has made adjustments to these embellishments to avoid duplication, and the impact on costs in the plan arising from a substitution between shrubs and trees does not have a material impact on costs in the plan.

Hence, for the purpose of this targeted assessment, we consider that nexus is established for all 3 types of landscaping embellishments in CP21, and for the proposed areas of turf, shrubs and groundcovers, and trees.

4.2.3 Nexus is established for the revised youth facilities in Reserve 1006

The council has changed its proposed provision of youth facilities. In CP21 (2016), the council included one youth recreation facility in Reserve 1006. The council has now provided cost estimates for both a 'youth facility (recreation)' and a 'youth facility (sports)' in Reserve 1006.

We consider nexus is established for the inclusion of both a youth facility (recreation) and youth facility (sports) in Reserve 1006, as the revised cost based on the combined scope is less than proposed in CP21 (2016). However, in that version of the plan, there were no youth facilities in Reserves 997 and 1001. We have not considered whether nexus is established for the additional youth facilities in Reserves 997 and 1001 as they are outside the scope of this targeted assessment.

4.2.4 The council has separated site services into electrical and hydraulic services

In CP21 (2016), the council included cost estimates for site services, which included external stormwater and sewer drainage, water supply, and electrical light and power costs. In its revised costs, it presents separate estimates for site electrical services and site hydraulic services.

This disaggregation of estimates has not introduced new items in the plan. We consider that nexus is established for both site electrical services and site hydraulic services.

5 Reasonable cost of open space embellishment items in CP21

The council's revised total cost for open space embellishment in the plan is \$198.4 million.⁷ This excludes items that are outside the scope of this targeted assessment, as discussed in [Chapter 4](#). It compares with total open space embellishment costs in CP21 (2016) of \$174.3 million.

The council's revised total cost of open space embellishment is based on revised costs for individual embellishment items in CP21. Most of the revised costs are new estimates from the council's quantity surveyor (Altus Group). For other items, such as boundary fencing, pathways, and cycleways, the council has applied its current contract rates.

This chapter presents our analysis of the reasonable cost of individual embellishment items. The rates we have assessed as reasonable for each embellishment item are presented in [Appendix A](#).

5.1 We have assessed the reasonableness of the council's revised costs for each item of open space embellishment

We have reviewed the council's proposed costs for embellishment items, and their component sub-items, through comparison with:

- ▼ rates for open space embellishment prepared for IPART by quantity surveyors, Morrison Low, in September 2018^{xi}
- ▼ similar items in recent plans that IPART assessed as reasonable
- ▼ Rawlinsons Australian Construction Handbook (Rawlinsons)
- ▼ IPART benchmark costs.

Our approach to assessing reasonable cost by embellishment item is explained in [Appendix B](#).

5.2 Criterion 3: Reasonable cost

In accordance with the Practice Note, our assessment considers whether the costs in the plan are a reasonable estimate of the cost of the proposed public amenities. Our assessment of CP21 (2016) found that the council's proposed open space embellishment costs were too high.

⁷ This estimate includes the revised cost for in-scope embellishment items only, plus an additional \$11.9 million for the embellishment of 3 reserves agreed under works-in-kind agreements or voluntary planning agreements, which should be included in CP21 (see section 6.1). The council's revised costs are higher than those in CP21 (2016) because of the inclusion of site preparation and establishment costs (see discussion in section 4.2.1), and because some revised estimates which were higher than those previously included in CP21 (2016).

In this targeted assessment, we have assessed the revised costs of individual embellishment items provided by the council. We found that the council's revised rates are reasonable for most embellishment items, except for seating areas, youth facilities, BBQ areas, playing fields, amenities buildings, carparks, site hydraulic services and site electrical services, for which the rates are too high. We also found that the council's proposed allowances for preliminaries, margin and overheads, are too high.

5.2.1 Most of the council's revised embellishment costs are reasonable

The council's proposed per square metre rate for site preparation and establishment costs is reasonable, compared with the Morrison Low rates. We also consider the Altus Group rates for landscaping embellishments (turf, shrubs and groundcovers, and tree planting) are reasonable, based on the scope of these embellishments and comparable costs from Rawlinsons. The council has confirmed that its landscaping embellishments do not duplicate other costs for shade trees or turf playing surfaces included within other embellishment items.⁸

The council has provided its current contract rates for boundary fencing, pathways and cycleways. We consider that these contract costs are reasonable, compared with Morrison Low rates and reasonable costs in other plans we have assessed. Assuming competitive procurement, contract rates are also likely to be the best indicator of the reasonable cost of delivering these embellishment items in CP21.

