

5 July 2019

Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240

Attention: Ms Sarah Blackwell

Dear Sarah,

Re: Submission on IPART Draft Report on Blacktown City Council's revised Contributions Plan No. 24 for Schofields

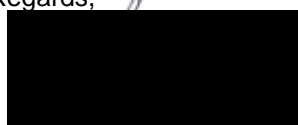
Thank you for the opportunity to provide this submission on the Independent Pricing and Regulatory Tribunal's (IPART) Draft Report *Assessment of Contributions Plan No. 24 Blacktown City Council* that applies to the Schofields Precinct in the North West Growth Area. Stockland has over \$6 billion invested across NSW, with a significant component in the Blacktown Local Government Area. As part of our commitment to developing in these areas, we have forged a strong working relationship with Blacktown City Council to deliver the supporting essential and other community infrastructure to ensure our communities are supported by the right kind of infrastructure as they grow.

As you are aware, we have a significant landholding in the Schofields Precinct known as Altrove that Council's new Contributions Plans No. 24 (Land and Works) applies to. To date we have delivered over 375 residential lots and 185 medium density dwellings with a pipeline of 170 new homes either under construction or assessment by Council. Through means of a Voluntary Planning Agreement (VPA) and series of Works in Kind Agreements (WIKAs), we are also facilitating the delivery of \$1.7M in land dedications and \$6.9M in works items. We are also in the process of negotiating a revised VPA that will secure the delivery of an additional \$11M in land and \$1M in works in line with the requirements of the Contributions Plan.

We generally welcome IPART's recommendations to require a comprehensive review of the Contributions Plans No. 24 over the next 18 months as well as the initial short-term adjustments to reduce the total costs in the plan, in particular given the impending removal of all caps on contributions in the Schofields Precinct in 2020. However, in addition to the identified cost reductions in the plan, we seek to make IPART aware that Council has abandoned additional land and works with an approximate value of \$6M within our landholding. As agreed with Council, these land and works were associated with a redundant drainage channel and culverts. This has been confirmed through the negotiation of a WIKa and reflected in the gazettal of an amendment to *State Environmental Planning Panel (Sydney Region Growth Centres) 2006*. We therefore request that IPART include a recommendation in the final assessment to remove these items from the Contributions Plans.

Further detail on the above additional cost saving and other comments specific to the section of IPART's report is provided at **Attachment A**. Should it be of assistance, we would be happy to meet with you at a suitable time to discuss our submission and to provide further practical insight in relation to our experiences in the delivery of infrastructure under Contributions Plan No. 24.

Regards,



Stockland Development Pty Ltd - ABN 71 00 00 64 835

Nigel Howe
Project Director – Altrove

Attachment A

Please find our specific commentary on each of the relevant sections of interest in the Draft Report on Blacktown City Council's revised Contributions Plan No. 24 for Schofields for IPART's consideration and action as required.

A response is to provided to each of the recommendations in the Executive Summary and where necessary, elaborated on in more detail in the specific section of the report. For ease of references, the following abbreviations are adopted:

- Contributions Plan No. 24L Schofields Precinct (Land) – **CP24L**
- Contributions Plan No. 24L Schofields Precinct (Works) – **CP24W**
- Reference to both CP24L and CP24W – **Contributions Plans**

Executive Summary

The Executive Summary provides a concise explanation of the report's recommendations and Stockland is generally supportive of these. However, clarification is sought regarding the statement made in Section 1.4 regarding the implementation of the short term recommendations and statement that *'Our short-term recommendations in relation to timeframe would have no impact on total costs or contribution rates'*. Earlier commentary in 'Section 1.2 The assessment' also implies that Council should complete a comprehensive review of the Contributions Plans be carried out within 18 months and that in the interim the short term recommendations should be implemented. Given contributions within the Precinct will no longer be subject to the cap at \$45,000 from 1 July 2020, any immediate reduction in overall infrastructure costs and contribution rates will be realised as development will continue to be approved by Council. In this regard, Stockland supports the immediate implementation of the recommendations to reduce the overall infrastructure costs in the interim period until Council completes their comprehensive review.

