



Review of the Targeted Stormwater and Soil Disposal Costs

Blacktown City Council

Draft Report

January 2024

Local Government >>

Acknowledgment of Country

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

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

Local Government Committee Members

The Local Government Committee members for this review are:

Carmel Donnelly, Chair
Sue Weatherley
Tim Moore
Michelle Coco

Enquiries regarding this document should be directed to a staff member:
Scott Chapman (02) 9290 8449

Invitation for submissions

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

Submissions are due by Friday, 26 January 2024

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

You can also send comments by mail to:

Review of the Targeted Stormwater and Soil Disposal Costs
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop, Sydney NSW 1240

If you require assistance to make a submission (for example, if you would like to make a verbal submission) please contact one of the staff members listed above.

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 decide not to publish a submission, for example, if we consider it contains offensive or potentially defamatory information. We generally do not publish sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please let us know when you make 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's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

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1 Introduction

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

On 21 June 2022 IPART received a Terms of Reference (ToR) from the then Minister for Planning and Homes to conduct a targeted assessment of certain components of 2 of Blacktown City Council's (the council's) contributions plans. The targeted assessment covers the construction costs for 7 priority stormwater detention basins and associated soil disposal costs in:

- Contribution Plan No. 20 Riverstone and Alex Avenue (CP20)
- Contribution Plan No. 21 Marsden Park (CP21).

In March 2023, the council provided us with the necessary information to complete this assessment. The council then provided additional information in July 2023 in response to a request from IPART.

The scope of this targeted assessment is limited to considering the reasonableness of the council's costs for the priority stormwater detention basins and associated soil disposal costs referred to IPART in the ToR. Our targeted assessment scope does not include reviewing any of the other criteria in the Department of Planning and Environment's (DPE's) Practice Note.

The remaining sections of this Draft Report provide a background on this targeted review of CP20 and CP21, our assessment of the council's proposed revised costs, and draft recommended contributions rates.

We are seeking public feedback on the following:

Seek comment

1.	We are seeking comment on the council's proposed revised costs for constructing the 5 stormwater basins in CP20.	4
2.	We are seeking comment on the draft report from our consultant, WT Partnership, which assessed the council's proposed revised costs for constructing the 5 stormwater basins.	4
3.	We are seeking comment on the proposed draft recommendation on contribution rates for CP20 and CP21.	5

1.1 How can you have your say?

You can provide feedback on the council's application and its proposed costs via the IPART website until 26 January 2024. Figure 1 shows the timeline for this targeted review.

You can also contact the IPART team for this targeted review via Scott Chapman, Director, at Scott.Chapman@ipart.nsw.gov.au or (02) 9290 8449.

Figure 1 Timeline for the targeted review of CP20 and CP21



2 Assessment of CP20 and CP21

We have reviewed CP 20 and CP 21 several times in the past. In our last review of CP 20 in 2016 and CP 21 in 2017, we made recommendations to remove around \$140 million and \$95 million in stormwater costs, respectively.^a We found that the stormwater basin and soil disposal costs were disproportionately high compared with those in other contributions plans we had recently assessed. We also recommended that the council investigate a range of strategies to reduce its soil disposal costs.

The then Minister for Planning supported these recommendations. The council did not support these recommendations but adopted CP20 and CP21 so that it could be eligible for Local Infrastructure Growth Scheme (LIGS) funding. The council considers it does not have enough funding to construct the stormwater basins and therefore made a request to include the construction costs of 7 priority stormwater detention basins and associated soil disposal costs back into the plans.

We understand that the council has received funding from the 'NSW Government Accelerated Infrastructure Fund (AIF) scheme Round 2' to recover the costs of building 2 of the basins referred to IPART in the ToR. The council therefore proposes to recover the cost of constructing the remaining 5 basins from the contributions it collects from developers. All 5 basins are contained in CP20.