We also consider the Altus Group rates are reasonable for:

- ▼ playgrounds
- ▼ youth facilities (sport)
- ▼ picnic areas
- ▼ fitness areas
- ▼ netball courts
- ▼ tennis courts.

Some of these embellishment items include components that reflect the council's contract costs for its standard range of outdoor furniture.^{xii} We consider these costs are reasonable, assuming competitive procurement.

We note that the Altus Group rate for fitness areas exceeds the rate in CP21 (2016).⁹ The increase in cost is largely attributable to a more than doubling of rubber surface area for this embellishment, from 40 square metres to 100 square metres. The increase in size of the fitness area reflects a change in the council's approach to providing this embellishment, including an increase in the number of fitness equipment pieces (specifically, a cross trainer, lat pull-down machine, stretch multi-station and sit up bench), necessitating a larger safety surfacing area.^{xiii} We consider the revised cost is reasonable.

⁸ For example, the council notes that costs included within the 'playground' embellishment item for tree planting do not duplicate costs for tree planting within the broader park. Tree planting in the cost for playgrounds are for trees associated directly with the playground area.

⁹ The fitness area in CP21 has been renamed. It was called an 'exercise trail' in CP21 (2016).

5.2.2 Proposed allowances are too high but the council's approach to application of allowances is reasonable

The Altus Group estimates for embellishment items include revised allowances for preliminaries, margin and overheads. The revised allowances exceed those that were included in CP21 (2016), and those assessed as reasonable by Morrison Low, as shown in Table 5.1.^{xiv}

Table 5.1 Comparison of allowances

	CP21 (2016)	Morrison Low	Revised CP21 (Altus Group)	IPART-assessed reasonable allowances
Preliminaries	12%	12%	12.5%	12%
Margin & overheads	4%	4%	5%	4%

Sources: CP21 works schedule, Revised CP21 works schedule.

The council indicated that the small increase in preliminaries, and margin and overheads, allowances reflect the time that has passed since our review of CP21 (2016).^{xv} We consider that the council's explanation does not adequately justify the increased allowances as cost increases due to inflation will be accounted for through indexation of all costs in CP21.

The council's submission to our Draft Report provided clarification of the 'construction cost' terminology used by Altus Group in preparing its cost estimates:

The base cost that the draft report is calling the "Construction Cost" of which the percentages are calculated should more accurately be called the "Construction Trade Cost" and the Construction Cost (or more accurately the "gross construction cost") would include Preliminaries and Margin.

The Gross Construction Cost would be in comparison to a price that would be received from a Builder – of which the widely used percentages for contingency and design fees are derived from benchmark data.^{xvi}

We outlined in the Draft Report that we considered the council's cumulative application of allowances (preliminaries, margin and overheads, contingency and design fees) was inconsistent with most other contributions plans we have assessed, and would lead to unreasonably high allowances. However, based on the clarification from Altus Group, we now consider the council's approach to applying contingency and design fees is reasonable and consistent with approaches in other plans we have recently reviewed, and the guidance in IPART's *Local Infrastructure Benchmark Costs* report.^{xvii}

The council's submission also provides information from Altus Group to explain the proposed approach to the calculation of margin and overheads (as a percentage of the sum of construction trade costs and preliminaries). Altus Group explained that the application of margin and overheads to preliminaries is a commercial decision by a builder, and in Altus Group's experience, it is more often the case that the margin is applied to the trade cost and also the preliminaries.^{xviii} Most of the plans we have recently assessed do not explicitly indicate if margin and overheads are calculated on preliminaries.¹⁰ However, as the impact of calculating margin and overheads on preliminaries is not material, we consider this approach is reasonable in this instance.

¹⁰ For example, CP24 – Schofields, CP15 - Box Hill, West Dapto and CP17 – Castle Hill North.

5.2.3 The cost of seating areas is too high

We found that the cost of seating areas is too high and should be reduced for consistency with other rates in the plan, and to avoid duplication of installation costs.

The Altus Group estimates for seating areas include a council contract cost of \$2,400 (\$Mar2019) for a park seat. We consider that this value has been incorrectly included as other Altus Group estimates include a cost of \$2,100 (\$Mar2019) for a park seat. We also note that Morrison Low estimated the cost of a park seat at \$2,100, which we consider reasonable.

We consider that the Morrison Low cost already includes the cost of concrete footings and installation, as detailed elsewhere in the estimates by both Altus Group and Morrison Low.