A summary of Stockland's position on the specific recommendations are provided in the table below:

No.	Recommendation	Comment
1	Undertake a comprehensive review of the Contributions Plans within 18 months, and in doing so investigate the provision of transport and open space infrastructure	Stockland supports this recommendation subject to confirmation that the adopted rates of provision for open space were significantly above those required in the Social Infrastructure Assessment and the Department of Planning, Industry and Environments' (DPIE) <i>Recreation and Open Space Planning Guidelines for Local Government</i> .
2	Remove land and works for four detention basins and basin outlets and trunk drainage lines to be consistent with the adopted <i>North West Growth Centres Stormwater Management Review</i>	Council's initiative should be commended, and Stockland support the implementation of this strategy. However, until Council is able to rezone or confirm alternative uses for surplus drainage land, Council may not have enough certainty to absolve requirements to acquire land under <i>State Environmental Planning Policy (Sydney Region Growth Centres) 2006</i> . We suggest that works are first removed from the CP24W, whilst land use impacts are resolved.

		The costs associated with land acquisition and construction of items should be removed to reflect the fact that these items are now redundant and have been abandoned by Council. This would reduce the costs associated with land acquisition and works by approximately \$3.3M and \$2.67M respectively.
3	Reduce allowance for 'other acquisition costs' from 5% to 2%	Stockland supports this approach and recognition that the majority of the Schofields Precinct is in large landholdings that are, or will be, the subject of WIKAs and VPAs that ultimately remove the uncertainty of 'other acquisition costs' for Council. It should be noted that in negotiating agreed land values as part of VPAs, there is no recognition of 'other acquisition costs' and that Council's policy requires developers to fund their legal costs in the preparation of VPAs.
4	Council to complete a comprehensive review of cost estimates for transport works, stormwater management works, open space embellishment and E2 Environment Conservation zone works within 18 months	Recommendation is noted.
5	Council to revise plan administration costs to be calculated based on 1.5% of the total cost of works	Recommendation is noted.
6	Council to update the scheduling of works to provide information regarding how WIKAs, VPAs and Planning Proposals can influence the delivery of works	Recommendation is noted.
7	Council to update the schedule of land acquisitions to include timeframes for acquisitions or factors that will influence timing	Recommendation is noted.
8	As part of the comprehensive review, Council to revise the indicative timeframe for delivery of works and land acquisitions	Recommendation is noted.
9	Update the apportionment of costs to reflect an increased population of 10,491 for open space, transport, community facilities and E2 Environmental Conservation land	<p>The adjustment to the apportionment of costs for a greater population for the provision of open space and community facilities is supported.</p> <p>However, it should be noted that the original Contributions Plan No. 24 levied for transport infrastructure on a net developable area (NDA) basis. The change to a per person basis, even with a greater assumed population, has the potential to result in</p>



		<p>additional contributions being collected in excess of those identified in the plan without additional infrastructure being identified.</p> <p>Further, this approach is likely to penalise the delivery of greater housing diversity within the Precinct due to increased contributions. Previously, more diverse housing and small lot product were not exposed to contributions of this level under the NDA approach.</p> <p>We suggest that the basis for calculation of contributions for transport infrastructure should revert back to a NDA approach as per the original Contributions Plan No. 24.</p>
10	Update the apportionment of costs associated with relevant Precincts for shared Community Facilities and E2 Environmental Conservation land with the most recent population figures	Recommendation noted.
11	Apportion the cost of transport infrastructure (land and works) to residential land only	<p>Recommendation is noted. However, apportionment of all transport infrastructure costs to residential development ignores the concept of passing trade and destination retail and commercial opportunities that may be delivered in the B2 Local Centre zone that applies to designated centres in the Precinct. This may leave Council open to legal challenge regarding the reasonableness and apportionment of costs.</p> <p>We suggest that the existing apportionment for transport infrastructure contributions be maintained to require commercial development in the B2 zoned land to contribute to transport infrastructure.</p>
12	Update the apportionment of costs (land and works) to include the Transport Investigation Corridor when more information is available	Recommendation is noted. Further, IPART should be aware that following consultation with Transport for NSW and Council, Stockland has lodged a Planning Proposal to rezone land affected by the Transport Investigation Corridor overlay.
13	Council to amend the Contributions Plans to provide greater transparency and information regarding identification of land acquisitions associated with works items and improved mapping	Stockland supports this recommendation. The current change to the land acquisition schedules decreases transparency in the apportionment of costs and specific costs of infrastructure items compared to the original combined Contributions Plan No. 24. Council should be directed to take a more transparent approach to disclosure of this information (such as land area, land

		classification and land value) as has been adopted by other Growth Centre Council's like Camden.
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CHAPTER 2 - Context and approach for this assessment

In addition to the recognition of DHA and Department of Planning, Industry and Environment's Planning Proposals in the Precinct, IPART should also acknowledge that Stockland has been working with Council on a Planning Proposal for the Altrove Town Centre since 2016 and that these outcomes should also be considered in the comprehensive review. This Planning Proposal is separate to DPIE's proposal and seeks to put in appropriate land use controls to respond to the future Metro line extension in the Transport Investigation Corridor.

