

Independent Pricing and Regulatory Tribunal
New South Wales

Assessment of Vineyard Contributions Plan

Hawkesbury City Council

Draft Report
Local Government

May 2019

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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 28 June 2019

We would prefer to receive them electronically via our online submission form <www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission>.

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1 Executive summary

Hawkesbury City Council (the council) submitted the *Vineyard Precinct Section 7.11 Draft Contributions Plan* (Vineyard CP) to IPART for review as it wishes to process development applications for the Vineyard Precinct, and levy the full amount of local infrastructure contributions under the plan. Currently, contributions on new residential development plans are capped at \$30,000 per lot or dwelling.¹

Vineyard Precinct Stage 1 was rezoned for urban development in December 2017 and Hawkesbury City Council has already received some development applications (DAs). An amendment to the *Environmental Planning and Assessment Regulation 2000* in January 2019 prevents the council determining DAs for the Vineyard Precinct until a section 7.11 plan is in effect.² This means that the council is not able to approve any DAs for development within the Vineyard Precinct until it adopts the Vineyard CP.

IPART's assessment will be provided to the Minister for Planning and Public Spaces (the Minister) and the Minister will advise the council which of IPART's recommendation it must address. Once the council has made any changes requested by the Minister, the Vineyard CP will become an 'IPART reviewed plan' and the council can levy contributions in accordance with the adopted plan.

We have completed this assessment in accordance with the guidance provided by the Department of Planning and Environment (DPE) in its 2019 Practice Note.³

This report sets out our findings and recommendations to the Minister on the amendments required to ensure that the plan reflects the reasonable costs of providing the necessary local infrastructure to accommodate the development of the precinct. This is important to ensure that developers do not pay too much for local infrastructure (if costs are too high) and that other parties, such as a council's ratepayers, do not have to subsidise the new development (if costs are too low).

Until July 2020, contributions caps limit the amount some neighbouring councils can levy on residential development in certain precincts. These limits do not apply to development in the Vineyard precinct. The application of caps is NSW Government policy and it is not within the scope of our assessment to review this policy.

¹ Minister for Planning, Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012 (last amended 18 December 2018), cl 6(3) and Sch 2(17) (Ministerial Direction).

² The amendment applies to land that is subject to a precinct plan under the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006*.

³ See DPE's, *Local Infrastructure Contributions Practice Note*, January 2019 (Practice Note). We also assessed whether the Vineyard CP contains information required by the *Environmental Planning and Assessment Regulation 2000*.

1.1 Costs in the plan should be reduced

Our assessment found that the Vineyard CP overestimates the total reasonable costs the council is likely to incur to provide local infrastructure to meet the demand for public amenities and services generated by development in Vineyard Precinct Stage 1. We recommend amendments which would reduce the total cost of land, works and administration in the plan, from \$165,272,444 to \$129,796,778. This equates to a decrease in total costs of 21.5% relative to the plan submitted to us by the council.

We have recommended land cost reduction of \$10,605,202 primarily to reflect ecological and other constraints. Our adjustments for works costs are spread relatively evenly across the infrastructure categories. Transport cost reductions are \$8.14 million, primarily because we found that Boundary Road should be upgraded only to the standard of a collector road rather than a sub-arterial road. We have also recommended reductions in stormwater works costs of \$8.70 million, open space embellishment of \$7.67 million.

1.2 Contributions plans should be regularly reviewed

Our assessment of Vineyard CP identified one other important matter: the need for regular review of contributions plans. Hawkesbury City Council has neither acquired land nor commenced any works for local infrastructure in the precinct. Our analysis, and further information provided by the council itself, suggests that for certain infrastructure items, the council has made quite high-level assumptions about the scope of works which will be required, and their costs.

It is important that the contributions collected under a plan match as closely as possible the amount the council must spend on local infrastructure to support that development. If costs are higher than the council's costs for delivering the local infrastructure, developers will pay too much. Conversely, if costs are lower than the council will incur, then new development would effectively be subsidised by the council's ratepayers.

Regular review of the plan as development proceeds would allow the council to use more up-to-date assumptions and refine the designs and cost estimates for infrastructure, thereby reducing the uncertainties in the current draft of the plan. We recommend the council update the contributions plan within the first three years of development occurring in the precinct, and every three to five years after the first review.

1.3 Overview of findings

Our assessment of the Vineyard CP addresses each of the criteria in DPE's Practice Note.

Criterion 1: Essential works

We are required to assess whether the land and infrastructure included in the Vineyard CP are on the essential works list outlined in the Practice Note. We found that all of the land, works and administration costs in the Vineyard CP are on the essential works list.

Criterion 2: Nexus

We are required to assess whether there is nexus between the demand arising from new development and the public amenities and services to be provided in the plan. Nexus ensures that the infrastructure included in the contributions plan is sufficient to meet, but not exceed, the need generated by the increase in demand from the new development.

We found that nexus has been established for all the land in the plan, and generally for works for transport, stormwater and open space and plan administration costs. One exception is the plan's assumption that Boundary Road (and accompanying intersection design and a bridge upgrade) would have a sub-arterial classification rather than be a collector road. We also found nexus is not established for some stormwater works for channel stabilisation; but on the other hand, there is nexus for channel stabilisation works in another location which were omitted from the plan.

Criterion 3: Reasonable costs

We are required to assess whether the contribution rates in the plan are based on reasonable estimates of the cost of the proposed land and works, and any actual costs in the plan. This includes assessing how the costs of each item of infrastructure are derived and the method applied to calculate the contribution rates and escalate them over time.

Cost of works

Although we found the cost estimates for most works included in the plan are reasonable, we consider the cost estimates for many items of transport infrastructure are not reasonable. We also consider the cost of embellishment of open space land where existing native vegetation (ENV) is located is excessive. The presence of ENV means that restrictions apply as to the extent of development (in this case embellishment for use as passive open space) which is possible on the land.

For all infrastructure categories, we consider it reasonable to use the contingency allowances recommended by the cost consultant, rather than the allowances the council applied.

Cost of land

We found the estimates for the cost of unconstrained land included in the plan are reasonable, but that cost estimates for constrained land identified in the plan, are not reasonable, and not supported by sufficient market evidence. We also found that some open space land which the plan identifies as unconstrained would, in fact, have restricted development potential due to ecological constraints. We found the cost of this open space land in the plan is not reasonable.

Cost of plan administration

We found the council's use of IPART's benchmark of 1.5% of the cost of works in the plan to estimate plan administration costs is reasonable.

Loan interest costs

The council has applied under the NSW Government's Low Cost Loan Initiative for a subsidy on a 10-year loan it intends to use to assist with forward-funding delivery of some infrastructure under the Vineyard CP and help accelerate development in the precinct. The plan includes the interest costs associated with the loan. We consider it is reasonable to include these loan costs in the contributions plan, but the interest cost to the council should reflect the subsidy it expects to receive and also our recommendations to reduce the cost of the items of infrastructure to which the loan is tied.

Indexation of contribution rates

We found the council's approach to indexing contribution rates works to be reasonable. For indexing contribution rates for land, the council intends to use a land value index (LVI), although it has not determined the specific index it will rely on. We consider, in-principle, the council's use of an LVI is reasonable. Our preference is for councils to use an indexation approach that is broad-based, such as an LGA-wide index instead of a precinct-specific approach.

Criterion 4: Timeframe for delivery of infrastructure

We are required to assess whether the public amenities and public services in the plan can be provided within a reasonable timeframe.

We found prioritising infrastructure delivery within 5-year tranches to align with expected timeframe for development within the precinct is reasonable.

Criterion 5: Apportionment

We are required to assess whether the contribution rates are based on a reasonable apportionment of costs.

The council apportions all the costs in the plan only to residential development. The cost of transport, open space and community services in the Vineyard CP are apportioned on a per person basis. Stormwater management and plan administration cost are apportioned on a per hectare basis.

We found the approach in the Vineyard CP to apportioning the costs of all infrastructure categories to be reasonable.

Criterion 6: Community consultation

We are required to assess whether the council has conducted appropriate community liaison and publicity in preparing the contributions plan. We consider the council's process for consulting on the plan satisfies the consultation criterion.

Criterion 7: Other matters

We are required to assess whether the plan complies with other matters we consider relevant.

We considered the need for timely review of the plan. The council has neither acquired land nor commenced any works for local infrastructure in the precinct. Our analysis suggests that for certain infrastructure items, the council has made very basic assumptions on the scope of works required and their related costs. Frequent review of the plan would allow the council to include more realistic assumptions and reduce the uncertainties that apply to the current draft plan.

1.4 Overview of recommendations

We have made 18 recommendations as a result of our assessment of the Vineyard CP. All but two affect the total cost of land, works and plan administration in the current plan.

Our recommendation for the council to review the plan within the next three years in order to include more up to date assumptions about the scope, cost and apportionment of works has no impact on the cost of land or works in the Vineyard CP at this stage.

Our recommendation for the council to clarify the approach to indexing contribution rates also does not impact the costs in the current plan.

Overall, we estimate that the reasonable cost of land, works and administration in Vineyard CP is \$129,796,778, which is a reduction of \$35,475,665 (21.5%).

We recommend the cost of land acquisition is reduced

We recommend adjustments to the land acquisition costs in the Vineyard CP that would result in a net reduction estimated to be \$10,605,202 (13.3%), comprising:

- ▼ a reduction of open space land costs by \$7,527,714 to reflect the restricted development potential of ENV land
- ▼ a reduction of \$4,191,082 to reflect the lower cost of acquiring land which is constrained by transmission easements or is liable to flooding
- ▼ the addition of land for channel stabilisation works on one site (\$1,632,861)
- ▼ an increase to account for indexation of the costs of open space land (\$294,891) and community services land (\$14,667), and
- ▼ a reduction of \$828,825 to reflect adjustments to interest costs for stormwater land acquisitions.

Our recommended adjustments to land acquisition costs are summarised in Table 1.1.

Table 1.1 Summary of recommendations – Vineyard CP land costs (\$Mar2018)

	Cost in plan	IPART-recommended adjustment	IPART-assessed reasonable cost
Transport land	12,417,439		
Use a lower per m ² value for flood liable land		-51,786	
Total transport		-51,786	12,365,653
Stormwater management land	21,132,209		
Use a lower per m ² value for flood liable land		-1,512,309	
Use a lower per m ² value for transmission easement land		-61,132	
Include cost of land for DC1		1,632,861	
Reduce interest cost		-828,825	
Total stormwater management		-769,405	20,362,804
Open space land	44,408,700^a		
Use a lower m ² value for flood liable land in plan		-2,565,855	
Include indexation of open space land costs		294,891	
Reduce cost of District Park 5 to reflect restricted development potential		-7,527,714	
Total open space		-9,798,678	34,610,022
Community services land	1,500,000^a		
Include indexation of open space land costs		14,667	
Total plan administration		14,667	1,514,667
Total land	79,458,348	-10,605,202	68,853,146

^a This value is the base cost or the un-indexed cost of land.

Source: Vineyard CP Works Schedule and IPART analysis.

We recommend the cost of works and plan administration are reduced

We recommend adjustments that result in a net reduction in the cost of works and plan administration by an estimated total of \$24,870,463 (29.0%), comprising:

- ▼ a net reduction of \$8,139,029 in the cost of transport works, the major components being a \$10.6 million reduction for the lower cost of upgrading Boundary Road to a collector road rather than a sub-arterial road, which is offset by increases of \$1.9 million for other collector roads and \$0.9 million for roundabouts
- ▼ a net reduction of \$8,689,433 for stormwater works associated with removing the costs of channel stabilisation works for one area but adding costs of another

-
- ▼ removal of \$7,674,457 for the cost of embellishing open space land with ENV, and
 - ▼ a reduction of \$367,544 in the cost of plan administration corresponding to the reduced cost of works.

These amounts include the impact of our recommendations to revise the contingency allowance applying to most items of infrastructure, which results in a net reduction in the cost of works by \$3,215,158.

The adjustments to works and plan administration costs in the Vineyard CP are summarised in Table 1.2.

Table 1.2 Summary of recommendations – Vineyard CP works and plan administration

	Cost in plan	IPART-recommended adjustment	IPART-assessed reasonable cost
Transport	36,764,244		
Revise upgrade of Boundary Road to be a collector road		-10,565,316	
Reduce contingency allowance to 10% for new road		-417,808	
Revise full width collector road upgrades using WTP estimates for Vineyard CP		1,906,254	
Use 50% of full width rates to estimate half-width collector roads		193,359	
Revise roundabout costs using WTP estimates		910,032	
Remove double counting in bus shelter costs		-67,692	
Apply a 50% interest cost deduction after calculating the loan amount using revised collector road works costs		-97,858	
Total transport		-8,139,029	28,625,215
Stormwater management	19,364,957		
Add cost of works for DC1		567,312	
Remove cost of works for DC2		-7,639,814	
Reduce contingency allowance to 10%		-851,741	
Reduce interest cost to account for revised cost of infrastructure and interest subsidy		-765,190	
Total stormwater management		-8,689,433	10,675,523
Open space	28,416,706		
Remove cost of embellishing land with native vegetation for district parks 4 and 5		-5,728,848	
Reduce contingency allowance to 10%		-1,945,608	
Total open space		-7,674,457	20,742,250
Plan administration	1,268,189		
Calculate admin cost as 1.5% of revised costs		-367,544	
Total plan administration		-367,544	900,645
Total	85,814,096	24,870,463	60,943,632

Source: Vineyard CP Works Schedule and IPART analysis.

1.4.1 Our recommendations would reduce contribution rates

Our recommendations to reduce the cost of land and works in the Vineyard CP would also reduce the residential contribution rates under the plan. Our estimates of the impact on contribution rates is shown in Table 1.3.

Table 1.3 Indicative contribution rates based on IPART-adjusted costs (\$Mar18)

Type of residential development	Number of dwellings	Occupancy rate per dwelling	Indicative contribution in Vineyard CP	IPART-adjusted contribution	Difference
R2 Low density residential	1,825	3.18	\$70,789	\$55,436	-\$15,353
R3 Medium density residential	613	2.64	\$54,590	\$42,827	-\$11,763
E4 Environmental living	21	3.18	\$70,789	\$55,436	-\$15,353

Source: Vineyard CP Work Schedules and IPART calculations.

1.5 List of draft recommendations

Our draft recommendations (and the page number on which they appear) for the Vineyard CP are listed below. All require action by Hawkesbury City Council.

Transport

- 1 For its next comprehensive review of the plan, obtain a detailed, site-specific cost estimate for the upgrade of Boundary Road to a collector road standard. In the interim, the council should revise the cost of the Boundary Road upgrade by: 29
 - Using the unit rate per linear metre for collector roads from WTP's advice
 - Removing costs associated with the bridge upgrade
 - Retaining the cost of one roundabout and the upgrade to the intersection at Windsor Road
 - Retaining a 5% allowance for project on-costs and a 20% contingency allowance.

We estimate this would reduce the cost of transport works by \$10,565,316.

- 2 Reduce the contingency allowance for new roads in the plan from 20% to 10%, in line with the advice from WTP, which we estimate would reduce the cost of transport works by \$417,808. 29
- 3 Increase the cost of transport works by an estimated \$910,032 to correctly account for the three roundabouts in the collector road network, comprising: 29
 - a reduction of \$636,975 for removing the cost of two roundabouts from the per linear metre rate of Commercial Road [items CR4 & CR5]
 - an increase of \$1,547,006 for the addition of three separately-costed roundabouts (\$515,669 per roundabout).

- | | | |
|---|--|----|
| 4 | Use a unit rate derived from WTP's cost estimates for the Vineyard CP to estimate the cost of full-width collector road upgrades [items CR2 & CR6], which we estimate would increase the cost of transport works by an estimated \$1,906,254 (including a 20% contingency allowance). | 29 |
| 5 | Use a unit rate equal to 50% of the full-width rate derived from WTP's cost estimates for the Vineyard CP to estimate the cost of the half-width collector road upgrade [item CR8], which we estimate would increase the cost of transport works by \$193,359 (including a 20% contingency allowance). | 29 |
| 6 | Remove the double-counting of the contingency allowance for bus shelters, which we estimate would reduce the cost of transport works by \$67,692 (\$5,641 per bus shelter). | 29 |

Stormwater management

- | | | |
|---|--|----|
| 7 | Reduce the cost of channel stabilisation works by an estimated \$7,072,502 by: <ul style="list-style-type: none"> – removing Item DC2, which would reduce the cost of stormwater management works by an estimated \$7,639,814 (including the removal of the contingency allowance of 20%), and – adding Item DC1, which would increase the cost of stormwater management works by an estimated \$567,312 (including a contingency allowance of 10%). | 42 |
| 8 | Increase the cost of land acquisition by \$1,632,861 for Item DC1. | 42 |
| 9 | Reduce the contingency allowance for all stormwater management works items to 10% of base costs, consistent with WT Partnership's recommendation, which we estimate would reduce the cost of stormwater management works by \$851,741. | 45 |

Open space

- | | | |
|----|--|----|
| 10 | Revise the cost of open space embellishment by excluding the areas of ENV land from the total area of embellishment, which we estimate would reduce the cost of open space embellishment by \$5,728,848, comprising: <ul style="list-style-type: none"> – a reduction of \$3,447,326 for District park 4 – a reduction of \$2,281,522 for District park 5. | 52 |
| 11 | Reduce the contingency allowance applying to the base costs of open space embellishment from 15% to 10%, which we estimate would reduce the cost of open space embellishment by \$1,945,608. | 52 |

Community services

No specific recommendations, see Recommendation 15.