5.2.4 Youth facility (recreation) costs should not include an allowance for site establishment

The proposed rate for the youth facility (recreation) includes a \$500 site establishment allowance associated with applying line marking paint for an outdoor court. We consider that the site establishment costs for the reserve should already cover this cost. To avoid double counting, this allowance should be removed.

The youth facility (recreation) also includes costs for two park seats, based on the council's contract costs. For consistency, these seats should be included at \$2,100 each, instead of the \$2,000 currently included in the Altus Group rate.

5.2.5 The cost of BBQ areas is too high

The Altus Group cost estimates for BBQ areas are more than double the Morrison Low estimates, which were considered reasonable in our assessment of CP22.

This is partially explained by the difference in scope of BBQ areas between the plans. For BBQ areas in CP21, the council includes additional costs for park picnic shelters and bin enclosures, based on council contract costs, which we consider reasonable.

However, we found that the Altus Group rates for a double BBQ with surrounding concrete surface area and concrete path are too high, and that the Morrison Low rate (\$14,122)¹¹ should be applied for these items.

5.2.6 Playing field costs are reasonable, except for the cost of fencing cricket nets

Altus Group's revised cost of playing fields includes the cost of playing field lighting, which was provided as a separate embellishment item in CP21 (2016).^{xix} We consider this inclusion, and its proposed cost, are reasonable compared with Morrison Low rates and reasonable costs in other plans.

¹¹ The Morrison Low rate was \$15,000 in September 2017, indexed to \$Jun2016.

However, the cost of a fencing enclosure for cricket practice nets has been overestimated. Altus Group has estimated the fencing area required for two separate practice nets, but this is an overestimate if the nets will share an internal 'wall', as is common practice. Altus Group has also applied a rate of \$515 per square metre (\$Mar2019) to supply and install the fencing enclosure. However, it has separately estimated a rate of \$94 per square metre (\$Mar2019) to supply and install identical fencing for the council's tennis courts. We consider that a rate of \$94 per square metre (\$Mar2019)¹² should be consistently applied across embellishment items.

5.2.7 The cost of amenities buildings should be consistent with those provided in CP22

The Altus Group rate for amenities buildings exceeds the rate proposed by the council in CP21 (2016). While the Altus Group proposed cost per amenities building is within the range of reasonable costs of amenities buildings in other plans, it is high on a per square metre basis.

Morrison Low's advice for CP22 was to use the Rawlinsons rate (\$2,389 per square metre), as it is an industry standard for the cost of amenities buildings. We consider that the council should be able to deliver amenities buildings to an acceptable standard using this rate in CP21.

5.2.8 The cost of carparks is too high

The council includes costs for 100-space carparks in CP21, with Altus Group rates almost 50% higher than the Morrison Low rate that we assessed as reasonable for carparks in CP22. This reflects higher costs for carpark lighting, boundary treatment (bollards and entry gates) and carpark signage.

The council has stated that the higher Altus Group rates for these items are necessary to deliver a safe carpark, with lighting meeting Australian standards, and regulatory signage in accordance with advice from the council's Traffic Management team.^{xx} We consider the council's position on these items is reasonable.

However, we found that the rates for shrubs (for rainwater treatment) and shade trees provided in car parks are too high, and should be consistent with rates for shrubs and shade trees applied elsewhere in the plan. We also found that the number of tree protection barriers required for these trees is too high, and should be reduced.

5.2.9 The cost of site electrical and hydraulic services is too high

As noted in section 4.2.4, the council has separated its site services costs into site hydraulic and site electrical services. The revised costs for these items are higher than the comparable combined cost in CP21 (2016) and the respective Morrison Low rates in CP22.

¹² Equivalent to \$85 per square metre in \$Jun2016.

The council has noted that connecting site electrical services and hydraulic services to the utility main are a requirement specific to Reserves 997, 1002 and 1006, ^{xxi} and that these costs do not duplicate costs for electrical infrastructure or stormwater drainage infrastructure in other embellishment items. ^{xxii}

Morrison Low provides lower rates for hydraulic services such as supplying and installing subsoil drainage (\$42 per metre) and connection to the sewerage system (\$5,649). Morrison Low also found that costs for connections to water mains, installing water meters and allowances for infrastructure were already accounted for in other costs. Similarly, Morrison Low proposed a lower cost for site electrical services, via a lower rate for the high voltage feed (\$659 per metre).

We consider the Morrison Low rates are reasonable for application in CP21.

