

IPART REVIEWS COST OF LOCAL INFRASTRUCTURE IN BLACKTOWN GROWTH PRECINCTS

Embargoed until 10:30am on Friday, 14 September 2012

The Independent Pricing and Regulatory Tribunal (IPART) today published its assessments of 2 draft Section 94 contributions plans for precincts in north-western Sydney.

The plans relate to the section 94 levies that developers pay for the provision of local infrastructure in 2 greenfield development areas: the Marsden Park Industrial Precinct and the Area 20 Precinct, both within the Blacktown City Council area.

IPART's CEO, Mr James Cox said "new residential development requires councils to provide significant amounts of infrastructure but the cost of providing this infrastructure needs to be carefully considered."

Mr Cox said, "Councils are required to purchase large amounts of land, and in the case of north west Sydney, land is expensive".

"The reviews show the high cost to councils of providing local infrastructure to service Sydney's new residential release areas."

In its review of the 2 plans, IPART found that there were particularly high costs for stormwater land and facilities in the Marsden Park Industrial Precinct, and land and improvements to open space in both precincts.

The developer contributions in the 2 plans IPART reviewed greatly exceed the current \$30,000 cap on contributions for greenfield sites. The maximum residential contribution rate per lot in each precinct is:

- ▼ \$48,147 within Draft Contributions Plan No 21 for the Marsden Park Industrial Precinct
- ▼ \$74,326 within Draft Contributions Plan No 22 for Area 20.

There will be a significant gap between the \$30,000 cap and the cost of essential infrastructure in the plans. Councils may apply to IPART for a special rate variation so that ratepayers will meet the additional costs. Any applications from councils will be assessed by IPART against criteria that address factors such as demonstrated need for the rate increases, community consultation and the impact on ratepayers. Alternatively, the council may apply to the NSW Government for funding under the Housing Affordability Fund.

Mr Cox said: "Although our assessments found that most of the council's works and costs are reasonable, we have also identified savings which would reduce the cost of infrastructure being provided. "

IPART's recommendations include:

- ▼ removing some items which are not on the Essential Works List
- ▼ reducing the cost of some works for transport, open space and stormwater facilities
- ▼ reducing some of the allowance for contingencies and professional fees.

As a result of our review the council could reduce the total cost of works by around:

- ▼ \$3.0 million for Draft Contributions Plan No 21: Marsden Park Industrial Precinct , from \$318.6 million to \$315.6 million
- ▼ \$5.8 million for Draft Contributions Plan No 22: Area 20, from \$93.5 million to \$87.7 million.

We recommend that the council should further consider the options for the disposal of fill for construction works. This would result in further cost savings in the costs of works in the Draft Contributions Plans.

Mr Cox said: "this is the second round of contributions plans we have reviewed and we expect more contributions plans to be submitted to IPART for review in the near future".

"We also note that the funding mechanisms for infrastructure that services new development are being reviewed by the NSW Government as part of the NSW Planning System Review".

The reports are available on IPART's website <<http://www.ipart.nsw.gov.au>>. For further information, contact:

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