Plan administration

- 12 Calculate the cost of plan administration for the Vineyard CP based on 1.5% of the adjusted cost of works, would reduce the cost of plan administration by an estimated \$367,544. 57

Cross-category issues

- 13 Use a value of \$85 per square metre for flood liable land and \$120 per square metre for transmission easement land in the Vineyard Precinct. 60
- 14 Reduce the cost of acquiring land for District Park 5 by \$7,527,714 to account for the constraint on development arising from the presence of protected vegetation. 60
- 15 Index the estimate cost of open space and community services land to the base period of the plan. 61
- 16 Revise the interest costs in the plan taking into account IPART's recommended adjustments for transport and stormwater management costs, and the value of the subsidy under the NSW Government's Low Cost Loan Initiative. 65
- 17 In response to this Draft Report, the council should clarify its intended approach to indexation of contribution rates, particularly in regard to the indexation of contribution rates for land. 66
- 18 Review the plan within the next three years to update and refine estimates of the scope, cost and apportionment of works. 68

1.6 Structure of this Draft Report

The following chapters provide our analysis of the Vineyard CP against the criteria in the Practice Note, and explain the draft recommendations we have made for Hawkesbury City Council to make adjustments to the plan.

- ▼ Chapter 2 outlines the context for our assessment of contributions plans
- ▼ Chapter 3 provides an overview of the Vineyard CP
- ▼ Chapter 4 presents our analysis of transport infrastructure
- ▼ Chapter 5 presents our analysis of stormwater infrastructure
- ▼ Chapter 6 presents our analysis of open space embellishment
- ▼ Chapter 7 presents our analysis of community services land
- ▼ Chapter 8 presents our analysis of plan administration
- ▼ Chapter 9 presents our analysis of cross-category issues, ie, the cost of land, loan interest costs and the indexing of contribution rates, timing of infrastructure delivery (Criterion 4), consultation (Criterion 6) and other matters (Criterion 7).

1.7 How you can have a say on this Draft Report?

IPART has changed the consultation process for our assessment of contributions plans. For reviews commenced after October 2018, we will publish a Draft Report followed by a 4-week consultation period during which time we will accept submissions from the public on our assessment and proposed recommendations to the Minister for Planning and Public Spaces, as set out in this Draft Report.

We are therefore seeking written submissions from interested stakeholders on this Draft Report.

Submissions are due by 28 June 2019. Late submissions may not be accepted. More information on how to make a submission can be found on page iii of this Draft Report.

IPART's role in reviewing a contributions plan is confined to assessing the plan against the criteria in the Department of Planning and Environment's *Local Infrastructure Contributions Practice Note*, January 2018. You can access the Practice Note on IPART's website <<https://www.planning.nsw.gov.au/Policy-and-Legislation/Infrastructure/Infrastructure-policies>>.

Submissions should address the Practice Note criteria and IPART's assessment against the criteria.

Our consultation does not seek to duplicate the council's consultation process when it is preparing a contributions plan. In order for us to assess the Vineyard CP against criterion 6 (consultation) in the Practice Note, Hawkesbury City Council has provided us with information about its consultation process, including a summary of submissions it received when the draft plan was exhibited, and how the issues raised in those submissions were addressed when it was finalising the draft to submit to IPART for assessment.

We will provide our Final Report to the Minister for Planning and Public Spaces in July 2019.

2 Context and approach for this assessment

Hawkesbury City Council submitted the Vineyard CP to IPART for assessment. To provide context for our assessment, the sections below outline:

- ▼ What contributions plans are
- ▼ Why the council submitted the Vineyard CP for assessment
- ▼ The aim of our assessment
- ▼ Our approach and consultation process for the assessment
- ▼ What will happen next.

2.1 What are contributions plans?

In New South Wales, local councils are primarily responsible for providing local or community infrastructure required to meet the additional demand for services and facilities generated by new development in their local government area. Councils can levy developers for local infrastructure contributions to fund the costs of providing this infrastructure.

However, to do so, a council must prepare a contributions plan which sets out:

- ▼ The local infrastructure required to meet the demand associated with development in a specific area
- ▼ The estimated cost of the land, works and administration required to provide this infrastructure
- ▼ The contribution rates for different types of development which the council proposes to levy on developers.⁴

2.2 Why has the council submitted the plan to IPART?

IPART assesses contributions plans from councils which propose to levy contributions above \$30,000 per residential lot or dwelling in identified greenfield areas and \$20,000 per residential lot or dwelling in other areas.⁵

⁴ A consent authority may impose a condition under section 7.11 of the *Environmental Planning and Assessment Act 1979* (EP&A Act) only if it is in accordance with a contributions plan. The *Environmental Planning and Assessment Regulation 2000* (EP&A Regulation) makes provisions for or with respect to the preparation and approval of contributions plans, including the format, structure and subject matter of plans.

⁵ Ministerial Direction.

An IPART-reviewed contributions plan entitles the council to levy:

- ▼ For specified transition areas, up to a capped amount (currently \$40,000 in greenfield areas and \$30,000 elsewhere) and apply for Local Infrastructure Growth Scheme (LIGS) funding for the amount of any contribution which is above the cap, and
- ▼ For other areas, the full contribution amount.

Hawkesbury City Council has submitted the draft plan for IPART's assessment because the contributions for most types of residential development exceed the \$30,000 per lot/dwelling review threshold which applies to the Vineyard Precinct under the Minister for Planning's *Local Infrastructure Contributions Further Amendment Direction 2018* (issued on 18 December 2018).⁶

The council is not entitled to apply for LIGS funding for contributions under the Vineyard CP for the Vineyard Precinct. Accordingly, when the Vineyard CP becomes an IPART-reviewed plan, the council will be able to levy developers the full amount of contributions under the plan.

This is the first time we have assessed the Vineyard CP.

2.3 What is the aim of our assessment?

Broadly, our assessments are intended to bring greater transparency and accountability to setting local development contributions. More specifically, in conducting the assessment and making our recommendations, we aim to ensure the plan reflects the reasonable costs of providing necessary local infrastructure to support the new development.

If costs in the plan are too high (ie, higher than the reasonable costs of infrastructure with a nexus to the development), developers or the NSW Government will pay too much for local infrastructure. On the other hand, if costs in the plan are too low (ie, lower than the reasonable costs of infrastructure with a nexus to the development), then the new development would effectively be subsidised by the council's ratepayers.

Contributions that reflect the reasonable costs of local infrastructure provision are important for reasons of both efficiency and equity. They are necessary to:

- ▼ Signal the costs of developing different areas. This in turn, can assist in ensuring that development occurs where it should (ie, where the benefits of the development are greater than its costs).
- ▼ Ensure that other parties (such as a council's ratepayers) do not have to fund any shortfall between the actual costs of providing local infrastructure and the revenue received from development contributions.

In the context of the Vineyard CP, our assessment recognises that the precinct is only in the very early stages of development and that detailed design and cost estimates are not yet available.

⁶ Ministerial Direction, cl 6(3) and Sch 2(17).

2.4 What approach did we use for this assessment?

In assessing the Vineyard CP we considered:

- ▼ The criteria set out in the *Local Infrastructure Contributions Practice Note* (Practice Note) issued by the Department of Planning and Environment (DPE)⁷
- ▼ Information and further advice from the council and DPE on various aspects of the plan.

2.4.1 We considered the assessment criteria in the Practice Note

IPART's assessment functions for local infrastructure contributions plans are based on terms of reference issued by the Premier under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* (see Appendix A).

As required by these terms of reference, we have assessed the Vineyard CP in accordance with the criteria set out in the Practice Note. The criteria require us to assess whether:

1. The public amenities and public services in the plan are on the essential works list
2. The proposed public amenities and public services are reasonable in terms of nexus⁸
3. The proposed development contribution is based on a reasonable estimate of the cost of the proposed public amenities and public services
4. The proposed public amenities and public services can be provided within a reasonable timeframe
5. The proposed development contribution is based on a reasonable apportionment of costs
6. The council has conducted appropriate community liaison and publicity in preparing the contributions plan
7. The plan complies with other matters we consider relevant.

We also assessed whether the plan contains the information required by Clause 27 of the *Environmental Planning and Assessment Regulation 2000*. A summary of our assessment of the Vineyard CP against these requirements is provided in Appendix B.

2.4.2 We considered further information from council and DPE

As is common in our assessment of contributions plans, we consulted with DPE on relevant planning and land-zoning matters and the underlying assumptions about proposed development in the precinct. We also sought further information from the council to explain how it determined the infrastructure which has been included in the plan and its estimated costs.

⁷ Department of Planning and Environment, *Practice Note - Local infrastructure Contributions*, January 2019. The January 2019 Practice Note replaces the January 2018 *Practice Note - Local infrastructure Contributions*. The 2019 revision clarifies the timing of when a council can adopt a contributions plan (particularly where the draft plan proposes a rate above the maximum cap amount in the Direction). The assessment criteria for our review remain the same.

⁸ Nexus ensures that there is a connection between the land and facilities in a contributions plan and the demand for them arising from the new development.

2.5 What consultation process do we follow?

During our assessment we met with council officers who provided an overview of the plan and guided us on a site visit of the release area. We also sought and received information from the council and DPE on aspects of the plan.

We are now seeking submissions on our draft findings and recommendations and invite comment from interested parties by **28 June 2019**. You can find details of how to make a submission on page iii of this Draft Report.

A list of our draft recommendations is in section 1.5 of Chapter 1.

2.6 What happens next?

We will take stakeholder submissions into account in determining our recommendations in the Final Report. As required by the Ministerial Direction, we will deliver our Final Report to the Minister for Planning and the council.

The Minister will then consider our assessment and, if appropriate, request the council to amend the contributions plan. Once the council has made any requested amendments, the plan becomes an IPART-reviewed plan and the council may levy contributions in accordance with the adopted plan.

3 Overview of the Vineyard Contributions Plan

The Vineyard Precinct forms the northern-most border of the North West Growth Area. It is bordered by the Box Hill Precinct to the east and Riverstone and Riverstone East Precincts to the south.

The Vineyard Precinct is the only precinct from the Hawkesbury City Council which forms part of the North West Growth Area. This is the first time IPART has assessed the Vineyard CP.

The total cost of land, works and plan administration is \$165.72 million (\$Mar2018), comprising:

- ▼ \$79.46 million (48.1%) for the acquisition of land for local infrastructure
- ▼ \$84.55 million (51.2%) for local infrastructure works, and
- ▼ \$1.27 million (0.8%) for plan administration.

3.1 Status of Vineyard Precinct CP

Hawkesbury City Council exhibited the draft plan between 18 May 2018 and 18 June 2018. The council has not yet adopted the plan.

Stage 1 of the Vineyard Precinct was rezoned for urban development in December 2017. The council has received some development applications, but to date, none have been approved. In January 2019, the *Environmental Planning and Assessment Regulation 2000* was amended to prevent development applications (DAs) from being determined until a section 7.11 plan is in effect for land that is subject to a precinct plan under the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006*. This means that Hawkesbury City Council is not able to approve any DAs for development within the Vineyard Precinct until it adopts the Vineyard CP.

3.2 Development in the Vineyard Precinct

The Vineyard CP applies to Stage 1 of the development of the Vineyard Precinct. Development in Vineyard Stage 1 will primarily be residential (173.52 hectares), accommodating an anticipated population of 7,489 in an estimated 2,459 dwellings. In addition, around 1.4 hectares of land is zoned for mixed use development (B1 – Neighbourhood Centre and B2 – Local Centre). The council does not expect non-residential development in this area to generate material demand for public amenities and services to be funded under this plan, and therefore does not intend to levy contributions on non-residential development.

Figure 3.1 shows the boundaries of Vineyard Precinct – Stage 1 and Figure 3.2 shows the indicative boundaries of the Vineyard Precinct – Stage 2, which is yet to be rezoned. Rezoning

of Stage 2 is likely to take place once there is more certainty around planning for the Outer Sydney Orbital Corridor, and will be subject to market demand.⁹

The Vineyard CP applies to the following development with the Vineyard Precinct:

- ▼ development for residential accommodation (including subdivision) that would result in a net increase in dwellings
- ▼ any other development that would create a net increase in demand for the public amenities and services to be provided under the plan.

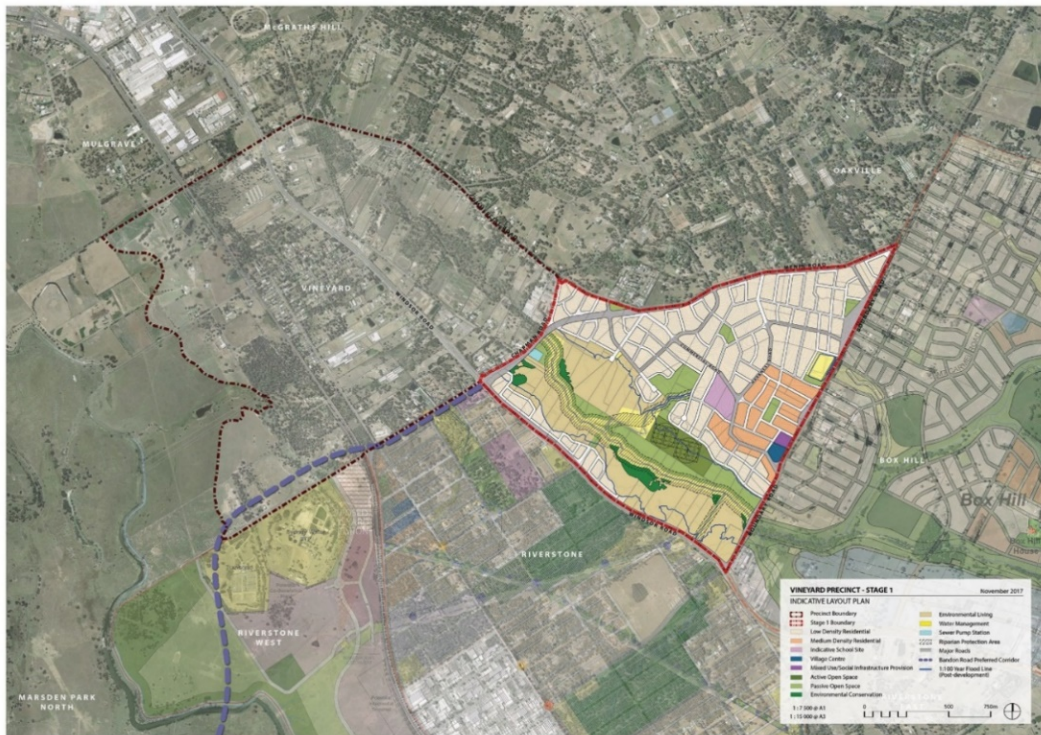
For the purposes of calculating the net development area (NDA) for the precinct, the plan:

- ▼ Excludes 1.4 hectares land zoned B1 Neighbourhood Centre and B2 Local Centre, as the plan assumes development on this land will not materially increase demand for public infrastructure.
- ▼ Adjusts the amount of residential land from 173.52 to 127.83 hectares by assuming land zoned E4 Environmental Living has a NDA equivalent to a resident lot in the R2 Low Density Residential zone (approximately 556m²). This is based on advice from DPE, and has been done to reflect the proportionally lower demand for roads and other transport facilities and stormwater drainage infrastructure from these larger, low density lots.¹⁰

⁹ DPE, *Vineyard Precinct Stage 1 – Planning Report*, pp 10 and 54.

¹⁰ Vineyard CP section 3.1.2 and Table 4.

Figure 3.1 Vineyard Precinct – Stage 1



Source: DPE, Vineyard Precinct Indicative Layout Plan – November 2017.

Figure 3.2 Vineyard Precinct – Stages 1 and 2



Source: DPE, Vineyard Precinct Stage 1 Planning Report, 2016, p 11.

3.3 Cost of land and works in the plan

Table 3.1 provides a breakdown of costs in the Vineyard CP by infrastructure category.

Table 3.1 Cost of land and works in the plan (\$Mar2018)

Infrastructure category	Land	Works	Administration	Total
Transport	12,417,439	36,764,244		49,181,683
Stormwater	21,132,209	19,364,957		40,497,166
Open space ^a	44,408,700	28,416,706		72,825,406
Community services ^a	1,500,000			1,500,000
Administration			1,268,189	1,268,189
Total	79,458,348	84,545,907	1,268,189	165,272,444

^a The Vineyard CP categorised open space and community services cost as social infrastructure. We have extracted the relevant totals for the respective category using Appendix C of the plan. These costs are unindexed.