5.2.10 Remediation costs should not include the cost of plans of management

CP21 includes the cost of remediation for the Grange Avenue landfill site (Reserve 1006). While not strictly an embellishment cost, it is a one-off cost for landfill rehabilitation in lieu of costs for acquiring other land for open space.

In our assessment of CP21 (2016), we found that costs for plans of management for the remediation of Reserve 1006 were not reasonable because it was likely that design fees, including project management fees, were already included in the cost estimates. We recommended that the council remove these costs from CP21.

In its revised works schedule, the council has included the same rate for remediation costs as in CP21 (2016). However, it advises that the cost of a plan of management is not included in this rate, rather, the rate is unchanged to allow for cost increases since 2016. ^{xxiii}

We consider this approach is not reasonable. The council will recover any increases in costs from inflation through indexation of costs in the plan, and hence the costs of remediation should be reduced by the value of the plan of management (\$36,067).

6 Reasonable cost of open space in CP21

We have estimated the reasonable cost of embellishing each reserve (summarised in [Appendix A](#)), and the total reasonable cost of open space embellishment in CP21 (\$148.9 million), based on the reasonable cost of their component open space embellishment items, as discussed in [Chapter 5](#).

The IPART-assessed reasonable cost of open space embellishment in CP21 includes the cost of three reserves which have been omitted from the council's revised costs. Our analysis of open space embellishment costs in CP21 also has implications for the cost of Reserve 980 (centralised netball competition venue in Schofields) in other Blacktown City Council contributions plans, where apportioned costs should be updated accordingly.

6.1 The council omitted 3 reserves from its revised works schedule

The council's revised works schedule includes costs for embellishment of 15 open space reserves, apportioned embellishment costs for 1 reserve outside the precinct (Reserve 980), and embellishment costs for 8 drainage areas (Reserves A to H).

We note that CP21 (2016) also included embellishment costs for 3 other reserves, which should be considered as part of the total cost of embellishing open space in CP21:

- ▼ Reserve 934 – a local park in the MPIP, for which an agreed value for embellishment was established in a 2015 works-in-kind agreement
- ▼ Reserve 998 – a local park for which embellishment costs were agreed in a voluntary planning agreement (VPA) with a developer
- ▼ Reserve 990 – a reserve with playing fields for which embellishment costs were agreed in a VPA.¹³

We found in our 2017 assessment that nexus was established for these reserves and their embellishment, and that the costs of embellishments were reasonable. We therefore consider that these costs should be included in the reasonable cost of open space embellishment in CP21.

The council has confirmed that the agreed costs for these 3 reserves has not changed since our previous assessment.^{xxiv} We have not reviewed these costs in this targeted assessment, other than ensuring that the costs have been appropriately indexed to \$Jun2016.

¹³ All 3 of these reserves are now complete, and credits have been allocated to developers. These costs were removed from the version of CP21 currently in force to achieve the cost reductions directed by the Minister in January 2019.

We also note that costs for Reserves E and F (drainage areas) and Reserve 9 were included in the Stockland VPA (Deeds of Variation 7 and 9, respectively). The agreed costs for these reserves are subject to the Minister's advice pending our targeted assessment.^{xxv} The council has advised that the costs for Reserve 1000 are subject to an amendment to the Stockland VPA under the same conditions.^{xxvi}

6.2 A playground in Reserve 994 and playing field in Reserve 995 should be included in embellishment costs

The council's submission to our Draft Report noted that we had removed the cost of a playground from Reserve 994.^{xxvii} This playground was included in CP21 (2016) and hence is an 'in-scope' embellishment item. We inadvertently removed the cost of the playground in our Draft Report, and consider that it should be included in the costs of embellishing Reserve 994.

The council's submission to our Draft Report also recognised that we removed the cost of an AFL synthetic field from Reserve 995 as this embellishment item is out-of-scope for our targeted assessment.^{xxviii} However, the council noted that:

...the removal of this embellishment item had excluded any provision of any playing fields to support active recreation at Reserve 995.^{xxix}

The council requested the inclusion of a double playing field within Reserve 995. This embellishment item is within our assessment scope as it was included in CP21 (2016). We have included the cost of a double playing field in the cost of embellishing Reserve 995.