The council has included in its submission a quantity surveyor report from Mitchell Brandtman (MB) in support of the proposed costs. This targeted review will assess the appropriateness of these costs as presented in the quantity surveyor report, along with other information we receive from the council.

2.1 What is the council proposing to do?

The council proposed a total cost for the 5 basins of around \$75.9 million (\$2021-22) (Table 1). This increases to around \$78.2 million when indexed into \$2022-23. Compared to the IPART approved costs in 2016, the increase in costs for the Eastern Creek catchment is \$17 million (\$2023), and the increase in costs for the First Ponds Creek catchment is \$42 million (\$2023).

Table 1 Council proposed increase in stormwater basin construction costs

Basin	CP20 costs (\$mill 2015)	Council proposed costs (\$mill 2023)	CP20 costs (\$mill 2023)	Increase in costs (\$mill 2023)
Jacqui	2.2	8.3	2.7	5.6
Albert	1.9	13.9	2.4	11.4
Subtotal for Eastern Creek catchment				17.0
Hamilton	3.7	24.5	4.6	19.9

^aIPART, Assessment of Blacktown City Council's Section 94 Contributions Plan No 20, July 2016, p 7; IPART, Assessment of revised Section 94 Contributions Plan No 21 – Marsden Park Blacktown City Council, August 2017, p 10.

Woodland	1.5	8.4	1.9	6.5
Victoria	4.3	20.8	5.4	15.4
Subtotal for First Ponds catchment				41.8
Total				58.9

Source: ABS Sydney All Groups CPI index; CP20 (2016), IPART calculations.

2.2 What has our consultant found?

We have engaged a specialist consultant, WT Partnership, to provide expert cost estimation advice on the reasonableness of the council's proposed costs. WT Partnership has produced a draft report detailing their findings, and we have published this with IPART's Draft Report for public consultation.

Some key preliminary findings from WTP include:

- The council's proposed cost of \$78.2 million (\$2022-23) is \$7 million (or 8.2%) *less* than WTP's estimate of \$85.1 million.
- The difference between the council's proposed costs and WTP's estimates is within reasonable tolerances.
- The range of outturn costs expected for a project of this nature may fall within a +/- 20% of the WTP's estimates.

Seek comment

1. We are seeking comment on the council's proposed revised costs for constructing the 5 stormwater basins in CP20.
2. We are seeking comment on the draft report from our consultant, WT Partnership, which assessed the council's proposed revised costs for constructing the 5 stormwater basins.

3 Our draft recommendation for contributions rates

The ToR referred 7 stormwater basins in CP20 and CP21 to IPART. However, because the costs for 2 basins are recovered through alternative NSW Government funding from the AIF, we have allowed zero costs for these 2 basins in this targeted review. One is contained in CP20 and the other in CP21. The remaining 5 basins which have not received alternative NSW Government funding are all contained in CP20.

Our draft recommended contribution rates for CP 20 are set out in Table 2. The council's proposed revised costs would increase the indicative contributions rate^b per hectare by:

- 7.6% in Eastern Creek, and
- 6.2% in First Ponds Creek.

We recommend no changes be made to CP21 contribution rates as the only stormwater basin that is contained in CP21 in this review has received alternative NSW Government funding, and the council is not seeking to recover the cost for this stormwater basin from contributions.

Table 2 Increases in indicative CP20 contributions rates (15 dwellings/ha)

Catchment	Proposed increase (\$'000)	Increase per dwelling (\$/dwelling)	CP20 rates (\$2023) (\$/dwelling)	CO20 revised rates (\$2023) (\$/dwelling)	% increase
Eastern Creek	17,040	6,571	86,766	93,337	7.6
First Ponds Creek	41,832	5,515	88,606	94,122	6.2

Source: ABS Sydney All Groups CPI index; CP20 (2016), current CP20 in force, IPART calculations.

Seek comment

3. We are seeking comment on the proposed draft recommendation on contribution rates for CP20 and CP21.

^b Assuming low density housing at 15 dwellings per hectare.

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