Note: Transport works costs include \$191,620 for interest expenses, stormwater land includes \$1,668,130, and stormwater works includes \$1,504,246 for interest expenses for which the council has applied for a low interest loan from the NSW Government.

Source: Vineyard CP, Tables 1 and 6 to 9.

3.4 Contribution rates

The *Local Infrastructure Contributions Further Amendment Direction 2018* (issued on 18 December 2018) applies differential caps to residential contributions according to the area to which a plan applies.

Clause 6 applies to the Vineyard CP, which means that, once IPART reviews the contribution plan and the council responds to any changes requested by the Minister, the council can levy the full contribution amounts. Otherwise, the maximum that the council can charge is \$30,000 per residential lot or dwelling. The council will not be eligible for any LIGS funding.

3.4.1 Contributions are levied on a per person or net developable area basis

The Vineyard CP calculates contributions for residential development using either a per person or per NDA basis, depending on the infrastructure category.

Table 3.2 sets out the contribution rates per person or per NDA for each infrastructure category in March 2018 dollars.

Table 3.2 Contribution rates in the plan – Vineyard CP (\$Mar 18)

Infrastructure category	Basis of contribution rate	Contribution rate
Transport	Per person	\$6,568
Stormwater	Per hectare NDA	\$316,802
Open space	Per person	\$9,783
Community services	Per person	\$202
Administration	Per hectare NDA	\$9,921

Source: Vineyard CP, Table 1 and IPART calculations.

3.4.2 Indicative contribution rates for residential development

Indicative contributions for residential development are based on the council's assumed household occupancy rates for various types of residential development. Table 3.3 sets out the indicative contributions for dwellings in the different residential land use zones.

Table 3.3 Indicative residential contributions per lot and dwelling sizes in the plan

Type of residential development	Number of dwellings	Occupancy rate per dwelling	Indicative contribution (\$Mar 18)
R2 Low density residential	1,825	3.18	\$70,789
R3 Medium density residential	613	2.64	\$54,590
E4 Environmental living	21	3.18	\$70,789

Source: Vineyard CP Works Schedule and Application for assessment, p 5.

3.4.3 Indexation of contribution rates

The Vineyard CP provides for the contribution rates to be reviewed by reference to:

- ▼ a land value index for the precinct, to update land acquisition costs, and
- ▼ the quarterly Consumer Price Index – All Groups Sydney (CPI) for the cost of works.¹¹

We note that the plan calculates the base contribution rates by indexing the costs of both land and works to March 2018 dollars by the CPI.¹²

3.4.4 Exemptions from contributions

The Vineyard CP provides a list of developments that are to be exempt from contributions, including senior's housing development, places of worship, public schools and hospitals, emergency services, development exempted by way of a direction made by the Minister, and any other development that does not directly and materially increase the demand for public infrastructure inducing the land zoned B2 Local Centre and B4 Mixed Use.¹³

No land is currently zoned for public infrastructure or the other types of development which will be exempt from contributions.

¹¹ Vineyard CP, section 6.3.2.

¹² Vineyard CP Works Schedule uses CPI to index costs from the time the estimates for different cost categories were undertaken to March 2018.

¹³ See section 2.5 of Vineyard CP for a complete list of exemptions.

4 Transport

The total cost of transport infrastructure in the Vineyard CP is \$49.18 million (29.8% of total costs), comprising:

- ▼ \$12.42 million for land (15.6% of the total *land* costs in the Vineyard CP), and
- ▼ \$36.76 million for transport works (43.5% of the total cost of *works* in the Vineyard CP).¹⁴

Our assessment of the transport land and works in the Vineyard CP is as follows:

- ▼ **Criterion 1: Essential works** – land and transport works are consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – nexus has been established for all transport land and works in the plan, except for the sub-arterial road classification of Boundary Road.
- ▼ **Criterion 3: Reasonable cost** – the council’s approach to estimating the cost of transport works in the plan is unreasonable in many instances, particularly the approach to estimating the cost of:
 - the upgrading of Boundary Road (related to nexus finding)
 - new collector roads (contingency allowance)
 - upgrading existing roads to a collector road standard
 - half-width collector road upgrades
 - roundabouts,¹⁵ and
 - bus shelters.

We have separately recommended that loan interest costs should be revised (Recommendation 14, section 9.2). This would result in an adjustment to the costs allocated to the transport infrastructure category.

- ▼ **Criterion 5: Apportionment** – the council’s method for apportioning the cost of all items of transport land and works to development within the plan, and between Vineyard Precinct and precincts outside Vineyard, is reasonable.

Our findings and recommendations in relation to the transport infrastructure category to date are summarised in Table 4.1 below.

¹⁴ The Vineyard CP includes interest costs of \$191,620 for the cost of funding the design of collector roads.

¹⁵ In response to an IPART information request asking for confirmation of roundabout costings, HCC provided updated costs based on a different costing source, compared with the costing source used in the exhibited version of the plan.

Table 4.1 IPART-recommended adjustments for transport infrastructure

Criterion	Finding	Recommendation	Land costs (\$Mar 2018)	Works costs (\$Mar 2018)
Total cost in plan			\$12,417,439	\$36,764,244
Essential works	All transport land and works are consistent with the essential works list			
Nexus	Nexus is established for all transport land in the plan			
	Nexus is established for all works with the exception of the sub-arterial road status of Boundary Road	For adjustment see Reasonable Cost criterion		
Reasonable cost - Land	The cost of land is reasonable except that:			
	▼ A value of \$100/m ² for flood liable land is too high	Apply a rate of \$85/m ² for flood liable land	-51,786	
Reasonable cost - Works	The cost of most works items is not reasonable			
	▼ The specific costing for Boundary Road was based on its upgrade to a sub-arterial road not a collector road	Revise the cost of the Boundary Road upgrade based on its intended classification as a collector road		-\$10,565,316
	▼ The contingency allowance for new collector roads of 20% is higher than the WTP-recommended rate	Apply a contingency allowance of 10%		-\$417,808
	▼ Using Camden CP unit rates underestimates the cost of full-width collector road upgrades	Apply a unit rate derived from WTP's Vineyard CP estimates		\$1,906,254
	▼ Using Camden CP unit rates underestimates the cost of half-width collector road upgrades	Apply 50% of the WTP derived unit rate for full-width collector roads (see previous recommendation)		\$193,359
	▼ Roundabout costs are only partially accounted for in the per linear metre rate for Commercial Road	Separately identify roundabout costs based on WTP estimates		\$910,032
	▼ Bus shelter costs double-count a contingency allowance	Remove double-counted contingency allowance		-\$67,692
	▼ Loan interest costs do not reflect the interest cost subsidy or take into account the revised costing of collector roads ^a	Apply a 50% interest cost deduction after calculating the loan amount using revised collector road works costs		-\$97,858
Apportionment	Approach is reasonable			
Total IPART-recommended cost adjustment			-51,786	-\$8,139,029
Total IPART-assessed reasonable cost			12,365,653	\$28,625,215

^a See Recommendation 14 and section 9.2 for revised loan costs.

Source: Vineyard CP Works Schedule and IPART analysis.

4.1 Criterion 1: Essential works

The items of transport infrastructure in the Vineyard CP are set out in Table 4.2. A land component is included for most road construction, but not for the Commercial/Chapman Road (Corner) half-width upgrade, cycleways and cycleway creek crossings, or bus shelters.

All land and works for transport infrastructure in the Vineyard CP are consistent with the essential works list in the Practice Note.

Table 4.2 Transport infrastructure in Vineyard CP

Items on the essential works list	
▼ new roads and road upgrades	▼ bridge (on Boundary Road)
▼ signalised intersections and turning lanes	▼ bus shelters
▼ roundabouts	▼ cycleways

Source: Vineyard CP Works Schedule.

4.2 Criterion 2: Nexus

The council has used the technical studies listed in Table 4.3, which were commissioned by DPE, to inform its decisions about the transport infrastructure to include in the plan.

Table 4.3 Technical studies for transport works in Vineyard CP

Author	Title	Date
AECOM	Boundary Road Strategic Concept Design Study	February 2013
Arup	Vineyard Transport Study – Draft Report	August 2014
Arup	Vineyard Transport Study – Final Report	November 2017

Source: The technical studies were commissioned by the Department of Planning and Environment.

The final version of Arup's *Vineyard Transport Study* (November 2017) was completed after release of the draft Indicative Layout Plan for Vineyard Precinct Stage 1. Arup's draft and final reports are similar; the final version reflects a change to the collector road configuration and classification of Boundary Road, but relies on the same transport modelling.

In assessing nexus, we also had regard to:

- ▼ *Hawkesbury City Council, Growth Centres Precinct Development Control Plan 2017*, (DCP) for classification of roads in the plan, inclusion of controlled intersections (roundabouts and signalised intersections), cycleways and the bridge on Boundary Road
- ▼ *Guidelines for Public Transport Capable Infrastructure in Greenfield Sites*,¹⁶ in relation to bus shelters.

We identified some inconsistencies with the classification of roads (ie, local, collector or sub-arterial), including a segment of unnamed collector road in the centre of the precinct, the Commercial/Chapman Roads half-width upgrade, and Boundary Road.

¹⁶ *Guidelines for Public Transport Capable Infrastructure in Greenfield Sites*, Transport for NSW, July 2018.

We found that nexus is established for most items of transport infrastructure. That is, we consider the transport infrastructure is required to meet the demand created by development of the Vineyard precinct. However, nexus is not established for Boundary Road's classification as a sub-arterial road, and the accompanying design treatment of intersections with adjoining collector roads and the bridge upgrade.

The draft recommendation arising from this finding and our recommended cost adjustments are dealt with in relation to Criterion 3: reasonable cost (section 4.3.2).

We also found that:

- ▼ There is nexus for **Roundabouts** at three intersections of collector roads, although they are not identified in the Vineyard CP Works Schedule and their location is not shown on the map of transport infrastructure in the plan.
- ▼ The council has included in the plan, works costs for **all of the collector roads** in the precinct. In some other plans we have assessed, councils have assumed that collector roads will be delivered wholly, or in part, through conditions of development consent.

Excluded from the Vineyard CP are upgrades to a sub-arterial level of Menin Road and the remaining part of Chapman Road along the border of the precinct, and a new sub-arterial segment which will join these two roads. We consider exclusion of these works from the plan is reasonable as Roads and Maritime Services (RMS) will be responsible for delivering these roads.

4.2.1 Nexus is not established for Boundary Road's upgrade to a sub-arterial road

Boundary Road forms the boundary between The Hills LGA and Hawkesbury LGA. The section of Boundary Road between Menin Road and Windsor Road divides Box Hill and Vineyard Stage 1 precincts. The Vineyard CP refers to Boundary Road as a future sub-arterial road requiring an upgrade from two rural lanes to four lanes, suitable for speeds up to 80 km/hour, with intersection improvements.¹⁷

The classification of Boundary Road as a sub-arterial road was based on advice about its status in the early stages of precinct planning for the Vineyard Precinct. Since then, RMS has revised its approach to the road network in the North West Growth Area. Box 4.1 explains the history of planning relevant to the status of Boundary Road.

The Vineyard CP maintains Boundary Road is to be constructed as a sub-arterial road. We consider it is no longer reasonable to maintain this classification, and it should be considered to have collector road status.

¹⁷ Vineyard CP (2018), pg. 21

Box 4.1 History of status of Boundary Road

2011 – Transport studies for Box Hill and Box Hill Industrial precincts – Boundary Road to be a single continuous sub-arterial road from Windsor Road to Pitt Town Road.

2013 (February) – AECOM, Boundary Road Strategic Concept Design Study – prepared early concept designs and costings for road upgrade to sub-arterial standard (at RMS request).

2014 (August) – Arup, Draft Vineyard Precinct Transport Study – Boundary and Windsor Roads form the key arterial road network for the region, Menin and Commercial Roads classified as collector roads.

2016 (June) – RMS, Bandon Road Upgrade Options Report – RMS preferred option for an extra connection between Richmond Road and Windsor Road to follow the existing Bandon Road corridor.

2017 (November) – Arup, Vineyard Precinct Transport Study (Rev B) – Boundary Road to be upgraded to collector status between Windsor Road and Menin Road and northern section realigned to safely connect with the Bandon Road sub-arterial link (p 38).

2017 – DPE, Vineyard Finalisation Report – Boundary Road upgrade to be funded through s7.11 contributions, and does not have sub-arterial status. (Chapman, Commercial & Menin Roads to be upgraded to sub-arterial status as part of Bandon Road corridor, with RMS to deliver).

2017 – Vineyard Precinct DCP – Boundary Road between Menin and Windsor Roads is a collector road (Figure 4-11). This matches the status in the Box Hill Growth Centres Precincts DCP – Boundary Road not designated as a sub-arterial road (Figure 14, p 70).

2018 – Draft Vineyard CP – Boundary Road identified as a future sub-arterial road requiring an upgrade from two rural lanes to four lanes, suitable for speeds up to 80 km/hour, with intersection improvements, and costed at upgrade to sub-arterial status (section 3.2.1).

Sources: AECOM, *Boundary Road Strategic Concept Design Study*, February 2013; Arup, *Vineyard Precinct Transport Study – Draft Report*, August 2014; RMS, *Bandon Road Upgrade Options Report*, June 2016; Arup, *Vineyard Precinct Transport Study 2017*; DPE, *Vineyard Precinct – Finalisation Report Stage 1*, November 2017; DPE, Hawkesbury City Council, *Growth Centres Precinct Development Control Plan 2017*

As nexus is not established for the sub-arterial classification of Boundary Road, we consider nexus for associated works included in the cost estimates for the Boundary Road upgrade is also not established, and their costs should be removed from the plan.

The associated works are:

- ▼ An upgrade to the road bridge on Boundary Road crossing Killarney Chain of Ponds creek system. As all costings and road designs were predicated on the road being classified as a sub-arterial road, it is not clear that the classification of Boundary Road to a collector road standard requires the bridge to be completely replaced or just re-surfaced.
- ▼ Intersections along Boundary Road, although the number and type may be different given the collector road status.

4.2.2 It is reasonable to include all collector roads in the plan

The plan includes all collector roads in the precinct. Where possible, the collector road network in the plan relies on the existing road reserves (such as Commercial Road and

Harkness Road) to reduce land acquisition and works costs.¹⁸ The total cost of the collector road network includes:

- land acquisition costs of \$9,845,333, or 20.0% of the total cost of transport land and works, and
- works costs of \$17,415,934, or 35.4% of the total cost of transport land and works.

The collector road network will include three new collector roads (CR1, CR3, CR7) totalling 1,349 metres, and upgrades of three other existing local roads to collector road status (CR2, CR4/5 CR6) totalling 2,142 metres.

The decision to include all collector roads in the plan was made by the council and is not based on the technical studies. The council advised that the collector road network will need to be delivered in advance of development due to the fragmented ownership pattern in the precinct and the need to deliver some trunk infrastructure (including collector roads) to provide equitable access to development sites. Unlike some other precincts in the North West Growth Area, Vineyard is not 'anchored' by a major developer who could coordinate delivery of the majority of the collector road network. The council intends to deliver the collector road network in advance of most development and recover the costs through the contributions plan instead of requiring delivery of collector roads as a condition of development consent.¹⁹

In April 2019 we held a workshop in response to a discussion paper where we asked stakeholders under which circumstances it was reasonable to include roads in contributions plans.²⁰ Stakeholders broadly agreed that although councils should start from a position of requiring roads to be delivered as conditions of development consent, under certain circumstances council is better placed to deliver particular roads.

In the context of the Vineyard Stage 1 Precinct, we agree with the council's rationale for including all collector roads in the plan.

4.2.3 Nexus is established for roundabouts, although they are not separately identified in the plan

We consider nexus is established for three single-lane roundabouts on collector roads in the Vineyard CP. Their cost is not separately identified in the Works Schedule, although the Commercial Road upgrade cost estimate in the plan partially accounts for the cost of two of the three roundabouts. Estimated costs for the roundabouts are considered in section 4.3.3 in relation to Criterion 3, reasonable costs.

4.3 Criterion 3: Reasonable costs

The total cost of transport works in the Vineyard CP is \$36.76 million, comprising:

- ▼ \$33.45 million for the cost of works

¹⁸ Vineyard CP (2018), pg. 21

¹⁹ Information from Hawkesbury City Council, 13 May 2019. Council has included design costs for some collector roads in the costs to be funded by the low interest loan it is seeking from the NSW Government.

²⁰ IPART, Discussion paper, Contributions for local transport infrastructure, September 2018 and Fact Sheet, April 2019.

- ▼ a \$3.11 million contingency allowance, and
- ▼ \$191,620 interest expenses associated with a loan for collector road design costs.

In assessing the reasonableness of these costs, we have considered the council's approach to estimating costs and the assumptions it has used, including the rates of on-costs and contingency allowances.²¹ At the time of preparing the plan the council had not commenced construction of any works so there are no actual costs in the plan.

In 2015 GLN planning, on behalf of DPE, engaged WT Partnership (WTP) to provide cost estimates for infrastructure in the Vineyard CP. WTP's estimates were based on an understanding of future infrastructure needs at that time.