6.3 Embellishment costs per square metre

The IPART-assessed reasonable cost of open space embellishment in CP21, derived from an assessment of the reasonable cost of individual embellishment items, is also reasonable on a per square metre basis relative to other plans we have assessed. We recognise that the costs of open space embellishment in CP21 include higher costs to account for:

- ▼ the need to embellish large areas of land with restricted uses, such as transmission easement land, that have been included in the plan because there is no other use for the land
- ▼ the high cost of decontamination and remediation of the former Grange Avenue landfill site, to make it useable as an active recreation facility (an estimated cost of \$33.0 million).

We acknowledge the impact of these factors on the cost of open space embellishment in CP21. We note that the council's proposed inclusions in the plan, and further inclusions which were outside the scope of this assessment, would have resulted in a higher per square metre cost.

Table 6.1 compares the per square metre cost of open space in CP21 with costs in other plans we have assessed. This shows that, on a per square metre basis, the costs in CP21 are comparable to other plans we have assessed.

Table 6.1 Per square metre embellishment costs in CP21 and other plans (\$Jun2016)

Plan	Open space embellishment cost (\$ million)	\$ per square metre
CP21 open space embellishment		
CP21 (2016)	174.3	108
Council's revised cost of CP21 ^a	198.4	123
IPART-assessed reasonable cost of CP21	159.0	99
CP21 (excluding remediation costs for Grange Avenue landfill site)		
CP21 (2016)	141.2	88
Council's revised cost of CP21 ^a	165.4	103
IPART-assessed reasonable cost of CP21	126.0	78
Other assessments		
The Hills Shire Council, CP15 - Box Hill	93.8	151
The Hills Shire Council, CP16 - Box Hill North	17.6	43
Blacktown City Council, CP20, Riverstone and Alex Avenue	111.2	47
Blacktown City Council, CP22 - Rouse Hill	105.2	100
Blacktown City Council, CP24 - Schofields	26.3	97
Hawkesbury City Council – Vineyard	27.7	106
Wollongong City Council, West Dapto	33.4	43

^a Costs include in-scope items only, plus the costs of 3 reserves where costs have been agreed with developers.

Note: Embellishment costs from other contributions plans are approximate.

6.4 IPART-assessed reasonable cost

Based on the inclusions in each reserve, the IPART-assessed reasonable cost of open space embellishment in CP21 is \$159.0 million. This is \$15.2 million (8.7%) lower than the costs in CP21 (2016) and \$27.5 million (14.7%) lower than the revised (in-scope) costs the council submitted for consideration in October 2020.¹⁴

The IPART-assessed reasonable cost includes the costs for embellishment of Reserves 934, 998 and 990, which should be included in the plan (see section 6.1).

Our analysis, including the IPART-assessed reasonable cost, is presented in \$Jun2016 for comparability with costs in CP21 (2016). When the council revises the costs in CP21 in line with advice from the Minister's Nominee, it will be able to index these costs when estimating contribution rates. This indexation will cover cost increases due to inflation since our previous assessment.

¹⁴ The revised costs submitted by the council do not include the 3 omitted reserves. The IPART-assessed reasonable cost of open space embellishment in CP21 is \$39.4 million (19.9%) lower than the revised cost when the 3 omitted reserves are included.

Our assessment included updating the cost of Reserve 980 (centralised netball competition venue in Schofields) to \$3.0 million based on the reasonable cost of embellishment items. The costs of Reserve 980 are partly apportioned to CP21, but are also apportioned to other Blacktown City Council contributions plans (*Contributions Plan No.24 for Schofields* and *Contributions Plan No.22 for Rouse Hill*). These plans currently include cost estimates for Reserve 980. When these plans are next reviewed, the apportioned costs of Reserve 980 should be updated to reflect the revised IPART-assessed reasonable cost.

Recommendations

1. Revise the reasonable cost of open space embellishment in CP21 to \$159.0 million by updating the cost of each embellishment item to the IPART-assessed reasonable cost.
2. Update the apportioned costs for Reserve 980 (centralised netball competition venue in Schofields) in other Blacktown City Council contributions plans (*Contributions Plan No.24 for Schofields* and *Contributions Plan No.22 for Rouse Hill*) when those plans are next reviewed.

