



Assessment of Contributions Plan No.18 –
Bella Vista and Kellyville Station Precincts:
Overview

Draft Report

September 2021

Local Government >>

Tribunal Members

The Tribunal members for this review are:

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Ms Deborah Cope
Ms Sandra Gamble

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Invitation for submissions

IPART invites written comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

Submissions are due by Friday, 15 October 2021

We would prefer to receive them electronically via our online submission form [Lodge a submission](#)

You can also send comments by mail to:

CP18 Assessment
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop, Sydney NSW 1240

Late submissions may not be accepted at the discretion of the Tribunal. Our normal practice is to make submissions publicly available on our [website](#) as soon as possible after the closing date for submissions. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed above.

We may choose not to publish a submission - for example, if it contains confidential or commercially sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please indicate this clearly at the time of making the submission. However, it could be disclosed under the *Government Information (Public Access) Act 2009 (NSW)* or the *Independent Pricing and Regulatory Tribunal Act 1992 (NSW)*, or where otherwise required by law.

If you would like further information on making a submission, IPART's submission policy is available on our website.

The Independent Pricing and Regulatory Tribunal (IPART)

We make the people of NSW better off through independent decisions and advice. IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from IPART's [website](#).

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past, present and emerging.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

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1 Executive Summary

The Hills Shire Council has submitted Contributions Plan 18 (CP18) for the Bella Vista and Kellyville Station precincts to IPART. The council seeks to levy the full, uncapped contributions amount in CP18 (2020). To do so, the plan must be reviewed by IPART and a report provided to the Minister for Planning and Public Spaces (the Minister). Once the council makes any changes requested by the Minister (or the Minister's nominee), the council may levy the contributions amount set out in the adopted plan.^a

We have assessed CP18 against the criteria in the guidance provided by the Department of Planning, Industry and Environment (DPIE) in its Practice Note.^b See the [information paper](#) for more detail on our assessment approach.

We found that the plan largely reflects the reasonable costs of local infrastructure required for the new development. However, we found that the council's cost estimates for some works are too high. We have also made some recommendations on the categorisation of some infrastructure items and the apportionment of costs between residential and non-residential development.

Our draft recommendations would reduce the total cost of CP18 from \$149.6 million to \$147 million representing a decrease of \$2.6 million (1.7%). The highest value draft recommendations are to:

- Remove the 1.5% acquisition allowance from the cost of open space land and community facilities (decrease of \$1.2 million)
- Reduce the shared pathway costs along Elizabeth Macarthur Creek to reflect Landcom's cost estimate (decrease of \$0.45 million)
- Reduce the cost of Caddies Creek Sporting Complex to reflect ABS inflation estimates (decrease of \$0.4 million).

The combined impact of our draft recommendations would reduce the contribution rates in the plan for a 2-bedroom residential dwelling from \$23,962 to \$22,525 (decrease of \$1,437 or 6%).

Our draft recommendations are presented below by infrastructure category and are explained in detail in our [Technical Paper](#).

^a Minister for Planning, *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012*, 21 August 2012 as amended (Direction)

^b Department of Planning and Environment, *Practice Note – Local Infrastructure Contributions*, January 2019.

Draft Recommendations

Transport

1. Transfer the cost of the shared pathway along Elizabeth Macarthur Creek (OSE6 and OSE7) of about \$1.84 million from the open space category to the transport category. This would change the way this cost is allocated between residential and non-residential development.
2. Apply consistent indexation to all transport works in the plan. This would reduce the cost of signalised intersection (RT6) by around \$16,000. We recognise that the financial impact of this change is not material but consider that it is important that the calculations underlying contributions plans are consistent and correct.
3. Reduce the per metre rate for the shared pathway along Elizabeth Macarthur Creek (OSE6 and OSE7) to reflect Landcom's cost estimate. This will reduce total costs in the plan by approximately \$455,000.
4. Reduce the costs of 2 dual-lane roundabouts in the plan (RT9 and RT10) to reflect the actual cost of a comparable roundabout in the local government area. This would reduce the cost by about \$268,000.
5. Apportion the cost of pedestrian bridges (RT2, RT3 and RT4) to residential and non-residential development, consistent with other transport works in the plan.

Stormwater

6. Adopt the initial Landcom VPA offer estimates for the 3 gross pollutant traps that Landcom has proposed to deliver. This would reduce the total cost of gross pollutant traps by \$210,000.
7. Apportion the cost of gross pollutant traps between residential and non-residential developments on a gross floor area (GFA) basis, then amongst residential development on a per-person basis and non-residential development on a GFA basis.

Open Space

8. Transfer the cost of rainwater re-use infrastructure in the Bella Vista district park (DR7) within stormwater management works to open space embellishment. This would increase open space costs by approximately \$2,466,000.
9. Use the Australian Bureau of Statistics' Producer Price Index to estimate inflation for the cost of Caddies Creek Sporting Complex (PF1). This would reduce the estimated cost of this complex by approximately \$360,000.

Plan administration

10. Recalculate the cost of plan administration (1.5% of the cost of works) based on the adjusted costs we have recommended.

11. Adjust the apportionment of plan administration costs to residential and non-residential development to reflect our recommended apportionment of the underlying works costs for transport and stormwater management infrastructure.

Land

12. Remove the 1.5% acquisition allowance from the cost of land for open space and community facilities. This would reduce the costs in the plan by around \$1.2 million.