The council has used unit rates from WTP to estimate the cost of some roads and the cycleway network (excluding cycleway creek crossings). For the remaining roads and infrastructure items, the council uses unit rates derived from costs for such work in the Leppington North Precinct contained in Camden Council's *Camden Growth Areas Contributions Plan*, (Camden GA-CP Leppington North Precinct Work Schedule) and from estimates in IPART's Benchmark Report.²²

In calculating contingencies in the plan, the council has calculated a 'pooled' total by applying the IPART benchmark of 20%. The pooled total excludes the Boundary Road upgrade and Windsor Road/Otago street intersection because contingencies were included in the specific estimates for these items.

Our assessment found that:

- ▼ For the **Boundary Road upgrade**, a cost based on its upgrade to a sub-arterial road standard is not reasonable because nexus is only established for its upgrade to a collector road standard.
- ▼ For **all other collector roads**:
 - using cost estimates based on WTP's report is reasonable for new full-width collector roads but a 20% contingency allowance for new roads is not consistent with WTP's advice and is therefore not reasonable.
 - For the **full-width upgrade of Commercial Road**, using cost estimates based on WTP's report is reasonable other than in relation to the cost of roundabouts which should be accounted for in our recommended adjustments for roundabouts.
 - For **half-width and other full-width collector road upgrades**, using a unit rate from Camden CP is not reasonable.
- ▼ **Roundabout** costs proposed by the council (provided since the plan was submitted to IPART) are not reasonable.
- ▼ **Bus shelter** costs based on IPART benchmark costs are reasonable, but the council double counts contingencies in the calculation for this item.
- ▼ **Cycleway network** costs based on WTP costs are reasonable.

²¹ Our assessment of the loan costs is included in Chapter 9, section 9.2.

²² IPART, *Local Infrastructure Benchmark Costs – Final Report*, April 2014.

- ▼ The approach used to estimate the cost of **Cycleway creek crossings** is not reasonable, but the value derived from this approach is reasonable in the short term.
- ▼ **Windsor Road/Otago Street intersection upgrade** costs are reasonable.

Our recommended adjustments in response to these findings are set out in Table 4.4.

Draft Recommendations

- 1 For its next comprehensive review of the plan, obtain a detailed, site-specific cost estimate for the upgrade of Boundary Road to a collector road standard. In the interim, the council should revise the cost of the Boundary Road upgrade by:
 - Using the unit rate per linear metre for collector roads from WTP's advice
 - Removing costs associated with the bridge upgrade
 - Retaining the cost of one roundabout and the upgrade to the intersection at Windsor Road
 - Retaining a 5% allowance for project on-costs and a 20% contingency allowance.We estimate this would reduce the cost of transport works by \$10,565,316.
- 2 Reduce the contingency allowance for new roads in the plan from 20% to 10%, in line with the advice from WTP, which we estimate would reduce the cost of transport works by \$417,808.
- 3 Increase the cost of transport works by an estimated \$910,032 to correctly account for the three roundabouts in the collector road network, comprising:
 - a reduction of \$636,975 for removing the cost of two roundabouts from the per linear metre rate of Commercial Road [items CR4 & CR5]
 - an increase of \$1,547,006 for the addition of three separately-costed roundabouts (\$515,669 per roundabout).
- 4 Use a unit rate derived from WTP's cost estimates for the Vineyard CP to estimate the cost of full-width collector road upgrades [items CR2 & CR6], which we estimate would increase the cost of transport works by an estimated \$1,906,254 (including a 20% contingency allowance).
- 5 Use a unit rate equal to 50% of the full-width rate derived from WTP's cost estimates for the Vineyard CP to estimate the cost of the half-width collector road upgrade [item CR8], which we estimate would increase the cost of transport works by \$193,359 (including a 20% contingency allowance).
- 6 Remove the double-counting of the contingency allowance for bus shelters, which we estimate would reduce the cost of transport works by \$67,692 (\$5,641 per bus shelter).

Table 4.4 IPART-recommended adjustments to transport costs (\$Mar2018)

Item in CP	Description	Plan Cost	IPART recommended cost	Difference	IPART recommendation
CR1	New collector road full-width	\$706,154	\$647,308	-\$58,846	Reduce contingency allowance to 10%, consistent with WTP's advice
CR3	New collector road full-width	\$2,597,904	\$2,381,412	-\$216,492	Reduce contingency allowance to 10%, consistent with WTP's advice
CR7	New collector road full-width	\$1,709,637	\$1,567,167	-\$142,470	Reduce contingency allowance to 10%, consistent with WTP's advice
CR4	Upgrade collector road full-width (Commercial Road)	\$3,105,592	\$2,811,286	-\$294,306	Exclude roundabouts from unit rate
CR5	Upgrade collector road full-width (Commercial Road)	\$3,615,929	\$3,273,261	-\$342,669	Exclude roundabouts from unit rate
CR2	Upgrade collector road full-width (O'Dell Street)	\$2,043,276	\$2,994,608	\$951,332	Exclude roundabouts from unit rate
CR6	Upgrade collector road (Harkness Road)	\$2,050,986	\$3,005,909	\$954,922	Use rate derived from WTP estimate
CR8	Upgrade collector road half-width (Commercial/Chapman Road)	\$1,586,455	\$1,779,814	\$193,359	Use rate derived from WTP estimate
Cri1	Intersection Windsor Road/Otago Street	\$2,418,750	\$2,418,750	\$0	No change
SA1	Boundary Road upgrade	\$15,473,035	\$4,907,719	-\$10,565,316	Re-cost based on collector road standard
SBN	Cycleway network adjoining open space and drainage land	\$438,829	\$438,829	\$0	No change
SBC1-4	Cycleway creek crossings	\$485,647	\$485,647	\$0	No change
	Bus Shelters	\$340,428	\$272,736	-\$67,692	Remove double counting of contingency
	Roundabouts	na	\$1,547,006	\$1,547,006	Add three roundabouts

Source: Vineyard CP Works Schedule and IPART analysis.

4.3.1 It is not reasonable to base the Boundary Road upgrade cost on a sub-arterial classification

The council estimates that the cost of upgrading Boundary Road is \$35,983,802, of which \$15,473,035 (43%) is apportioned to the Vineyard CP.

The estimate for Boundary Road's upgrade in the Vineyard CP is based first on a specific costing done by WTP in 2015, which assumed the road would be upgraded to a sub-arterial standard.²³ We do not consider the council's estimate is reasonable because of the incorrect classification and its adjustments to the original estimate, which results in double-counting of some works.

Although the classification of Boundary Road has changed to a collector road (see Box 4.1), no new designs or costings have been prepared. Without such information, calculating a revised cost estimate to include in the Vineyard CP is difficult because:

- ▼ WTP costings, which were based on AECOM's 2013 strategic drawings, assumed road straightening would be necessary,²⁴ but it is not clear whether straightening is required for a single lane collector road.
- ▼ Replacement of the existing bridge over the Killarney Chain of Ponds Creek System may not be required for a collector road upgrade.
- ▼ Requirements for roundabouts and tie-in roads are not known.²⁵
- ▼ The need for, and required specification of an upgrade to a standard suitable for flood evacuation purposes is not known.

Therefore, our recommendation is for the council to commission another detailed, site-specific estimate for the road upgrade to a collector road standard. However, as an interim measure we recommend the council reduce the cost of Boundary Road based on:

- ▼ Applying the **collector road upgrade** per metre unit rate derived from WTP's advice, applied to the length of the road
- ▼ Removing costs associated with the bridge upgrade
- ▼ Retaining the cost of one roundabout and the upgrade to the intersection at Windsor Road. (as per the WTP cost estimate)
- ▼ Including allowances of 5% for project on costs and 20% for contingencies.

²³ The WTP estimate is \$24.6 million. To this, the council added the amounts allocated for Boundary Road's upgrade from CP15. This method double counts a large portion of the works including the bridge upgrade and intersections.

²⁴ AECOM assumed straightening would be required for Boundary Road to become dual lane sub-arterial road, on which vehicles could travel at up to 80km/h.

²⁵ The WTP estimate only includes some intersections. Others were excluded from the estimate because the council expects them to be funded through CP15. The number of intersections needed may change depending on the roads classification.

The total estimated cost of Boundary Road's upgrade based on the assumptions above is \$11,413,300. Applying the council's method to apportion a 43% share of this revised cost to the Vineyard CP (which we consider to be reasonable), would result in the cost of Boundary Road allocated to the Vineyard CP being \$4,907,719, which is a reduction of \$10,565,316.

4.3.2 Collector road cost estimates vary unnecessarily, and some are not reasonable

The total cost of new and upgraded collector roads in the Vineyard CP is \$17,415,934 (including a 20% contingency allowance for all items).²⁶ This comprises:

- ▼ \$5,013,695 for new collector roads
- ▼ \$10,815,784 for full-width collector road upgrades (including the upgrade of Commercial Road), and
- ▼ \$1,586,455 for half-width collector road upgrades.

The council uses various sources for estimating the cost of each of the different types of collector roads, without explanation as to why the particular source has been chosen. In some circumstances the resulting per linear metre unit rates are not reasonable.

This section presents our assessment of estimating the base costs for four different situations in which the collector roads will be delivered.

With respect to the appropriate contingency allowance to apply:

- ▼ For new collector roads, we consider 20% is not reasonable, and the rate of 10% as advised by WTP should be used instead.
- ▼ For collector road upgrades, a rate of 20% is reasonable, consistent with WTP's advice.

New full-width collector road estimates

For new full-width collector roads [items CR1, CR3 & CR7], WTP provided a detailed costing for a generic collector road, which results in a unit rate of \$3,097 per linear metre when indexed to the base period of the plan. The rate includes a 5% allowance for design costs, but excludes the contingency allowance.

We consider this estimate is reasonable. It was provided by WTP, commissioned by GLN Planning on behalf of DPE, for use in the Vineyard CP, and it is similar to costs for new full-width collector roads we have considered reasonable in other contributions plans.²⁷

However, we recommend the council reduce the contingency allowance for these items to 10%, consistent with the following WTP advice:

²⁶ The works schedule incorrectly applies indexation for the cost of new roads based on the 'Camden' rate and undercounts the cost of collector roads by \$112,959. However, because we have recommended a different unit rate which corrects for this issue, there is no need to separately address indexation. This applies to the collector roads identified by council and excludes Boundary Road.

²⁷ For example, we assessed a rate of \$3,679 per metre (\$Mar2018) as reasonable in Blacktown City Council's CP22 for Rouse Hill.

WTP have not included contingency within the estimates but would assume a rate of 10% would be reasonable for new roads and a range between 20%-30% would be reasonable for upgrading all existing roads. The IPART contingency benchmark of 20% is generally considered high for new works but reasonable for upgrading existing roads due to a higher amount of contingency risks such as staging, erosion and sediment control, property adjustments, traffic and pedestrian management, and relocating and upgrading existing authority mains.²⁸

We estimate the lower contingency allowance would reduce the cost of transport works in the plan by \$417,808.

Full width upgrade of Commercial Road

For the full-width upgrade of Commercial Road, the council took the average cost (on a per linear metre basis) from WTP's estimate for this specific road upgrade (which includes costs for two roundabouts), and applied it to the updated estimate of road lengths. The unit rate is \$6,223 per linear metre when indexed to the base period of the plan. This includes a 5% allowance for design costs.

We do not consider it is reasonable to apply an average cost which includes roundabouts because roundabouts are a fixed cost, not variable by road length.²⁹ We therefore recommend that the council reduce the cost of Commercial Road by applying a unit rate of \$5,634 per linear metre, a rate which excludes the cost of any roundabouts (see Table 4.5).

Table 4.5 Cost of Commercial Road (\$Mar2018)

	Unit rate	Total cost
Cost in plan (partially includes two roundabouts)	\$6,223 per metre	\$6,721,521
IPART recommended cost (excludes roundabouts)	\$5,634 per metre	\$6,084,547
Difference	-\$589 per metre	-\$636,975

Note: Unit rates and total cost include a 5% design allowance. The total includes a 20% contingency.

Source: Vineyard CP Works Schedule and IPART calculations.

Full-width upgrades of other collector roads

For the cost of other full-width collector road upgrades [items CR2 & CR6] the council has used a unit rate from the Camden GA-CP Leppington North Precinct Work Schedule, which was itself based on a 2011 report by Davis Langdon (AECOM).³⁰

We do not consider this approach is reasonable because WTP provided estimates for full-width upgrades of collector roads in the Vineyard Precinct. Although the estimates are for roads that were ultimately not all included in the plan submitted to IPART, we consider they provided a more suitable basis for an estimate than the Davis Langdon report prepared for Camden Council.

²⁸ WTP, *Vineyard Precinct Stage 1 – Section 94, Contribution Construction Cost Estimates*, September 2015

²⁹ We also note that the plan only partially counts two of the three roundabouts in the plan.

³⁰ AECOM Australia Pty Ltd (2011), *Austral and Leppington North (ALN) Precincts Transport Assessment*, prepared for NSW Department of Planning and Infrastructure, July 2012.

We recommend the council use a weighted average per linear metre unit rate derived from WTP’s estimated costs for three site-specific collector road upgrades (excluding roundabout costs), as shown in Table 4.6. This rate is indexed to the base period of the plan and includes a 5% allowance for on-costs.

Applying the unit rate of \$5,650 (\$Mar 2018) to the length of the collector road network, and maintaining a contingency allowance of 20%, would increase the total cost of collector road upgrades in the Vineyard CP by \$1,906,254 (or 46.6%) to \$6,000,517 (see Table 4.7).

Table 4.6 Unit rates for collector roads in Vineyard CP (\$Mar2018)

Collector road	Source	Unit rate
Chapman Road (not in plan)	WTP advice, indexed by council	\$5,847 per metre
Commercial Road	WTP advice, indexed by council	\$5,634 per metre
Menin Road (not in plan)	WTP advice, indexed by council	\$5,574 per metre
Weighted average		\$5,650 per metre

Note: The rates exclude the cost of roundabouts and include contingency and a 5% design allowance.

Source: IPART calculations based on WTP, *Vineyard Precinct Stage 1 – Section 94 Contribution Construction Cost Estimate*, September 2015.

Table 4.7 Full-width upgrade of other collector roads (\$Mar2018)

	Unit rate	Total cost
Cost in plan	\$3,768 per metre	\$4,094,262
IPART recommended cost	\$5,650 per metre	\$6,000,517
Difference	\$1,882 per metre	\$1,906,254

Note: Unit rates and total cost include a 5% design allowance and also includes a 20% contingency allowance.

Source: Vineyard CP Works Schedule and IPART calculations.

Half-width upgrade of collector road (corner of Commercial and Chapman Roads)

For the half-width upgrade to the corner of Commercial and Chapman Roads, the council has again used a unit rate from the Camden GA–CP Leppington North Precinct Work Schedule, indexed to the base period of the plan (\$2,471 per linear metre). We consider this approach to be unreasonable.

The use of half-width road upgrade costs are usually reserved for instances where a developer or council intend to only deliver or upgrade half of the road. In this instance, we understand the council will upgrade the full-width of the road following the release of the second stage of the Vineyard Precinct.³¹

We consider it is reasonable for the road to be costed using 50% of the cost of the full-width collector road upgrade (\$2,825 per linear metre). IPART has calculated this rate based on a weighted average per linear metre unit rate derived from WTP’s estimated costs. It has been indexed to the base period of the plan and includes a 5% allowance for on-costs. Applying this unit rate to the relevant segments of Commercial and Chapman Roads, and maintaining the contingency allowance of 20%, increases the total cost of half-width collector road upgrades by \$193,359 to \$1,779,814 (see Table 4.8).

³¹ The funding source for the remaining 50% has not yet been determined.

Table 4.8 Cost of half-width upgrade of Commercial and Chapman Roads (\$Mar2018)

	Unit rate	Total cost
Cost in plan	\$2,471 per metre	\$1,586,455
IPART recommended cost	\$2,825 per metre	\$1,779,814
Difference	\$354 per metre	\$193,359

Note: Unit rates and total cost includes a 5% design allowance. The total also includes a 20% contingency allowance.

Source: Vineyard CP Works Schedule and IPART calculations.

4.3.3 Council's proposed roundabout costs are not reasonable

The Vineyard CP provides for the construction of three single-lane roundabouts on collector roads. Their cost is not separately identified in the Works Schedule, although the Commercial Road cost estimate in the plan partially accounts for costs of two of the three roundabouts. WTP's 2015 estimate for the cost of a single roundabout was \$400,000 (excluding on costs and contingencies).³²

During the course of our assessment the council provided separate estimates for three roundabouts on the collector road network. The updated costs were based on a 5-way roundabout delivered by the council in Oakville (about 2.5 km north of Vineyard Stage 1) in 2007-08, which was \$708,154 (\$Mar-2018).