Appendices

A Reasonable costs by item and reserve

A.1 Reasonable costs by embellishment item

Table A.1 Reasonable cost of open space in CP21, by embellishment item (\$Jun2016)^a

Embellishment item	Units	Cost in CP21 (2016)	Council's revised cost	IPART-assessed reasonable cost
Site establishment	Per square metre	N/A ^b	45	44
Boundary fencing	Per linear metre	107	82	103
Pathway	Per linear metre	174	207	258
Cycleway	Per linear metre	289	294	367
Turf	Per square metre	72	36	36
Shrubs and groundcovers	Per square metre	102	53	53
Tree planting	Per square metre	119	52	52
Seating area	Per item	6,624	7,805	5,733
Playground	Per item	141,386	214,560	211,572
Youth facility (recreation)	Per item	1,237,500 ^c	81,446	79,997
Youth facility (sport)	Per item	N/A ^d	122,035	120,336
Picnic area	Per item	102,393	44,071	43,457
BBQ area	Per item	39,710	46,155	36,345
Fitness area	Per item	49,026	58,440	57,626
Double playing fields	Per item	2,921,292	2,141,631	1,903,801
Amenities building	Per item	1,404,487	1,321,557	867,171
Car park (100 spaces)	Per item	848,921	641,928	568,201
Netball court	Per item	203,065	85,673	84,480
Tennis court	Per item	342,843	222,599	219,499
Site hydraulic services	Per item	211,467 ^e	89,150	41,672
Site electrical services	Per item		244,247	241,248
Remediation cost ^f	Per item	33,040,000	33,040,000	33,003,819

a 'Costs in CP21 (2016)' are inclusive of contingency, but not design fees, which were added later. 'Council's revised costs' and 'IPART-assessed reasonable costs' do not include contingency or design fees, as these were added later.

b Site establishment costs were incorporated in individual open space items in CP21 (2016) and not presented as a separate item.

c The costs for Youth facility (recreation) were provided as a per square metre rate (\$2,250 for a 550 square metre facility) in CP21 (2016).

d Youth facility (sport) was not included in CP21 (2016).

e Site hydraulic services and site electrical services were provided as a combined item in CP21 (2016).

f Remediation costs only apply to Reserve 1006. The council has not classified remediation costs as an 'embellishment item' in its revised rates, but include it in the works schedule a one-off cost for landfill rehabilitation in lieu of land costs for acquiring other land for open space.

Note: This table does not include the new embellishment items proposed by the council which are out of scope for this targeted assessment.

Sources: Blacktown City Council, (B) QS rate comparator spreadsheet and IPART analysis.

A.2 Reasonable costs by open space reserve

Table A.2 Reasonable cost of open space in CP21, by reserve (\$Jun2016)

Reserve number	Classification	Area (hectares)	Cost in CP21 (2016)	Council's revised cost	IPART-assessed reasonable cost
934 ^a	Local park	0.76	622,877	-	622,877
990	Local park	0.48	572,000	852,459	870,139
991	Local park	0.61	658,000	1,008,571	1,028,267
992	Transmission easement land	2.17	1,500,000	2,466,098	2,483,879
993	Local park	11.71	10,926,000	11,250,693	11,243,175
994	Local park	0.91	1,261,000	1,454,393	1,477,405
995	Active reserve	4.26	9,949,000	7,104,830	8,777,409
996	Transmission easement land	5.08	3,065,000	5,683,225	5,690,696
997	Active reserve	4.32	10,145,000	9,688,211	8,643,854
998 ^a	Local park	0.52	601,116	-	601,116
999 ^a	Active reserve	4.28	10,689,628	-	10,689,628
1000	Local park	0.75	762,000	1,185,277	1,211,077
1001	Urban park	0.20	414,000	289,738	301,305
1002	Active reserve	6.76	11,447,000	12,528,129	11,517,947
1003	Local park	0.90	916,000	1,339,771	1,362,399
1004	Local park	0.62	669,000	993,771	1,009,116
1005	Local park	0.42	556,000	546,845	568,623
1006	Large active reserve	64.32	70,790,000	91,787,172	52,597,110
980 ^b	Centralised competition venue	11.95 ^c	3,239,000	3,286,772	3,023,312
A	Drainage area	14.18	208,000	166,697	174,532
B	Drainage area	N/A ^d	248,000	177,947	190,932
C	Drainage area	14.48	383,000	355,112	398,476
D	Drainage area	N/A ^d	371,000	278,929	317,669
E	Drainage area	23.38	316,000	326,286	383,720
F	Drainage area	N/A ^d	601,000	232,046	266,007
G	Drainage area	0.14	75,000	68,156	74,938
H	Drainage area	N/A ^d	263,000	423,232	509,290

a The open space embellishment costs of Reserve 934 has been agreed in a WIK agreement, and the costs of Reserves 998 and 999 were agreed in a VPA. The council has noted that these costs have not changed since our previous assessment. The costs for these reserves were not included in the council's revised cost.

b Reserve 980 is a centralised netball competition venue in Schofields, outside the Marsden Park Precinct. Costs have been apportioned to CP21 based on its share of estimated population relative to other precincts which will use the facility.

c Part of the embellishment costs of the centralised competition venue located in Schofields are apportioned to CP21.

d The council has not provided an area measurement for this reserve.