Financial model and review of contributions plan

13. Update the development paths in the residential and non-residential NPV models, and in Table 1 of CP18, to reflect post-exhibition dwelling and yield amendments.
14. Update the discount rate in the financial model to reflect the latest available local government discount rate published by IPART. Currently that nominal rate is 2.9%.
15. Review the plan within 3 years to include updated information on planning assumptions, and the scope and cost of land and works in the plan.

2 Proposed Contributions Plan

2.1 Proposed development within CP18 – Bella Vista and Kellyville Station Precincts

CP18 applies to the Bella Vista and Kellyville Station Precincts in the Hills Shire Council local government area, adjacent to the North West Growth Area. The Sydney Metro Northwest Line runs through CP18, and includes the Bella Vista and Kellyville metro train stations, which opened in May 2019.

The council anticipates that development will add an additional 7,046 dwellings (13,845 people) and 176,736 square metres of non-residential floor space (comprising 25,736 square metres of retail space and 151,000 square metres of commercial space).

Development in CP18 is expected to occur over 25 years, with most residential development occurring in the first 10 years of the plan, followed by non-residential development, mostly occurring in the latter half of the development timetable. Most of the development is anticipated in Bella Vista representing 67% of the population and 94% of non-residential gross floor area.

2.2 Infrastructure included in the contributions plan

The total cost of land, works and administration of the proposed plan is \$149.6 million and comprises:

- \$84.2 million (56.3%) for the acquisition of land for local infrastructure
- \$64.4 million (43.1%) for works
- \$1.0 million (0.6%) for plan administration.

Table 1 shows these costs by infrastructure category.

Table 1 Council proposed costs by infrastructure category (\$ million, Jun 2020)

Infrastructure category	Land	Works	Administration	Total
Transport	0	17.67	0	17.67
Stormwater management	0	3.37	0	3.37
Open space	77.61	43.38	0	120.98
Community facilities	6.63	0	0	6.63
Plan administration	0	0	0.97	0.97
Total	84.2	64.4	0.97	149.6

Source: CP18 works schedule

The contributions for residential developments are based on the costs in the plan and the council's assumed household occupancy rates for various sized lots. Table 2 sets out the indicative contributions for different sized residential dwellings.

Table 2 Council proposed residential contributions by dwelling size (\$, Jun 2020)

Type of residential development	Number of dwellings	Occupancy rate per dwelling	Indicative contribution
Multi-dwelling housing			
1 bedroom	1,760	1.5	\$17,116
2 bedroom	4,229	2.1	\$23,962
3 bedroom	1,058	2.6	\$29,667

Note: The **indicative** contributions have been rounded to the nearest dollar.

3 Summary of IPART's Assessment

We have assessed CP18 in accordance with the criteria set out by DPIE in its practice note (see our information paper). A summary of our assessment is presented below. For more detailed analysis see the Technical Paper that accompanies this draft report.

-
- 01 The proposed public amenities and services in the plan are on the **essential works list**.
-
- 02 The proposed public amenities and public services are reasonable in terms of **nexus**, i.e. the infrastructure needs arise from the proposed development.
-
- 03 The plan largely reflects a **reasonable estimate of costs** of local infrastructure required for the new development. However, we have made some adjustments to the proposed costs where we do not consider them to be reasonable (see Table 3).
The financial modelling undertaken by council is reasonable, but we have made some recommendations on the application of cost indexes and discount rates.
-
- 04 The proposed public amenities and public services can be provided within a **reasonable timeframe**.
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- 05 The proposed development contribution is based on a reasonable **apportionment of costs**, except for some stormwater and transport infrastructure.
-
- 06 The council has conducted **appropriate community liaison and publicity** in preparing the contributions plan.
-
- 07 We considered **other relevant matters** including how often the plan should be reviewed and whether it satisfies the requirements set out in clause 27 of the Environmental Planning and Assessment Regulation (see Technical Paper).
-

The outcomes from our assessment of the reasonable estimate of costs of local infrastructure are shown in Table 3.

Table 3 IPART proposed draft costs by infrastructure category (\$ million, Jun 2020)

Infrastructure category	Land	Works	Administration	Total	IPART proposed adjustments
Transport	0	18.77	0	18.77	1.1
Stormwater management	0	0.69	0	0.69	-2.68
Open space	76.46	43.64	0	120.10	-0.87
Community facilities	6.53	0	0	6.53	-0.1
Plan administration	0	0	0.95	0.95	-0.01
Total	82.9	63.1	0.95	147	-2.6

Source: CP18 works schedule and IPART analysis

Note: rounding of total values might result in small variations in the proposed adjustments reported here

We have estimated the residential contributions by dwelling type, using our proposed estimate of reasonable costs. Our proposed draft changes (including the impact of the updated discount rate) would result in a 6% reduction in contributions across residential dwelling types.

Table 4 IPART proposed draft residential contributions by dwelling type (\$, Jun 2020)

Type of residential development	Council indicative contribution	IPART proposed contribution	Difference
Multi-dwelling housing			
1 bedroom	\$17,116	\$16,089	-1,027
2 bedroom	\$23,962	\$22,525	-1,437
3 bedroom	\$29,667	\$27,888	-1,779

Note: Council contributions used a 3.2% discount rate and IPART proposed contributions used the current discount rate of 2.9%.

4 We are seeking feedback

We welcome submissions from stakeholders on the draft recommendations set out in this draft report and the analysis in the accompanying Technical Paper.