The council considers the 2007-08 Oakville cost to be more reasonable than the WTP estimate because it was based on works undertaken by the council on an existing uncontrolled intersection. Further, the council considers the higher estimate is reasonable for Vineyard, given the need to upgrade pavements and surrounds from a rural road standard to that of an urban collector road.³³

However, we prefer the WTP estimate because:

- ▼ The WTP costing is similar to, albeit higher than the cost of single-lane roundabouts on collector roads in other plans we have recently assessed.
- ▼ The council intends to deliver the collector road network (including roundabouts) in advance of some precinct development. This method of delivering the network may result in cost efficiencies, as large parts are likely to be delivered together.
- ▼ The cost of upgrading pavements and surrounds is included in the WTP cost of collector road upgrades on which the roundabouts will be located.

We recommend the council separately account for the cost of three roundabouts based on the WTP estimate of \$515,669 (\$Mar2018), which includes a 5% allowance for design cost, and applies a 20% allowance for contingency. We estimate this would increase the cost of transport works by \$910,032.

³² Vineyard Precinct Stage 1 – Section 94 Contribution Construction Cost Estimates, WTP, September 2015.

³³ Information from council, March 2019 and April 2019.

4.3.4 The approach to costing cycleway creek crossings is not reasonable

The total cost of four cycleway creek crossings included in the plan is \$404,706 (or 1.1% of total transport works costs).

We sought additional information about the source for this cost estimate and details about the design and span of the structures. The council advised the cost of cycleway creek crossings is likely to be too low given the bridges spanning Killarney Chain of Ponds creek system would need to be around 20-30 metres long. Based on the cost of delivering similar creek crossings recently, it proposed amending the costs in the plan to \$250,000 per crossing. The council provided no further information about the length or design of the bridges.³⁴

It may well be the case that the span of the bridges will be in the range indicated by the council, but at this stage we do not have sufficient information about the specifications for the crossings, nor cost rates on which to base a finding and recommend a cost adjustment.

The original cost source for the creek crossings was drawn from the *Camden Growth Areas Contribution Plan (CGA-CP)*, which was assessed by IPART in 2017. As part of that review, we engaged Axxess Advisory to review transport costs in the plan.

Axxess Advisory found that the cost for the pedestrian crossings was based on a 21-metre span bridge installed in Elderslie, which was applied to crossings varying in length between 3 and 12 metres. Access Advisory found this approach resulted in a unit rate which was excessive, and recommended a rate based on their approach which costed creek crossings using a culvert design instead of a road bridge design. Access Advisory's assessment noted that its opinion was based on the information available to them and was reached without information about the intended design of the crossings (which they requested but did not receive). This view was accepted, and informed an IPART recommendation to reduce the cost of pedestrian bridges in CGA-CP.

We do not have sufficient information to determine whether the costing should be based on a bridge or culvert design. We have found in past assessments that using unit rates or costs from other pedestrian bridges can be unreliable because of the variability in design, standards and length of such structures.

Our position is, on balance, to retain the cost of the four cycleway creek crossings in the plan, although we recognise that the council will need to undertake further planning and design for the required creek crossings, and update its cost estimate in the next iteration of the plan.

4.3.5 Bus shelter cost estimates are reasonable but contingency allowance is double counted

The cost of the 12 bus shelters in the Vineyard CP is \$340,428 (0.9% of total transport works costs) or \$28,369 per item (including a contingency allowance of 20%). The council states the cost of bus shelters is based on the rate derived from The Hills Shire Council's Box Hill Precinct (CP15) Contributions Plan. We note that the cost per bus shelter in CP15 is actually the IPART benchmark plus a 20% contingency.

³⁴ Information from council, 12 April 2019.

We consider that, in the absence of site specific cost estimates, it is reasonable for the Vineyard CP to adopt the IPART benchmark cost for bus shelters, noting that the benchmark is similar to the rates we have recently assessed as reasonable in other plans.³⁵

However, after indexing the cost to the base period the council adds a further 20% contingency, effectively double-counting the allowance.

We consider the cost of bus shelters in the Vineyard CP (based on the IPART benchmark) is reasonable, after correcting for the calculation error which double counts contingencies. We estimate that correcting the error would reduce the cost of transport works in the plan by \$67,692 (\$5,641 per bus shelter).

4.4 Criterion 5: Apportionment

Our assessment is that the council's approach to apportioning costs to and within the Vineyard CP is reasonable in relation to:

- ▼ Apportioning the cost of Boundary Road upgrade between the Vineyard and Box Hill precincts
- ▼ Apportioning the cost of the Windsor Road/Otago Street intersection between the Vineyard and Riverstone precincts
- ▼ Apportioning all transport land and works costs within the precinct to residential development on a per person basis.

Evidence for apportioning Boundary Road costs may be outdated

Boundary Road forms the boundary between The Hills LGA and Hawkesbury LGA. The section of Boundary Road between Menin Road and Windsor Road divides Box Hill (to which The Hills Shire Council's CP15 applies) and Vineyard Stage 1 precincts. Hawkesbury City Council has included 43% of the total cost of Boundary Road in the plan.

Arup's Draft Vineyard Transport Study (2014) expected future traffic demand on Boundary Road would come 43% from Vineyard Stage 1, 48% from Box Hill and Box Hill North, and 9% from outside the precinct.³⁶ DPE advised both councils accordingly. The traffic modelling undertaken by Arup to inform this advice was predicated on different planning assumptions and an earlier road network hierarchy.

³⁵ For example \$22,684 per item in Camden Growth Centres CP, \$17,785 per item in Menangle Park CP, and \$16,722 per item in CP22 for Rouse Hill. Costs have been indexed to March 2018, the base period of the Vineyard CP, for comparison purposes.

³⁶ Email from Arup to DPE, Vineyard Precinct – Boundary Road Traffic Volumes, 30 June 2015.

Notably, the differences are:

- ▼ The road network hierarchy has changed, changing the classification of Boundary and Menin Roads. Accordingly, traffic flows within the area are likely to change as vehicles use the sub-arterial Menin Road to access Windsor Road, instead of Boundary Road.
- ▼ The density of development in Box Hill has surpassed the expected dwelling yields which informed the original transport modelling. However, the expected density of development in the Vineyard Stage 1 Precinct has not changed because development is governed by density controls that will preclude higher densities being achieved.

These changes may mean that the apportionment of costs between the two precincts is based on traffic modelling which is inaccurate because the underlying assumptions have been significantly altered. However, in the absence of more up-to-date information, for the time being we accept that the apportionment is reasonable. When the council obtains concept designs and costing for the road, it should also revisit the apportionment of the costs between the Vineyard and Box Hill Precincts.

Approach to apportioning the cost of the Windsor Road/Otago Street intersection upgrade is reasonable

The intersection at the corner of Windsor Road and Otago Street is apportioned equally between the Vineyard Stage 1 Precinct and development in the Riverstone Precinct, (Blacktown City Council's *CP20 Riverstone and Alex Avenue*), and a local tie-in road is 100% apportioned to the Vineyard Precinct.

We consider this approach to be reasonable because it is consistent with advice from DPE in the context of the precinct's strategic design.

Apportionment of transport costs within the precinct on a per person basis is reasonable

Within the Vineyard Precinct, all transport land and works costs are appointed only to residential development, and then on a per person basis. This is consistent with the council's assumption that non-residential development will not generate demand for transport infrastructure; ie, any demand for transport infrastructure for non-residential development is primarily generated by the precinct's residents accessing the village centre.³⁷

We considered whether the cost of the Windsor Road/Otago Street intersection should be apportioned only to a sub-catchment of development located south of Killarney Chain of Ponds because the intersection will likely serve only residents within that area. However, to adopt such an approach could also give rise to questions about apportioning the costs of a number of other items, for example, whether residents who will access Windsor Road from Otago Street should pay for collector roads in other areas of the precinct. In the interests of simplicity, we favour treating the entire Vineyard Precinct as one catchment for the purposes of apportioning transport costs.

³⁷ Vineyard CP section 2.5.



With regard to apportioning all transport costs to residential development, we found that:

- ▼ Given non-residential land represents approximately 1% of total development area in the precinct, it may not warrant apportioning costs to this relatively small area.
- ▼ The council's assumption that traffic generated by the non-residential development will primarily come from the residential development within the precinct is reasonable.

Consistent with recommendations made in relation to apportionment of transport costs in other plans assessed by IPART, we consider the council's approach of apportioning the cost of transport works in the plan to residential development on a per person basis is reasonable.

5 Stormwater management

The total cost of stormwater management infrastructure in the Vineyard CP is \$40.50 million (24.5% of total costs), comprising:

- ▼ \$21.13 million for land (26.6% of the total *land* costs in the Vineyard CP), and
- ▼ \$19.36 million for stormwater works (\$22.9% of the total cost of *works* in the Vineyard CP).³⁸

Our assessment of the stormwater management land and works in the Vineyard CP is as follows:

- ▼ **Criterion 1: Essential works** –the land and works are consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – Nexus is established for the provision of stormwater land and works, except for channel stabilisation works because:
 - nexus is not established for channel stabilisation works DC2
 - the council unintentionally omitted the cost of land and works for DC1.
- ▼ **Criterion 3: Reasonable costs** – The cost of works is reasonable except for the council’s approach to applying a contingency allowance.
- ▼ **Criterion 5: Apportionment** – The council’s approach to apportionment is reasonable

Our assessment of land for stormwater management against **Criterion 3 (Reasonable cost)** is in Chapter 9. We have recommended the use of lower values to estimate the cost of constrained land.

Based on our findings, we recommend adjustments to the plan we estimate would reduce the cost of stormwater management land by \$769,405 (3.6%) and works by \$8,689,433 (44.9%).

Our findings and recommendations are summarised in Table 5.1.

³⁸ Amounts for interest on a loan of \$16,789,468 intended to fund the acquisition of land and key works for stormwater management (and also collector road design costs) are included in the cost of both stormwater land (\$1,688,130) and stormwater management works (\$1,504,246).

Table 5.1 IPART-recommended adjustments for stormwater management

Criterion	Finding	Recommendation	Land costs (\$Mar 2018)	Works costs (\$Mar 2018)
Total cost in plan			\$21,132,209	\$19,364,957
Essential works	All land and works are on the essential works list			
Nexus	Nexus is established for all land in the plan			
	Nexus is established for all works with the exception of bank stabilisation item DC2	Remove cost of works for item DC2		-\$7,639,814
	The costs of land and works for item DC1 are not included in the Works Schedule	Add cost of item DC1	\$1,632,861	\$567,312
Reasonable cost – Land	The cost of land is reasonable except that:			
	▼ a value of \$100/m ² for flood liable land is too high	Apply a rate of \$85/m ² for flood liable land	-\$1,512,309	
	▼ a value of \$150/m ² for transmission easement land is too high	Apply a rate of \$120/m ² for transmission easement land	-\$61,132	
	▼ loan interest costs do not reflect the IPART-adjusted land costs or the interest cost subsidy	Apply a 50% interest cost deduction after calculating the loan amount using lower land costs	-\$828,825	
Reasonable cost – Works	Costs of works are reasonable except that:			
	▼ A 20% contingency allowance is too high.	Apply 10% contingency allowance consistent with WTP's advice		-\$851,741
	▼ loan interest costs do not reflect the IPART-adjusted works costs or the interest cost subsidy	Apply a 50% interest cost deduction after calculating the loan amount using revised works costs		-\$765,190
Apportionment	Approach is reasonable			
Total IPART-recommended cost adjustment			-\$769,405	-\$8,689,433
Total IPART-assessed reasonable cost			-\$20,362,804	\$10,675,523

Note: Loan interest cost adjustments are discussed in Chapter 9, and see Recommendation 14.

5.1 Criterion 1: Essential works

The items of stormwater infrastructure in the Vineyard CP are set out in Table 5.2. There is a land component for each of the stormwater infrastructure items.

All land and works for stormwater infrastructure in the Vineyard CP are consistent with the essential works list in the Practice Note.

Table 5.2 Stormwater management works in Vineyard CP

Items on the essential works list	
▼ Detention basins	▼ Gross pollutant traps (GPTs)
▼ Bio-retention filters	▼ Stormwater channel stabilisation

5.2 Criterion 2: Nexus

The Vineyard Precinct is located within the South Creek sub-catchment of the Hawkesbury-Nepean River and includes a section of the Killarney Chain of Ponds. It is heavily flood affected, with 30-40% of the area flooded in a 100 year rainfall event.³⁹

The council used the Mott MacDonald Report, commissioned by DPE, to determine the stormwater infrastructure to be included in the plan.⁴⁰

Based on this study, the stormwater management strategy proposed for the Vineyard Precinct involves a combination of measures to manage water quantity and quality impacts of the expected development in the precinct:

- ▼ **Water quantity measures:** detention basins and realignment and channelisation of first order streams
- ▼ **Water quality measures:** rainwater tanks for reuse of roof or rainwater runoff; gross pollutant traps to catch larger pollutants and sediments before discharge into the watercourse; and bio retention “rain gardens” to provide online treatment for removal of fine sediments and nutrients.

We consider nexus is established for most stormwater works in the plan, with the exception of channel stabilisation works (DC2). Further, while nexus is established for other channel stabilisation works (DC1), the council has unintentionally omitted the cost of land and works for this item from the Works Schedule (and consequentially the calculation of contribution rates).

Draft Recommendations

- 7 Reduce the cost of channel stabilisation works by an estimated \$7,072,502 by:
 - removing Item DC2, which would reduce the cost of stormwater management works by an estimated \$7,639,814 (including the removal of the contingency allowance of 20%), and
 - adding Item DC1, which would increase the cost of stormwater management works by an estimated \$567,312 (including a contingency allowance of 10%).
- 8 Increase the cost of land acquisition by \$1,632,861 for Item DC1.

³⁹ Mott MacDonald, *Water Cycle Management Report, Vineyard Precinct*, October 2016, p 35 (Mott MacDonald report).

⁴⁰ Mott MacDonald Report.

5.2.1 Nexus is not established for channel stabilisation works DC2

The proposed stormwater strategy for the Vineyard CP relies on using the capacity of the existing creek system to manage stormwater flow.⁴¹

We consider that nexus is established for including the riparian corridor land along Killarney Chain of Ponds (KCP) in the Vineyard CP, but not for some of the channel stabilisation works proposed for that stream. The riparian corridor in the Vineyard CP is zoned SP2 Infrastructure Water Management. As the council is the relevant acquisition authority for this land, nexus is established for inclusion of the riparian corridor in the plan.

The Mott MacDonald report identifies that the existing creek conditions contribute to flooding:

Under existing conditions there are sections of the Eastern Creek tributaries, and Killarney Chain of Ponds and its tributaries that have been significantly altered by agricultural/industrial works such that in some locations there is little to none discernible creek channel. In these areas the existing flooding is quite widespread, this is particularly evident in the tributaries where there has been significant manipulation to the existing floodplain with farm dams and pastures, here flood depths are generally quite shallow and an upgraded creek section is proposed to better manage nuisance water and floodwaters. This in turn allows previously shallow flooded areas to be salvaged for development.⁴²

To address this flooding, the Mott MacDonald report proposes creek embellishment works on first order streams. It explains:

Where existing riparian corridors exist these have been maintained and creek embellishment works proposed (these works are only proposed to 1st order streams). The existing classification has been maintained while the flows have been channelised. The result is a formal drainage channel with riparian offsets, better streamlined for configuration of developable areas.⁴³

The Mott MacDonald report establishes nexus for channel works DC1 on a section of the KCP that it identifies as a first order stream. It does not establish nexus for channel works DC2, which are on sections of KCP that the Mott MacDonald report identifies as second and third order streams.

On this basis, we recommend the works for DC2 be removed from the plan. We estimate this would reduce the cost of stormwater management works by \$7,639,814.⁴⁴

5.2.2 Nexus is established for channel stabilisation works (DC1) but the cost was omitted from the works schedule

In the course of analysing the council's work schedules for our assessment against Criterion 3 (Reasonable costs), we found that the council had unintentionally omitted both the cost of land acquisition, and the cost of the channel stabilisation works for DC1.

⁴¹ Vineyard CP, section 3.2.2

⁴² Mott MacDonald report, p 34.

⁴³ Mott MacDonald report, p 34.

⁴⁴ This adjustment includes the removal of the 20% contingency allowance associated with the works that is currently in the plan.

As the Mott MacDonald report clearly establishes nexus for these works, we recommend that the cost of the works and the land on which they are located be added to the Vineyard CP, at an estimated cost of \$1,632,861 for land and \$567,312 for works.⁴⁵

5.3 Criterion 3: Reasonable cost

The total cost of stormwater management works in the Vineyard CP is \$19.36 million, comprising:

- ▼ \$14.88 million for the cost of works
- ▼ a \$2.98 million contingency allowance, and
- ▼ \$1.50 million of interest expenses associated with a loan for the design costs of some items.

The Vineyard CP contains no stormwater management works already constructed, so there are no actual costs in the plan. In assessing whether the estimated costs of stormwater works in the plan are reasonable, we considered the basis for these estimates, including the on-costs and the contingency allowances applied. We consider interest expenses as a cross plan issue in Chapter 9.