CHAPTER 3 - Overview of plan

Section 3.2.1 of the report acknowledges that Council has updated the Contributions Plans to reflect an increase in population as a result of rezonings in Bridge Street and the Nirimba Education Precinct. As a consequence of the Bridge Street rezoning, there was a significant reduction in the extent of land dedications and works items identified in the Contributions Plan and this has not been reflected in CP24L or CP24W. The purpose of the Bridge Street rezoning was to rezone 'SP2 Infrastructure – Drainage' land that was confirmed as being surplus to Council's stormwater management needs. This specifically relates to items SE5.6, SE5.7, SE5.9 and SE5.11 in CP24L and items SE5.6, SE5.7, SE5.8, SE5.9, SE5.10 and SE5.11 in CP24W. The associated land and works costs with these items is outlined in the table below:

CP24L				
Item No.	Description	Area (ha)	Assumed value	Notes
SE5.6	Drainage culvert	0.0582	\$232,800 ¹	Requirement for culvert from external catchment removed, Stockland delivered culvert at cost. Note filling of existing depression removed flood affectation with flows conveyed through Rosetta Street road drainage network.
SE5.7	Drainage Line	0.3370	\$1,340,000	Requirement for drainage channel removed.
SE5.9	Drainage Line	0.3000	\$1,200,000	Requirement for drainage channel removed.
SE5.11	Drainage Line	0.1363	\$545,200	Requirement for drainage channel removed.
Subtotal		0.8315	\$3,318,000	
CP24W				
Item No.	Description Area		Assumed value	Notes
SE5.6	3 x 1800 x 1200mm Culvert under future road		\$957,000	As per WIK-10-2017, works limited to road drainage line 1500mm diameter (Pit A4 to A1) to agreed credit value of \$102,691.
SE5.7	20m wide landscaped open channel		\$598,000	

¹ Land area based on englobo rate for residential land as per recent VPA negotiations with Council in absence of transparency in land values and areas in CP24W.

SE5.8	1 x 3600 x 1200mm Culvert under future road	\$229,000	Remainder of items SE5.6 to SE5.11 abandoned.
SE5.9	20m wide landscaped open channel	\$538,000	
SE5.10	1 x 2400 x 1200mm Culvert under future road	\$207,000	
SE5.11	20m wide landscaped open channel	\$240,000	
Subtotal		\$2,769,000	\$102,691
TOTAL		\$6,087,000	Adjusted saving to plan \$5,984,309

Based on advice from Council, Stockland proceeded to redesign the stormwater management network along Rosetta Street that comprised these items as part of DA-16-03946. In lieu of the total \$6 million identified for these land and works in the Contributions Plans, with Council's assistance we were able to rationalise the design down only to include a single culvert structure and minor pipe extent to convey the required stormwater flows. A value of \$102,691 (less 3% for supervision fees) was ascribed to these works under WIK-10-2017 with all land dedication values removed.

Rather than credit Stockland for redundant works and land dedications that were no longer required, Council advised that they would instead amend Contributions Plan No. 24 to remove these items. This arrangement was formalised by changes to the land zoning map and land reservation acquisition map in Amendment No. 52 to *State Environmental Planning Policy (Sydney Region Growth Centres) 2006* that was gazetted on 1 February 2019. The removal of these items has not occurred in the release of CP24L and CP24W and as such, the Contributions Plans continues to levy for infrastructure that is no longer required. The removal of these items should form a recommendation in IPART's final report. The agreed value for revised Item SE5.6 of \$102,691 should instead now be incorporated within CP24W.

In addition to the above and as outlined earlier, Section 3.2.4 should also include a reference to our Planning Proposal lodged over the Altrove Town Centre in our land holding. This Planning Proposal seeks to amend and reconfigure infrastructure land and works items currently identified in the contributions plans, as well as provide additional infrastructure to support an increase in yield and population.

CHAPTER 4 - Criterion 1: Essential works

As per discussion above, Items SE5.6, SE5.7, SE5.9 and SE5.11 in CP24L and Items SE5.6, SE5.7, SE5.8, SE5.9, SE5.10 and SE5.11 in CP24W should be deleted as they are redundant and are no longer essential infrastructure.

