



## Review of Targeted Stormwater and Soil Disposal Costs

Blacktown City Council

# Final Report

February 2024

Local Government >>

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## **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:

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Tim Moore  
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## **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.

On 8 January 2024, we published a Draft Report outlining our draft findings on the council's proposed costs, and estimated the costs would increase the indicative contributions rates per hectare by 6-8%.<sup>a</sup> The council made the only submission to our Draft Report. Its submission included updated costings, with the most significant increase being the rate for the tipping fee from \$25 per tonne to \$42 per tonne.<sup>b</sup> Overall, these adjustments resulted in an increase in council's proposed costs by \$4.6 million (or around 6%) to \$83.7 million.<sup>c</sup>

We have concluded our assessment having considered all information and submissions received. We consider that the council's proposed costs, as presented in the revised January 2024 costings, are reasonable, given the time lag since the council's original cost estimates. We estimate council's revised January 2024 costs would increase the indicative contributions rates per hectare by 7-9%.<sup>d</sup>

The scope of this targeted assessment was 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 *Local Infrastructure Contributions Practice Note* (January 2019) issued by the Department of Planning, Housing and Infrastructure.

The remaining sections of this Final Report provide a background on this targeted review of CP20 and CP21 and our assessment of the reasonable costs of delivering the works. We also note the estimated impact on contributions rates.

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<sup>a</sup> Assuming a density of 15 dwellings/ha.

<sup>b</sup> MitchellBrandtman Response to WT Partnership peer review p.10

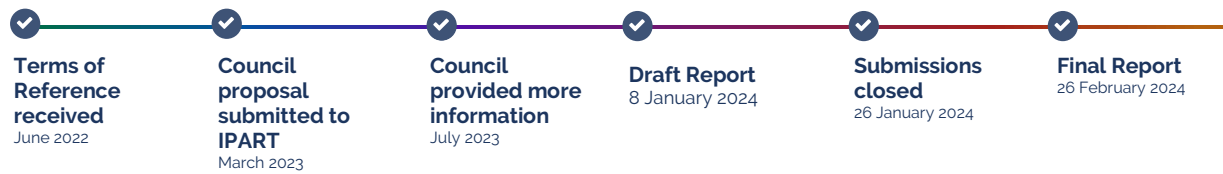
<sup>c</sup> Blacktown City Council's submission on IPART's targeted review of stormwater and soil disposal costs p.1

<sup>d</sup> Assuming a density of 15 dwellings/ha.

## Findings

1. The council's proposed revised costs for the priority stormwater basins and associated soil disposal costs are reasonable. 5

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.<sup>e</sup> 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 March 2023 submission a quantity surveyor report from Mitchell Brandtman (MB) in support of its proposed costs. In response to our Draft Report, council has submitted revised estimates from MB using updated December 2023 figures. This targeted review has assessed the reasonableness of these costs, along with other information we received from the council.

### 2.1 What is the council proposing to do?

In its January 2024 submission, the council proposed a total cost for the 5 basins of around \$83.7 million (Dec \$2023). Compared to the IPART recommended costs in 2016, the increase in costs for the Eastern Creek catchment is around \$20 million (Dec \$2023), and the increase in costs for the First Ponds Creek catchment is \$47 million (Dec \$2023). The council's proposed costs are shown in Table 1 below.

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<sup>e</sup> IPART, 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.

Table 1 Council proposed increase in stormwater basin construction costs (\$million)

Basin	CP20 costs (\$2015)	Council proposed costs (\$2023)	CP20 costs (\$2023)	Increase in costs (\$2023)
Jacqui	2.2	9.2	2.7	6.5
Albert	1.9	15.7	2.4	13.3
<b>Subtotal for Eastern Creek catchment</b>				<b>19.7</b>
Hamilton	3.7	27.2	4.6	22.5
Woodland	1.5	9.3	1.9	7.4
Victoria	4.3	22.4	5.4	17.0
<b>Subtotal for First Ponds catchment</b>				<b>46.9</b>
<b>Total</b>				<b>66.6</b>

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

## 2.2 What has our consultant found?

We engaged a specialist consultant, WTP, to provide cost estimation advice on the reasonableness of the council's proposed costs. WTP's report setting out its findings is available on our webpage.

Some key findings from WTP include:

- The council's proposed cost in its March 2023 submission, of \$79.1 million (\$2023-24), is \$6.0 million (or 7.7%) *less* than WTP's estimate of \$85.1 million. The council's revised costs in its January 2024 submission were \$83.7 million, using the same base date as WTP's report (December 2023).<sup>f</sup>
- The difference between the council's proposed costs and WTP's estimates is within reasonable tolerances.<sup>g</sup>
- The range of outturn costs expected for a project of this nature may fall within a +/- 20% of the WTP's estimates.

<sup>f</sup> WT Partnership Blacktown City Council CP20 Stormwater Basins Cost Review Feb 2024 p.1

<sup>g</sup> WT Partnership Blacktown City Council CP20 Stormwater Basins Cost Review Feb 2024 p.1

## 2.3 We consider the proposed costs to be reasonable

We received a single submission to the Draft Report, from the council. This submission provided updated costings using the same base date as WTP's costings (December 2023).<sup>h</sup> Council also revised its rate for the tipping fees on account of WTP's view that the council's assumed rate was lower than WTP would have assumed. The council did not raise any other concerns in their submission.

On balance, we consider the council's proposed costs for the select stormwater basins to be acceptable, with appropriate margins applied for contingencies (15%), design costs (10%), and 'preliminaries' (10%).

### Finding

1. The council's proposed revised costs for the priority stormwater basins and associated soil disposal costs are reasonable.

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<sup>h</sup>Blacktown City Council's submission on IPART's targeted review of stormwater and soil disposal costs p.1



### 3 Estimated impact on 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.

The estimated impact of our recommendations on contributions rates for CP 20 are set out in Table 2 and Table 3 and are based on the council's updated costings in its January 2024 submission. Assuming a density of 15-25 dwellings per hectare, the council's proposed revised costs would increase the indicative contributions rate per hectare by:

- 7.6% - 8.8% in Eastern Creek, and
- 6.0% - 7.0% in First Ponds Creek.

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	19,728	7,608	86,766	94,374	8.8
First Ponds Creek	46,947	6,189	88,606	94,795	7.0

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

Table 3 Increases in indicative CP20 contributions rates (25 dwellings/ha)

Catchment	Proposed increase (\$'000)	Increase per dwelling (\$/dwelling)	CP20 rates (\$2023) (\$/dwelling)	CO20 revised rates (\$2023) (\$/dwelling)	% increase
Eastern Creek	19,728	4,565	60,225	64,790	7.6
First Ponds Creek	46,947	3,714	61,584	65,298	6.0

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

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