For most stormwater management works items in the plan, the council has used cost estimates from the 2015 report by WT Partnership (WTP),⁴⁶ and indexed the figures to the base year of the plan (March 2018). The WTP report contains specific costs for all basins and raingardens (including gross pollutant traps) in the plan and includes in its estimates an allowance of 5% for project on-costs (described in the costing sheets as “design, investigation & fees”).

For the cost of drainage corridor bank stabilisation, the council has used the rate derived from cost estimates for similar work in the Leppington North Precinct contained in Camden Council’s *Camden Growth Areas Contributions Plan*. This rate was based on a square metre rate provided to Camden Council by Cardno in September 2012.⁴⁷

We found that:

- ▼ The use of site specific cost estimates, provided by WTP and based on Mott MacDonald’s technical study for the Vineyard CP,⁴⁸ is reasonable.
- ▼ The contingency allowances for basins, GPTs and raingardens should be reduced from 20% to 10% in line with the recommendation from WTP.

⁴⁵ The addition of works costs for DC1 includes a 10% contingency allowance - see Recommendation 7.

⁴⁶ WTP, *Vineyard Precinct Stage 1 – Section 94 Contribution Construction Cost Estimate*, September 2015. The council also used this report for some transport and all open space embellishment costs. For stormwater management works, WTP peer reviewed earlier cost estimates prepared by Mott MacDonald in its July 2015 report.

⁴⁷ Cardno, *Austral & Leppington North Precincts Water Cycle Management WSUD Report*, prepared for NSW Department of Planning and Infrastructure, plus Responses to Exhibition Submissions, Sep 2012

⁴⁸ WTP’s cost estimates were based on Mott MacDonald’s July 2015 report.

- ▼ For the cost of drainage corridor bank stabilisation works, using the unit rate derived from Camden Council's *Camden Growth Areas Contributions Plan* for works in Leppington North Precinct is reasonable⁴⁹.

5.3.1 Contingency allowance is not reasonable

The council has applied a contingency allowance equal to 20% of the total base cost of all stormwater works in the plan.

However, in its report to DPE in 2015 when providing specific costings for stormwater works in the Vineyard Precinct, WTP stated:

WTP have not included contingency within the estimates but would assume a rate of 10% would be reasonable for new works. The IPART contingency benchmark of 20% is generally considered high for works of this nature.⁵⁰

While we have accepted a 20% contingency allowance in other plans we have recently assessed,⁵¹ in this situation we find no reason the council should have deviated from the consultant's advice. We therefore recommend that the council reduce the contingency allowance to 10% of the base cost of stormwater works.

Our estimate of the adjustment associated with Draft Recommendation 7 removes the entire cost of 'corridor bank stabilisation works' item DC2 (including the 20% contingency allowance) and adds the cost of 'corridor bank stabilisation works' item DC1 (including a 10% contingency allowance) so no further adjustment for 'corridor bank stabilisation works' is required for Draft Recommendation 9.

We estimate that reducing the contingency allowance for all basins, GPTs and raingardens would reduce the cost of stormwater management works by \$851,741.

Draft Recommendation

- 9 Reduce the contingency allowance for all stormwater management works items to 10% of base costs, consistent with WT Partnership's recommendation, which we estimate would reduce the cost of stormwater management works by \$851,741.

5.4 Criterion 5: Apportionment

The council apportions the cost of stormwater management land and works to all residential development in the Vineyard CP on a per hectare basis.

In calculating the NDA for apportionment purposes, the council has adjusted the area of land zoned E4 Environmental Living to reflect a reduced demand for roads and other transport facilities and stormwater drainage infrastructure from these larger, low density lots. Based on advice from DPE, it has applied the NDA associated with a single dwelling in the R2 Low

⁴⁹ IPART's assessment of the unit rate for drainage corridor bank stabilisation works in CGA-CP were considered reasonable and the nature of these works are unlikely to vary significantly.

⁵⁰ WTP report, p 3.

⁵¹ Examples include The Hills Shire Council's CP12 Balmoral Road Release Area and CP13 North Kellyville Precinct currently under assessment.

Density Residential zone (approximately 556m²) to these lots, rather than their expected average lot size (estimated to be more than 9,000m²). The plan also excludes non-residential land in the village centre that is zoned B2 Local Centre or B4 Mixed Use, which the council assumes will not directly and materially increase the demand for the categories of public amenities or public services in the plan.⁵²

We consider the council's approach to apportioning stormwater management costs in the plan is reasonable.

⁵² Vineyard CP, section 3.1.2 and section 2.5.

6 Open space

The total cost for open space land and facilities in the Vineyard CP is \$72.83 million (44.06% of total costs), comprising:

- ▼ \$44.41 million for land (55.9% of the total *land* costs in the Vineyard CP), and
- ▼ \$28.42 million for open space embellishment (33.61% of the total cost of *works* in the Vineyard CP).

Our assessment of the open space land and works in the Vineyard CP is as follows:

- ▼ **Criterion 1: Essential works** – Open space land and its embellishment is consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – Nexus is established for the provision of open space land and its embellishment.
- ▼ **Criterion 4: Reasonable costs (works)** – The cost estimates for open space embellishment are reasonable except that:
 - for two district parks the council has included the cost of embellishing land containing existing native vegetation (ENV) which must be retained, and on which potential work is very restricted, and
 - the contingency allowance applied to base costs is not reasonable.
- ▼ **Criterion 5: Apportionment** –Apportioning open space costs on a per person basis is reasonable.

Our assessment of land for open space against **Criterion 3 (Reasonable cost)** is in Chapter 9. We have recommended the use of lower values to estimate constrained land and ENV land costs, and also to index land costs to the plan’s base period of March 2018.

Based on our findings, we recommend adjustments to the plan that would reduce the cost of open space embellishment by \$7,674,457 and land for open space by \$9,798,678.

Our findings and recommendations for open space in the Vineyard CP are summarised in Table 6.1.

Table 6.1 IPART-recommended adjustments for open space in Vineyard CP

Criterion	Finding	Recommendation	Land (\$Mar 2018)	Works (\$Mar2018)
Total cost in plan			44,408,700	28,416,706
Essential works	All open space land and embellishment is consistent with the essential works list			
Nexus	Nexus is established for the open space land and embellishment in the plan			
Reasonable cost - Land	The cost of land is reasonable except that:			
	▼ a value of \$100/m ² for flood liable land is too high	Apply a rate of \$85/m ² for flood liable land	-2,565,855	
	▼ the plan uses un-indexed cost estimates	Index costs to March 2018 to be consistent with other items in the plan	294,891	
	▼ The estimated cost of District Park 5 does not reflect the presence of ENV	Use a lower rate to reflect the restricted development potential of ENV land	-7,527,714	
Reasonable cost - Works	Costs of works are reasonable except for:			
	▼ District park 4	Remove cost of embellishing land with existing native vegetation	-	-3,447,326
	▼ District park 5	Remove cost of embellishing land with existing native vegetation	-	-2,281,522
	▼ use of a 15% contingency allowance	Reduce the contingency allowance to 10%		-1,945,608
Apportionment	Approach is reasonable			
Total IPART-recommended cost adjustment			-9,798,678	-7,674,457
Total IPART-assessed reasonable cost			34,610,022	20,742,250

Source: Vineyard CP, Vineyard Works Schedule and IPART calculations.

6.1 Criterion 1: Essential works

We consider all open space land and items of embellishment in the Vineyard CP are consistent with the essential works list for open space in the Practice Note. The types of embellishment in the Vineyard CP are set out in Table 6.2

Table 6.2 Open space embellishment in Vineyard CP

Items on the essential works list

Local open space

Site preparation and earthworks, paving, playground, picnic tables, shelter, BBQ, lighting, signage, bins, landscaping (turfing, massed planting), maintenance and establishment of soft landscaping

District open space

Site preparation and earthworks, paving, parking, playground, picnic tables, shelter, BBQ, lighting, signage, bins, landscaping, maintenance and establishment of soft landscaping

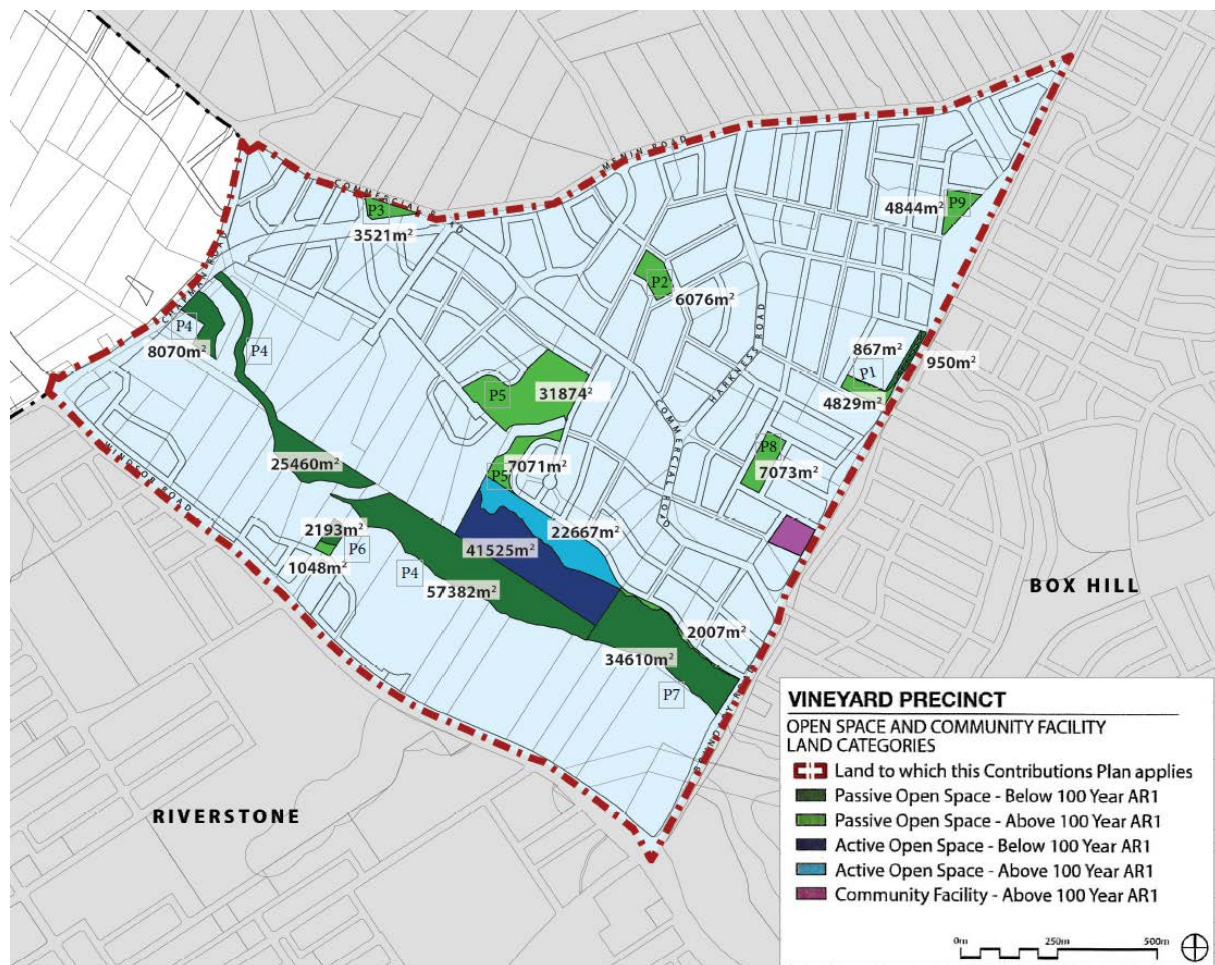
Playing fields

Site preparation and earthworks, playing fields, amenities building, parking, spectator seating, practice nets, paved areas, lighting, irrigation and drainage, landscaping (turfing, mass planting), maintenance and establishment of soft landscaping and irrigation

Source: Vineyard CP and Vineyard Works Schedule.

Figure 6.1 is a map showing the location and size of designated open space areas in the Vineyard CP (P1 to P9). The playing fields are “Active Open Space”.

Figure 6.1 Location of open space areas in Vineyard CP



Source: Created by IPART from Hawkesbury City Council's maps and open space measurements: see Hawkesbury City Council Application.

6.2 Criterion 2: Nexus

The Vineyard CP includes a total of 26.21 hectares of open space comprising:

- ▼ 6.42 hectares for active open space (playing fields)
- ▼ 16.65 hectares for district open space (three larger areas of passive open space, along Killarney Chain of Ponds and in the centre of the precinct – P4, P5 and P7)
- ▼ 3.14 hectares for local open space (smaller local parks scattered through the precinct – P1, P2, P3, P6, P8 and P9).

Major items of embellishment include a double playing field (1), amenities building (1), large playgrounds (3), small playgrounds (6), and parking areas (4).

DPE commissioned a technical study on open space when preparing the planning proposal to rezone the Vineyard Precinct:

- ▼ Elton Consulting, *Social Infrastructure Assessment for Vineyard Precinct Stage 1*, November 2016 (Elton Study).

In assessing whether nexus is established, we consider both the amount of land available for open space and recreation purposes, and the number and types of facilities which are to be provided for active and passive recreation. Our assessment was informed by the Elton Study as well as the precinct finalisation report for Vineyard.⁵³

We found that nexus is established for the open space land and works in the plan, and that:

- ▼ the overall rate of provision of land (3.50 hectares per 1,000 residents) is reasonable, and
- ▼ the recreational facilities to be provided are appropriate to meet the needs of the new residents.

6.2.1 Overall rate of land provision is reasonable

The overall rate of provision of open space is 3.50 hectares per 1,000 residents, based on an estimated population of 7,489 new residents. The rate is somewhat higher than the Growth Centres Development Code standard (2.83 hectares per 1,000 residents).

The Elton Study recommended a minimum of 21 hectares of open space. The draft Vineyard Precinct Stage 1 Plan provided for 24.1 hectares of open space.⁵⁴ Post exhibition, as a result of refining land area measurements and integrating a further 3.72 hectares of open space in the form of ENV, the total area zoned RE1 in the Vineyard CP increased to 26.21 hectares.

It was intended the ENV land would be used as passive open space. Regarding the inclusion of additional ENV land within open space, the precinct finalisation report for Vineyard states:

These additional areas of ENV met the definition of ENV in the Biodiversity Certification Order, are located within or near existing areas of ENV and could readily be incorporated into exhibited areas of open space.⁵⁵

⁵³ DPE, *Vineyard Precinct Stage 1, Finalisation Report*, November 2017, p 7, pp 13-17

⁵⁴ DPE, *Vineyard Precinct Stage 1, Planning Report*, 2016, pp 17-18.

⁵⁵ DPE, *Vineyard Precinct Stage 1, Finalisation Report*, November 2017, p 14

Overall, we consider that although the rate of provision of open space is higher than in several other plans we have seen for precincts in the North West Growth Area, we consider that nexus has been established, taking into account:

- ▼ *The State Environmental Planning Policy (Sydney Region Growth Centres) 2006* nominates the council as the acquisition authority for all land in the precinct zoned RE1. This means it has a statutory obligation to acquire the land, regardless of whether it is included in the contributions plan or not.
- ▼ The recommendations in the Elton study, which had regard to benchmarks in the council's Hawkesbury Residential Land Strategy for the size and location of different types of open space.

6.2.2 Rate of provision of specific recreational facilities is reasonable

The Vineyard CP includes two double playing fields with an associated amenities building and parking, as recommended by the Elton Study. It makes no provision for netball and tennis courts, which the Elton Study considered necessary to meet the demand from the new residents of the Vineyard Precinct, but which should more viably be met by locating them in clusters of courts outside the precinct.

The Elton Study indicated that passive open spaces (ie, district and local parks) should include amenities for the new residents, as directed by Hawkesbury Regional Open Space Strategy.⁵⁶ It recommended linear open space in the extensive riparian corridor should be appropriately vegetated to create the amenity of a natural bushland setting and include embellishments to create valuable, usable open space for passive recreation, but located outside of any core conservation areas. Proposed embellishment in the Elton Study included pathways and cycleways, fitness equipment, playgrounds, seating, barbeque and picnic facilities, signage and lighting.

We consider the Vineyard CP's proposed facilities for passive open space in district and local parks are consistent with the recommendations in the Elton Study.

6.3 Criterion 3: Reasonable cost of open space works

The Vineyard CP contains no open space embellishment already constructed, so there are no actual costs in the plan. In assessing whether the estimated costs of open space embellishment in the plan are reasonable, we considered the basis for these estimates, including the on-costs and the contingency allowance applied.

In 2015, GLN planning, on behalf of DPE, engaged WT Partnership (WTP) to provide estimates of the costs of embellishing a typical local park, district park and sporting field. The WTP estimates include a 5% allowance for "investigation and design" costs.⁵⁷

⁵⁶ Clouston Associates and OneEighty Sport & Leisure Solutions for Hawkesbury City Council, *Hawkesbury Regional Open Space Strategy*, May 2013; and Elton Study pp 64, and 66-67, and Table 6.

⁵⁷ WTP, *Vineyard Precinct Stage 1 – Section 94 Contribution Cost Estimate, Estimate for GLN Planning*, September 2015 (WTP Report).