CHAPTER 5 - Criterion 2: Nexus

As per discussion above, Items SE5.6, SE5.7, SE5.9 and SE5.11 in CP24L and Items SE5.6, SE5.7, SE5.8, SE5.9, SE5.10 and SE5.11 in CP24W should be deleted as they are redundant and are no longer essential infrastructure.

Section 5.3.1 acknowledges that the rate of provision for open space facilities is significantly greater than the rate specified in the social infrastructure assessment prepared by Elton Consulting (3.66ha/1,000 people in the Contributions Plans versus 2.92ha/1,000 people in the Elton Report). It should be noted that in Council's other contributions plans in the North West Growth Area, a lower standard rate of provision of 2.83ha/1000 has been

adopted², significantly lower than the rate suggested in the Elton report. In implementing IPARTs' recommendation to adopt more up to date yield and population figures, whilst maintaining the same extent of open space facilities, the rate of provision falls to 2.69ha/1,000 people. This is not considered to represent a significant shortfall of open space facilities for the Schofields Precinct and should not warrant the identification of additional facilities prior to finalising the Contributions Plan. Stockland, and other parties, have also been working with State Government to deliver the 'green grid' link along Eastern Creek³ that would also serve to provide additional open space facilities in the future if required.

In line with IPART's recommendation that Council revisits the demand and costing for open space facilities, as part of our Planning Proposal, we have suggested the delivery of additional open space facilities for the proposed increased yield/population associated with our proposed land use change in the Transport Investigation Corridor. Rather than rely on the generalised 2.83ha/1000 people rate, open space facilities have been proposed inline with the Department of Planning, Industry and Environment's *Recreation and Open Space Planning Guidelines for Local Government*.

CHAPTER 6 - Criterion 3: Reasonable cost

As per IPARTs' observations, the Contributions Plans present a reduction in transparency from the original Contribution Plan, in particular with regard to land acquisition items. To ensure greater transparency for the public, practitioners and developers that utilise the plan, greater detail regarding the land area to be acquired, the land type (i.e. constrained, flood affected, prime residential, etc.) and land values needs to be provided. In this regard, the full disclosure approach adopted within the Camden Council's *Camden Growth Areas Contributions Plan*, for example, should be used to drive a more consistent approach in greenfield contributions plans. Not only does the mapping in the Camden example clearly identify each land acquisition item, it also identifies the different land types that have been applied to each item to inform the land acquisition value. It also openly discloses the base land values that have been assumed so that developers are able to make informed decisions regarding the dedication of land and delivery of works on behalf of Council.

Section 6.4 of the report confirms that the approach to the indexation of land and works items to the 'Consumer Price Index – All Groups Sydney' is in accordance with the *Environmental Planning and Assessment Regulation 2000 (Regulations)*. We do not dispute the consistency with the Regulations. However the circumstances of this Precinct, which benefits from two significant landowners that will be responsible for the delivery of the majority of land and works items, presents an opportunity to reduce the ongoing need for the indexation of land and works.

Based on the real scenario that both Stockland and DHA have, and are continuing to, enter into VPAs and WIKAs, Council's exposure to increased costs from increases in land values or construction costs are limited. Each time that a land dedication or works item is completed under one of these agreements, Council's ongoing risk to increased costs is removed and any credits applicable to development is immediately retired. However, the Contributions Plans continue to index these costs despite any increase in actual costs of these items being incurred. This practice continues to further add additional contributions for development outside of the major landholdings, particularly given the Governments' repealing of caps on contributions. As such, we believe there is an opportunity for contributions plans in general, that benefit from substantial VPAs and WIKAs, to be reviewed with greater frequency. The purpose of more regular reviews would be to remove the need for the indexation of items that are the subject of VPAs and

² Contributions Plan 20 – Riverstone and Alex Avenue Precincts. Contributions Plan No. 21 – Marsden Park. Contributions Plan No. 22 – Rouse Hill. All three plans adopt a generalised rate of provision for open space facilities of 2.83ha/1,000 people.

³ As identified in the North West Growth Area Land Use and Infrastructure Implementation Plan

WIKAs when they have been completed and that the credits have been retired for. This would serve to reduce ongoing indexation cost increases during the life of the plan.

CHAPTER 9 - Criterion 6: Consultation

It should be noted that Stockland sought an extension to the exhibition period of CP24 Lands and CP24 Works so that commentary around redundant stormwater infrastructure could be properly raised. However an extension was not provided and we were unable to make a detailed submission at that time.