Sources: Blacktown City Council, CP21 revised work schedule and IPART analysis.

B Our approach to assessing reasonable cost

Our assessment of reasonable costs for each embellishment item within the scope of our targeted assessment compares the council's revised rates with:

- ▼ rates for open space embellishment prepared by quantity surveyors, Morrison Low, in September 2018
- ▼ similar items in recent plans that IPART assessed as reasonable
- ▼ Rawlinsons Australian Construction Handbook (Rawlinsons)
- ▼ IPART benchmark costs.^{xxx}

We engaged Morrison Low in 2018 to provide estimates of the cost of open space embellishment in Blacktown City Council's *Contributions Plan no 22 – Rouse Hill* (CP22). These costs formed the basis of our recommendations on reasonable open space costs in CP22, which were accepted by the Minister in March 2020. We consider that the Morrison Low rates are a relevant comparator for the cost of open space embellishment in CP21 as they have effectively been endorsed by the Minister as reflecting the reasonable costs of embellishing open space in the Blacktown local government area.

We also found that the council's contract rates are an appropriate measure of the reasonable cost of delivering embellishment items in CP21, given these contract rates have been established through a competitive tender process.

Where the council's proposed costs exceeded the comparable Morrison Low estimate, we considered the inclusions in the embellishment item, and the estimated costs for those inclusions. Where the inclusions and/or their cost estimates were inconsistent with Morrison Low estimates, or potentially double-counted costs, we sought clarification from the council. If the council could not provide sufficient justification for different costs for inclusions, we applied the Morrison Low rates, or other reasonable rates, in a "bottom-up" approach to estimating the reasonable cost of the embellishment item through the reasonable costs of its inclusions.

Where a comparable Morrison Low cost estimate was not available, we considered the council's proposed cost relative to other sources, as outlined above, and used a "bottom-up" approach to estimate the reasonable cost of the embellishment item.

Our approach is summarised in Table B.1.

Table B.1 Assessment of reasonable costs by category of embellishment item in CP21

Category	Approach to assessing reasonable costs
1. Reasonable cost: council contract rate	On the basis that contracts are competitively procured, the council contract rate is likely to be the best indicator of the reasonable costs of delivering the embellishment item. We compared the contract rate with the cost estimate in CP21 (2016), Morrison Low costs, and reasonable costs in other assessments, to confirm that the contract rate is similar to these costs. As these costs were relatively similar to these comparators, we considered they were reasonable.
2. Reasonable cost: QS estimate lower or comparable to Morrison Low cost	We compared the QS estimate with the cost estimate in CP21 (2016) and Morrison Low costs. Where the QS estimate was less than, or similar to, the QS estimate and/or Morrison Low costs, we considered the QS estimate is reasonable.
3. Cost estimate requiring review: QS estimate higher than Morrison Low estimate	Where the QS estimate was higher than the comparable Morrison Low estimate, we considered the inclusions in the embellishment item. Where the inclusions and/or their cost estimates were inconsistent with Morrison Low estimates, or potentially double-counted costs, we sought clarification from the council. If the council could not provide justification for different costs for inclusions, we applied the Morrison Low rates in a bottom-up approach to estimating the reasonable cost of the embellishment item.
4. Cost estimate requiring review: no comparable Morrison Low estimate	Where comparable Morrison Low costs were unavailable, we compared the council's proposed costs with costs from Rawlinsons and reasonable costs in other plans. If the council's proposed costs were higher than Rawlinsons or costs in other plans, we considered that they could be too high. To determine the reasonable cost, we used a bottom-up approach to estimating the costs, replacing the council's proposed costs for inclusions in each embellishment item with reasonable costs from Rawlinsons and/or costs in other plans.

Note: An assessment of the reasonable cost of out-of-scope items was not required.

Once we established a reasonable cost by embellishment item, we estimated the reasonable cost for each reserve, and the total reasonable cost of open space in CP21, via the matrix provided in the council's revised works schedule.