WTP used the estimates of the cost of a range of facilities, landscaping treatments and site preparation to derive a rate per square metre for embellishing a typical-sized local park, district park and sporting field. The council applied the relevant WTP square metre rate to the total area of each park and the sporting field in the plan, and then indexed the cost of each to the base period of the plan (March 2018). The council then applied a 15% contingency allowance to the total base construction costs to arrive at the total embellishment cost.

The cost estimates provided by WTP are high level estimates only. The estimates both for specific items of embellishment as well as average square metre rates in most cases are reasonable as they were provided by a consultant to DPE, and are within the range we have considered to be reasonable in other plans we have assessed.

The two exceptions are:

- ▼ Including the cost for embellishing extensive areas of ENV in two district parks, where permissible development is limited.
- ▼ Applying a contingency allowance of 15% rather than 10% as recommended in the WTP advice.

Draft Recommendation

- 10 Revise the cost of open space embellishment by excluding the areas of ENV land from the total area of embellishment, which we estimate would reduce the cost of open space embellishment by \$5,728,848, comprising:
 - a reduction of \$3,447,326 for District park 4
 - a reduction of \$2,281,522 for District park 5.
- 11 Reduce the contingency allowance applying to the base costs of open space embellishment from 15% to 10%, which we estimate would reduce the cost of open space embellishment by \$1,945,608.

6.3.1 Applying the average cost of embellishing a district park to open space with ENV is not reasonable

The council has applied the average cost of embellishing a district park (\$80/m²) to the total area of land zoned as district parks, including two parks in which ENV is located. The land with ENV has been zoned RE1 and included within open space in order to achieve a better overall biodiversity outcome for the precinct.⁵⁸ Given there are restrictions on how ENV land can be treated, it is reasonable to assume that the area of ENV land within a park would not be embellished to the standard on which the square metre cost has been estimated.

We therefore recommend the council remove the cost of embellishing the areas of open space land with ENV from the plan.

⁵⁸ Growth Centres Biodiversity Certification, *Assessment of consistency between the relevant biodiversity measure of the biodiversity certification order and Vineyard Precinct Stage 1*, October 2017 p 14.

We estimate that the total area of land on which ENV is located is 66,684 square metres, comprising:

- ▼ 40,127 square metres in District park 4 (or 44% of the total area of the park), and
- ▼ 26,557 square metres in District park 5 (or 68% of the total area of the park).⁵⁹

We estimate that removing the cost of embellishing the land with ENV would reduce the cost of embellishing open space in the Vineyard CP by \$5,728,848 (or 23.2%).⁶⁰

6.3.2 Contingency allowance is not reasonable

The council has applied a contingency allowance of 15% to the base costs of open space embellishment. This is the IPART benchmark rate for open space embellishment at the business case stage, when it would be expected that designs were available.⁶¹

However, WTP made the following statement in its report to DPE in 2015 when providing its costings for open space embellishment in the Vineyard Precinct:

WTP have not included contingency within the estimates [for open space] but would assume a rate of 10% would be reasonable for new open space works. The IPART contingency benchmark of 20% is generally considered high for works of this nature.⁶²

While we have accepted a contingency allowance as high as 20% in other plans we have recently assessed, where there were no site-specific designs as is the case for the Vineyard CP, in this situation we find there is no reason to deviate from the consultant's advice. We therefore recommend that the council reduce the contingency allowance to 10% of the base costs of open space embellishment. Using the IPART-recommended revised cost of works, we estimate this would reduce the cost of open space embellishment by \$1,945,608.⁶³

6.4 Criterion 4: Apportionment

The Vineyard CP apportions all open space land and embellishment costs to the new residential population of Stage 1 of Vineyard Precinct on a per person basis. We consider this is reasonable, as the demand for open space is generated only by the new residential development in the precinct.

⁵⁹ Information provided by DPE on 25 March 2019.

⁶⁰ This is the estimated reduction before adjusting the contingency allowance.

⁶¹ IPART, *Local Infrastructure Benchmark Costs*, April 2014. The report recommends a 20% contingency allowance at the planning stage and a 15% allowance at the design stage for open space embellishment. The council has adopted the lower rate of 15%.

⁶² WTP Report, p 2.

⁶³ The revised cost of works does not include the cost of embellishing land with ENV in the district parks.

7 Community services

Vineyard CP includes \$1.5 million for acquiring land to accommodate a community centre that will serve the needs of new residents in the Vineyard Precinct. The centre will ultimately provide services for Stages 1 and 2 of development in Vineyard Precinct. The total area to be acquired is 0.6 hectares (6,000m²), at a total cost of \$3,029,333, and 50% of the cost is apportioned to development within Vineyard Precinct Stage 1.

Our assessment of the provision for community services in Vineyard CP is as follows:

- ▼ **Criterion: Essential works** – Land for the community services facility is consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – Nexus is demonstrated for the land for the community services facility for residents of the Vineyard Precinct.
- ▼ **Criterion 5: Apportionment** – The council’s approach to apportioning the costs between development in the two precincts is reasonable.

Our assessment of **Criterion 3 (Reasonable cost)** is in chapter 9. We were satisfied that the cost of land for the community services facility is reasonable, except that the estimated cost should be indexed to the base period of the plan.

Our findings and recommendations for community services are summarised in Table 7.1.

Table 7.1 IPART-recommended adjustments for community services in Vineyard CP

Criterion	Finding	Recommendation	Cost of Land
Total cost in plan			1,500,000^a
Essential works	Land for the community services facility is consistent with the essential works list		
Nexus	Nexus is established		
Reasonable cost	The cost of land is reasonable except that:		
	▼ the plan uses un-indexed costs	Index costs to March 2018 to be consistent with other items in the plan	14,667
Apportionment	Approach to apportionment between development in Vineyard Precinct Stages 1 and 2 is reasonable		
Total IPART-recommended cost adjustment			14,667
Total IPART-assessed reasonable cost			1,514,667

^a This value is the base cost or the un-indexed cost of land.

Source: Vineyard CP Works Schedule and IPART analysis.

7.1 Criterion 1: Essential works

Vineyard Precinct CP includes 50% of the cost of acquiring a site of 0.6 hectares, which will accommodate a community centre with a gross floor area of 800m².⁶⁴ The centre will provide multi-purpose facilities, with a range of flexible spaces capable of meeting multiple needs and delivering a range of community activities and services. It will ultimately be shared with the residents of Vineyard West (Vineyard Stage 2) when that precinct is developed.

The council's inclusion of land where community services facilities will be located is consistent with the essential works list.

7.2 Criterion 2: Nexus

The council has included 50% of the cost of land for the community centre in accordance with the recommendations in the report, *Social Infrastructure Assessment for Vineyard Precinct Stage 1*, which DPE commissioned from Elton Consulting (Elton study).

The Elton study noted that although details of a Stage 2 Indicative Layout Plan (ILP) design, population size and timing were all then unknown, residents of Stage 2 would need access to a community centre and the population may be insufficient to justify another small stand-alone facility. It recommended a facility of around 500-600m² would be suitable for the Stage 1 population, and a facility of this size will require a site area of up to 3,000m² to allow for parking, setbacks and some outdoor space.⁶⁵

The Elton study establishes nexus for the land in the plan (3,000 m²) for community services.

7.3 Criterion 5: Apportionment

As the site of 6,000m² is for a community services facility which is intended to serve both Stages 1 and 2 of development in Vineyard Precinct as recommended by the Elton Study, it is reasonable to apportion the cost between the Vineyard CP, which applies to Stage 1, and a contributions plan which will apply to development in Stage 2.

The specific recommendations in the Elton study presumed services for residents of Stages 1 and 2 would be provided on the same site. In the absence of any land use proposals for Stage 2 on which the council could project the residential population of Stage 2, it is reasonable in these circumstances for the council to apportion an equal share of the land costs to each stage.

⁶⁴ Vineyard CP, section 3.2.3

⁶⁵ Elton Consulting, *Social Infrastructure Assessment for Vineyard Precinct Stage 1*, November 2016, p 41.

8 Plan administration

Vineyard CP includes \$1.27 million for plan preparation and administration. Our assessment of this cost is as follows:

- ▼ **Criterion 1: Essential works** – Plan administration costs are consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – Nexus is established for the inclusion of plan administration costs.
- ▼ **Criterion 3: Reasonable cost** – estimating plan administration costs based on 1.5% of the cost of works is reasonable.
- ▼ **Criterion 5: Apportionment** – apportioning plan administration costs on the basis of per hectare of NDA in the Vineyard Precinct is reasonable.

Based on our findings and recommendations to adjust the total costs of works in the Vineyard CP, we estimate the cost of plan administration would reduce by \$367,544.

Our findings and recommendations for plan administration in the Vineyard CP are summarised in Table 8.1.

Table 8.1 IPART-recommended adjustments for plan administration in Vineyard CP

Criterion	Finding	Recommendation	Cost (\$Mar 2018)
Total cost in plan			1,268,189
Essential works	Plan administration is on the essential works list		
Nexus	Nexus is established		
	Calculate costs using IPART's benchmark of 1.5% of works costs is reasonable	Reduce administration costs to be 1.5% of the revised cost of works	-367,544
Apportionment	Approach is reasonable		
Total IPART-recommended cost adjustment			-367,544
Total IPART-assessed reasonable cost			900,645

Source: Vineyard Works Schedule and IPART calculations.

8.1.1 Criterion 1: Essential works

Plan preparation and administration costs are on the essential works list. The Practice Note states:

Plan administration costs are those costs directly associated with the preparation and administration of the contributions plan. These costs represent the costs to a council of project managing the plan in much the same way as the project management costs that are incorporated into the cost estimates for individual infrastructure items within a plan.

Plan administration costs may include:

- background studies, concept plans and cost estimates that are required to prepare the plan
- project management costs for preparing and implementing the plan (e.g. the employment of someone to co-ordinate the plan).⁶⁶

8.1.2 Criterion 2: Nexus

We consider there is nexus between plan preparation and administration activities and the expected development in the Vineyard Precinct.

8.1.3 Criterion 3: Reasonable cost

The Vineyard CP includes a cost of \$1,268,189 for plan administration, which is 1.5% of the total cost of works in the plan. The amount of 1.5% is consistent with the benchmark we proposed in IPART's *Local Infrastructure Benchmark Costs Report* (April, 2014), and we consider that in the context of the Vineyard CP it is a reasonable estimate

Given that we have recommended the council revise the cost of works in each infrastructure category, we therefore recommend the council calculate the cost of plan administration for the Vineyard CP based on 1.5% of the adjusted cost of works.

We estimate this would reduce the cost of plan administration in the Vineyard CP by \$367,544.

Draft recommendation

- 12 Calculate the cost of plan administration for the Vineyard CP based on 1.5% of the adjusted cost of works, would reduce the cost of plan administration by an estimated \$367,544.

8.1.4 Criterion 5: Apportionment

Contributions for the cost of plan administration in the Vineyard CP are apportioned on a per hectare of net developable area (NDA) basis.

⁶⁶ Department of Planning and Environment, *Local infrastructure Contributions Practice Note*, January 2019, p 15.

The NDA of the Vineyard Precinct has been calculated after adjusting the total developable area by:

- ▼ reducing the area of land zoned E4 Environmental Living from its expected average lot size (more than 9,000m²) to the NDA associated with a single dwelling in the R2 Low Density Residential zone (approximately 556m²), and
- ▼ removing the area of land zoned B2 Local Centre or B4 Mixed Use, which the council assumes will not directly and materially increase the demand for the categories of public amenities or public services in the plan.⁶⁷

In the context of the Vineyard CP, where non-residential development will be minimal, and not subject to contributions, and residential development will predominantly be low density, we consider the council's approach to apportioning plan administration costs on a per ha/NDA is reasonable.

⁶⁷ Vineyard CP, section 3.1.2, Note 2 to Table 4 and section 2.5.

9 Cross category issues

This chapter presents our assessment of criteria which apply across multiple infrastructure categories. It covers:

- ▼ Criterion 3: Reasonable cost (in relation to the cost of land, loan interest costs and the indexing of contribution rates)
- ▼ Criterion 4: Timing of infrastructure delivery
- ▼ Criterion 6: Consultation
- ▼ Criterion 7: Other matters.

We found that:

- ▼ The estimated cost of acquiring unconstrained land is reasonable but the estimated cost of acquiring constrained land is not. Further, the council did not account for the impact of protected vegetation on the value of some land for open space.
- ▼ The loan costs included in the plan are not reasonable.
- ▼ The approach to indexing contribution rates is reasonable for works and administration costs, but not for land.
- ▼ The proposed timing of infrastructure delivery is reasonable and satisfies the assessment criterion on timing of infrastructure delivery.
- ▼ The council's process for consulting on the plan satisfies the consultation criterion.

In response to our cross-category findings against Criterion 3 (Reasonable cost), we recommend that the council:

- ▼ Use lower average value to estimate the cost of constrained land.
- ▼ Reduce the estimated cost of acquiring land for District Park 5.
- ▼ Revise the interest costs in the plan to reflect the cost adjustments recommended for all transport and stormwater items and the interest rate subsidy the council is expecting to receive.

We identified one issue in regard to Criterion 7 (Other matters), which is that the plan is suitable for the early stages of development but should be reviewed within the next three years.

9.1 Criterion 3: Reasonable cost – land

The Vineyard CP includes \$79.46 million for land acquisition, as shown in Table 9.1. This represents 48.1% of the total costs in the plan. The council has not acquired any of this land. Of the total 45.6 hectares of land in the plan, the plan identifies 30.0 hectares as constrained because the land is either flood-labile or a transmission easement is located on it.

Table 9.1 Land costs in Vineyard CP (\$ Mar 2018)

Infrastructure category	Total Area (ha)	Total Cost in plan \$(Mar 18)
Transport	4.33	\$12,417,439
Stormwater	14.80	\$21,132,209
Open Space	26.21	\$44,408,700 ^a
Community Services	0.30	\$1,500,000 ^a
Total	45.63	\$79,458,348

^a The council has used the unindexed costs for open space and community services costs in the plan, which the council confirms is an oversight.

Note: The costs include interest costs of \$1,688,130 for stormwater land acquisitions.

Source: Vineyard CP Works Schedule and IPART analysis.

The council has estimated the cost of all constrained and unconstrained land yet to be acquired in the plan by:

- ▼ Engaging a qualified valuer to provide advice on average market values (dollars per square metre) for different categories of land in the precinct.⁶⁸
- ▼ Applying the average values recommended by the qualified valuer to the land in the plan based on its assumptions about:
 - the underlying zoning for each parcel of land.
 - the area of any encumbrance (or constraint).⁶⁹

We found that:

- ▼ For **unconstrained land**, the council's method for estimating costs and the application of average land values to land in the plan is reasonable.
- ▼ For **constrained land** identified in the plan, the council's method for estimating costs is not reasonable, and not supported by sufficient market evidence.
- ▼ The cost estimate for District Park 5 is not reasonable because the council has applied the average value for unconstrained land despite the park containing protected vegetation.
- ▼ For open space and community services land, the council did not index the estimated cost to base period of the plan, ie, March 2018.

Draft Recommendations

- 13 Use a value of \$85 per square metre for flood liable land and \$120 per square metre for transmission easement land in the Vineyard Precinct.
- 14 Reduce the cost of acquiring land for District Park 5 by \$7,527,714 to account for the constraint on development arising from the presence of protected vegetation.

⁶⁸ KD Wood, *Vineyard Sec 94 Contributions Plan – North West Growth Area*, 27 October 2017

⁶⁹ Vineyard CP does not apply other acquisition costs to land costs. In plans we have recently assessed, the councils apply a fixed percentage of the based cost of land as an allowance to cover legal, conveyancing and just terms compensation costs.

-
- 15 Index the estimate cost of open space and community services land to the base period of the plan.

9.1.1 Proposed values for constrained land are not reasonable

Based on a valuer's advice, the Vineyard CP includes rates for constrained land of:

- ▼ \$100 per square metre for flood liable land
- ▼ \$120-150 per square metre for transmission easement land.

The valuations appear high compared to the value of constrained land we have found to be reasonable in other plans, for other areas of the North West Growth Area (NWGA). The council's valuer did not provide sales evidence or analysis to justify these rates. With unconstrained land values in Vineyard being much lower than other NWGA precincts (reflecting the early stage of development and location of the precinct),⁷⁰ it does not appear reasonable to apply a value for constrained land with limited development potential that is higher than in other precincts. We recommend the council apply a value of \$85 per square metre for flood liable constrained land identified in the Vineyard CP.

For transmission easement land, recent valuation advice from another valuer (engaged by other councils in the NWGA) consistently refers to a Land and Environment Court decision that land encumbered by a transmission easement shows a 60% discount to an underlying R2 land value. In the Vineyard CP context, a 60% discount to the R2 land value results in a value for transmission easement land of \$120 per square metre. This is within the \$120-\$150 per square metre range recommended by the council's valuer, but is below the \$150 per square metre applied by the council. The Hawkesbury City Council has not provided any justification for applying the highest value recommended by its valuer. We recommend the council apply a value of \$120 per square metre for transmission easement land in Vineyard CP.