C Terms of Reference



The Hon. Rob Stokes MP
Minister for Planning and Public Spaces

IRF20/4398

Dr Paul Paterson
Chair
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240

Via email: paul_paterson@ipart.nsw.gov.au

Dear Dr Paterson

I am writing to request the Independent Pricing and Regulatory Tribunal (IPART) undertake a targeted assessment of revised open space embellishment costs in Blacktown City Council's Contributions Plan No. 21 – Marsden Park (CP21). As the Department of Planning, Industry and Environment has previously advised the IPART, the Office of the Premier has given its support to this targeted assessment.

This request relates to IPART's assessment of CP21 published in August 2017 and Recommendation 20 that 'pending the outcome of a recommended review, Council remove \$112 million of open space embellishment costs from the plan'. The former Minister for Planning supported this recommendation. Council did not support the recommendation but adopted CP21 on the understanding that once it conducts the recommended review and update of these open space embellishment costs, it can include them back into the plan.

Council has now completed its review and has made a request to include the revised open space embellishment costs back into the plan. The scope of the targeted assessment would only include a review of revised costs for open space items that were included in the version of CP21 assessed by IPART in 2017. My nominee would reissue their advice to Council if IPART finds these revised costs to be reasonable.

Your consideration of this request would be greatly appreciated. The NSW Government is keen to assist Council to resolve this matter to support the provision of open space in Marsden Park.

Should you have any questions about this request, please contact Geoff Thompson, Director Infrastructure Programs and Coordination, at the Department of Planning, Industry and Environment on 9274 6235.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Rob Stokes'.

The Hon. Rob Stokes MP
Minister for Planning and Public Spaces

CC: The Hon. Gladys Berejiklian MP, Premier

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- i Department of Planning and Environment, [Practice Note – Local Infrastructure Contributions](#), January 2019.
- ii Minister for Planning, [Letter to Blacktown City Council](#), 22 January 2019.
- iii Department of Planning and Environment, [Practice Note – Local Infrastructure Contributions](#), January 2019.
- iv GHD, [Department of Planning and Environment – Priority Growth Areas – Open Space Audit – North West Area](#), April 2016, p 39.
- v MacroPlan Australia, [Community Facilities and Open Space Assessment – Marsden Park](#), April 2012, (MacroPlan 2012), p 35.
- vi TransGrid, [Easement guidelines: Living and working with electricity transmission lines](#), pp 4-5.
- vii Department of Planning and Infrastructure, [Post-Exhibition Planning Report – State Environmental Planning Policy \(Sydney Region Growth Centres\) – Review of Environment Conservation and Public Recreation-Regional Zones](#), August 2013, p 11.
- viii Information from Blacktown City Council, 15 October 2020.
- ix Coffey Environments Australia, [Blacktown City Council - Grange Avenue Closed Landfill, Marsden Park, NSW - Advice on Landfill Closure Work](#), August 2015.
- x Information from Blacktown City Council, 11 November 2020.
- xi Morrison Low, [Blacktown City Council QS Review](#), September 2018.
- xii Information from Blacktown City Council, 6 November 2020.
- xiii Information from Blacktown City Council, 6 November 2020.
- xiv Morrison Low, [Blacktown City Council QS Review](#), September 2018, p 5.
- xv Information from Blacktown City Council, 6 November 2020.
- xvi Blacktown City Council submission to IPART Draft Report, January 2021, p 2.
- xvii IPART, [Local Infrastructure Benchmark Costs – Costing infrastructure in Local Infrastructure Plans](#), April 2014, p 4.
- xviii Blacktown City Council submission to IPART Draft Report, January 2021, p 2.
- xix Information from Blacktown City Council, 6 November 2020.
- xx Information from Blacktown City Council, 6 November 2020.
- xxi Information from Blacktown City Council, 6 November 2020.
- xxii Information from Blacktown City Council, 6 November 2020.
- xxiii Information from Blacktown City Council, 6 November 2020.
- xxiv Information from Blacktown City Council, 6 November 2020.
- xxv Blacktown City Council, [Seventh Deed of Variation to Elara Marsden Park Planning Agreement](#), p 62 and Blacktown City Council, [Ninth Deed of Variation to Elara Marsden Park Planning Agreement](#), p 63.
- xxvi Information from Blacktown City Council, 6 November 2020.
- xxvii Blacktown City Council submission to IPART Draft Report, January 2021, pp 1-2.
- xxviii Blacktown City Council submission to IPART Draft Report, January 2021, pp 1-2.
- xxix Blacktown City Council submission to IPART Draft Report, January 2021, pp 1-2.
- xxx IPART, [Local Infrastructure Benchmark Costs – Costing infrastructure in Local Infrastructure Plans](#), April 2014.