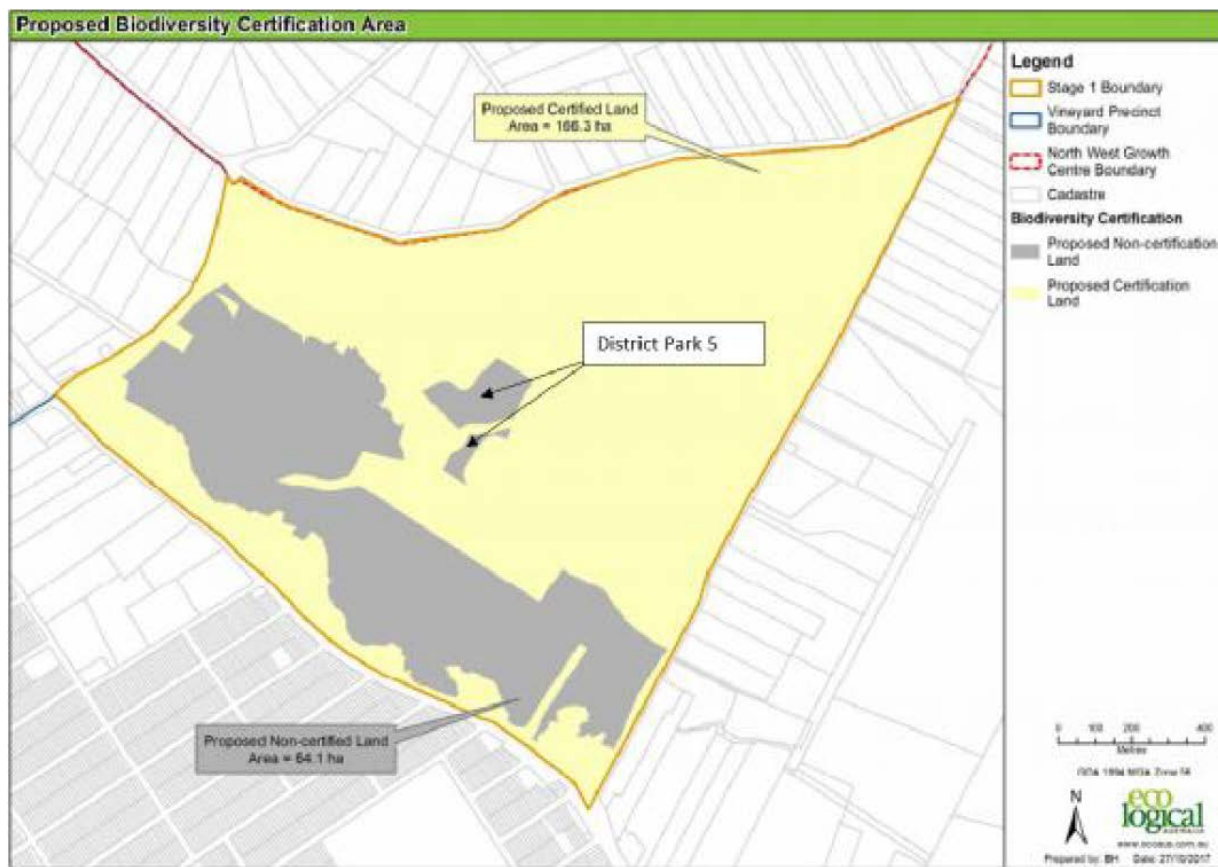
9.1.1 Protected vegetation in District Park 5 is a development constraint

In its application of average land values the council has not accounted for the presence of protected vegetation in District Park 5, which is located towards the middle of the precinct. The plan includes \$11.8 million for the acquisition of this park.

Post-exhibition of the Indicative Layout Plan, the land forming District Park was re-classified as "Non-Certified" land pursuant to the relevant biodiversity measures of the *Biodiversity Certification Order* (See Figure 9.1). This means that vegetation cannot be removed without environmental assessment, and onerous conditions of any development approval may be imposed by the relevant consent authorities, including the requirement to purchase expensive Biobanking Ecosystem Credits.

⁷⁰ The valuer noted this in relation to the value of unconstrained land. It advised that Vineyard would attract much lower rates than other NWGA precincts because it is further away from the Parramatta and Sydney CBDs.

Figure 9.1 Non-certified land District Park 5



Source: DPE, *Growth Centres Biodiversity Certification, Assessment of Consistency between the Relevant Biodiversity Measures of the Biodiversity Certification Order and Vineyard Precinct Stage 1*, October 2017, p 26

Further, the park contains 26,557 m² of existing native vegetation (ENV) as shown in Figure 9.2. The provisions of the *State Environmental Planning Policy (Sydney Region Growth Centres)* 2006 relating to “ENV” would likely prohibit the clearing of the vegetation on this portion of the park.

Figure 9.2 Native Vegetation Protection in District Park 5



Source: DPE, *Growth Centres Biodiversity Certification, Assessment of Consistency between the Relevant Biodiversity Measures of the Biodiversity Certification Order and Vineyard Precinct Stage 1*, October 2017, p 21

We therefore recommend that the council reduce the estimated cost of acquiring land for District Park 5 by:

- ▼ Applying the same average rate for other constrained land (\$85 per m²) to the 26,557 m² designated as ENV.
- ▼ Applying the unconstrained rate (\$300 per m²), discounted by 50% ecology risk/cost, to the remaining portion of the land that is non-certified (12,388 m²).⁷¹

With indexation to the base period of the plan, we estimate that this would reduce the cost of land in the plan by \$7,527,714 (16.4%).

9.2 Criterion 3: Reasonable cost – loan interest costs in the plan

The council has applied for an interest subsidy for a 10-year loan under the NSW Government's Low Cost Loan Initiative.⁷² This scheme effectively allows councils to borrow funds for infrastructure that enables new housing supply at half their interest cost. Hawkesbury City Council intends to apply for a loan of \$16,789,468 to allow it to fund key stormwater infrastructure (including land and works) and transport design costs. The council

⁷¹ Lunney Watt & Associated Pty Ltd, *Valuation Consultancy Advice – Vineyard Release Precinct*, 15 May 2019, p 13.

⁷² Hawkesbury City Council, Application for assessment of Vineyard CP, p 8.

anticipates that the delivery of key infrastructure will help accelerate development in the precinct.⁷³ It plans to deliver the infrastructure funded by the loan by 2023.⁷⁴

DPE notified the council on 8 October 2018 that the Minister for Planning has approved refunding the council \$1,493,702 of interest expenses under the initiative,⁷⁵ although the council has not yet finalised the loan agreement or received any funds under the loan.

The council has unintentionally included the total interest costs of \$3,383,996 in the plan, rather than 50% of the interest costs.⁷⁶ The loan amounts and the related interest costs for the loan are shown in Table 9.2.

We recalculated the loan amount based on our draft recommendations for the identified infrastructure items to be funded by the loan. We also included the cost of land and works for DC1 which the council has unintentionally omitted from its loan and interest cost estimates. As a result, the IPART revised loan amount is slightly higher than what is in the plan. However, the IPART revised interest cost is lower to reflect our draft recommendation to account for the interest subsidy.

Table 9.2 Summary of loan and interest costs in the plan (\$Mar 2018)

Infrastructure item	Loan amount in the plan \$	Interest cost in plan \$	IPART revised loan amount	IPART revised interest cost
Transport				
Design cost for collector roads	466,179	191,620	479,427	93,762
Stormwater				
Land acquisition costs (Basin 1&2, WSUD-D, DC1)	8,631,763	1,688,130	9,022,582	859,305
Construction and design costs (Basin 1&2, WSUD-D, DC1)	7,691,525	1,504,246	7,759,979	739,055
Total	16,789,468	3,383,996	17,261,988	1,692,122

Note: We calculated the IPART revised interest cost to account for a 50% interest subsidy and an interest rate of 3.53% pa over 10 years.

Source: Vineyard CP Works Schedule.

Further, the council has based its loan amounts on land and works cost estimates for which we have recommended changes (as outlined in Chapters 4 and 5). Therefore, we recommend the council:

- ▼ Recalculate the loan interest costs based on recommended cost revisions for the relevant infrastructure
- ▼ Recalculate the interest costs based on the revised loan costs and half of the interest rate in the plan, to reflect the availability of the subsidy, to avoid over recovering of costs.

⁷³ Hawkesbury City Council's Application for assessment of Vineyard CP, p 27 and Vineyard CP, sections 3.2.1 and 3.2.2.

⁷⁴ Application for assessment, Vineyard CP, p 27. The remaining transport and stormwater infrastructure would be provided between 2023 and 2028.

⁷⁵ Letter from DPE to Hawkesbury City Council, dated 8 October 2018.

⁷⁶ The approved refundable interest of \$1,493,702 is not 50% of the total interest in the plan. This may be due to differences in interest rates at the time of calculating the interest costs

Based on a revised loan of \$17,261,988 and assuming an interest subsidy of 50%, this would reduce the interest costs in the plan by \$1,691,873 (from \$3,383,996 to \$1,692,122).

Draft recommendation

- 16 Revise the interest costs in the plan taking into account IPART's recommended adjustments for transport and stormwater management costs, and the value of the subsidy under the NSW Government's Low Cost Loan Initiative.

9.3 Criterion 3: Reasonable cost – indexation of contribution rates

To ensure that the value of contributions for the construction and delivery of infrastructure is not eroded over time by inflation or significant changes in land values, the Vineyard CP provides for contribution rates to be adjusted to reflect quarterly movements in the value of land and works:

- ▼ The works contribution amount will be indexed in accordance with quarterly movements in the Consumer Price Index (All Groups Index) for Sydney as published by the Australian Bureau of Statistics (ABS).
- ▼ The land contribution amount will be indexed quarterly in accordance with movements in the Council's Land Value Index for the Vineyard Precinct and published on the Council's website.⁷⁷

The approach to indexing contribution rates for the works component is consistent with the *Environmental Planning and Assessment Regulation 2000* and is reasonable.

The plan explains that to calculate the Land Value Index (LVI) the council will:

- ▼ Engage a qualified valuer to prepare a valuation report with estimated average market values (\$/sqm) for each category of land use in the precinct, at least annually
- ▼ Recalculate the estimated average market values (\$/sqm) for land acquisition costs in the plan, based on the valuer's advice
- ▼ Compare the revised estimated average market values (\$/sqm) to the estimates in the base period of the plan to calculate the LVI
- ▼ Publish updated LVIs with updated quarterly CPI figures on its website.

Since submitting the plan to IPART, the council explained that it is contemplating adopting an index, specifically tailored for the plan, from a third-party provider.⁷⁸

In past assessments we have found that the use of a LVI is reasonable, in principle, for land yet to be acquired by the council. In April 2019 we published a discussion paper on the indexation of contribution rates, with a specific focus on approaches to land value indexation.⁷⁹ Our preliminary position on the use of a LVI is that it should be broad-based and not precinct specific. This is because a precinct-specific index, especially in a greenfield precinct, would likely capture changes in prices associated with subdivision of land and

⁷⁷ Vineyard CP, section 6.3.

⁷⁸ Information from council, 8 February 2019

⁷⁹ IPART, Discussion Paper, *Indexation of local infrastructure contribution rates*, April 2019.

construction of dwellings. The land to be acquired by council is mostly undeveloped and largely not serviced by essential utilities and may remain so prior to purchase. Therefore, unless the index adopted by council adequately accounts for improvements in the underlying land values, a precinct-specific land value index may not be cost-reflective.

Draft recommendation

- 17 In response to this Draft Report, the council should clarify its intended approach to indexation of contribution rates, particularly in regard to the indexation of contribution rates for land.

9.4 Criterion 4: Timing of infrastructure delivery

The Practice Note requires IPART to assess whether the proposed public amenities and services can be provided within a reasonable timeframe. In practice, we examine whether the proposed timing of infrastructure delivery appears realistic and gives stakeholders enough information for them to understand the council's priorities.

The council proposes to acquire land and provide works within a 15-year period – from 2018 to 2033. The Vineyard CP prioritises infrastructure within 5-year tranches to align with expected timeframes for development within the precinct.⁸⁰ As discussed in section 9.2, the council expects to fund some of the key infrastructure through a low-cost loan; the expected delivery of which falls within the first 5-year tranche of 2019-2023. Table 9.3 summarises the expected timing for delivery of infrastructure in the plan.

⁸⁰ Hawkesbury City Council, Application for assessment of Vineyard CP, p 31.

Table 9.3 Summary of infrastructure delivery timelines in the plan

Infrastructure type	2019-2023	2024-2028	2029-2033
Transport	<ul style="list-style-type: none"> ▼ Two new collector roads CR1, CR7 ▼ Collector road upgrades of Commercial and Harkness Road ▼ Windsor/Otago intersection (land) ▼ Boundary road widening (land) 	<ul style="list-style-type: none"> ▼ One new collector road CR3 ▼ Collector road upgrade of O'Dell Street ▼ Windsor/Otago intersection (works) ▼ Boundary road widening (works) ▼ Cycle way networks (works only) ▼ cycleway creek crossings (works only) ▼ bus shelters (works only) 	<ul style="list-style-type: none"> ▼ Commercial/Chapman half width road upgrade (works only)
Stormwater	<ul style="list-style-type: none"> ▼ Basin 1 and 2 ▼ Water sensitive urban design facility WSUD D ▼ Drainage corridor 1 	<ul style="list-style-type: none"> ▼ Water sensitive urban design facilities WSUD S, WSUD T ▼ Drainage corridor 2 	
Open space	<ul style="list-style-type: none"> ▼ Local parks 1,8 and 9 ▼ District parks 5 and 7 ▼ Sporting field (land) 	<ul style="list-style-type: none"> ▼ Local parks 2 and 6 	<ul style="list-style-type: none"> ▼ Local park 3 ▼ District park 4 ▼ Sporting field (works)
Community facility	<ul style="list-style-type: none"> ▼ Community facility (land only) 		

Note: The Works Schedule states the time periods as 2018-2023, 2023-2028 and 2028-2033. To avoid confusion with overlapping years we have restated the 5-year tranches as in the table above.

Source: Vineyard CP Works Schedule.

We consider the Vineyard CP satisfies the assessment criterion on timing of infrastructure delivery.

9.5 Criterion 6: Consultation

We must assess whether the council has conducted appropriate community liaison and publicity in preparing the contributions plan.

The council publicly exhibited the draft plan from 18 May 2018 to 18 June 2018, and received four submissions, one on behalf of several landowners, as well as feedback in telephone calls.⁸¹

The main concerns in submissions were:

- ▼ the quantum of contributions, which had the potential for a negative impact on land values and development progress
- ▼ the delay in rezoning, which precluded access to Local Government Infrastructure Scheme (LIGS) funding for development in the precinct

⁸¹ Hawkesbury City Council, Application for assessment of Vineyard CP, pp 35-36.

- ▼ whether the council had considered alternative funding sources, ie, obtaining a low-cost loan from the NSW Government
- ▼ lower contribution rates in neighbouring precincts eligible for LIGS, and⁸²
- ▼ difficulty in determining/calculating contributions in the draft plan, which would apply to a typical development.

In response, the council noted that the NSW Government determined the rezoning timetable, but addressed other issues raised in submissions by:

- ▼ obtaining a loan with a 50% interest subsidy from the NSW Government,⁸³ and
- ▼ including in the plan a sample calculation of contributions and information about how the Land Value Index would be derived and applied.⁸⁴

We consider the council's process for consulting on the plan satisfies the consultation criterion.

9.6 Criterion 7: Other matters

We are required to assess whether the plan complies with other matters we consider relevant. Our assessment of the Vineyard CP identified one other relevant matter: the need to update the contributions plan within the first three years of development.

Regular reviews of a contributions plan ensure that contribution rates in a plan most accurately reflect the council's actual costs in delivering the local infrastructure which is needed to meet the demand from new development. In general, our preference is for councils to review their contributions plans every three to five years, depending on the stage and rate of development in the precinct to which plans apply.

In the case of the Vineyard CP, the plan is a draft and, as the council is not able to approve any development applications until an adopted plan is in place, the path of development is uncertain. The council has neither acquired land nor commenced any works for local infrastructure in the precinct. Our analysis to date suggests that for certain infrastructure items, the council has made very basic assumptions on the scope of works and related costs.

Regular review of the plan as development proceeds would allow the council to use more up-to-date information and refine the designs and cost estimates for infrastructure, thereby reducing the uncertainties in the current draft of the plan. Accordingly, we recommend the council update the contributions plan within the first three years of development occurring in the precinct, and every three to five years after the first review.

Draft recommendation

- 18 Review the plan within the next three years to update and refine estimates of the scope, cost and apportionment of works.

⁸² Vineyard CP is the only plan from the North West Growth Area where the council is not eligible for LIGS funding, which means that once the plan is an 'IPART-reviewed plan', council can levy developers the full (uncapped) contributions.

⁸³ Information from council, Notification of Successful Low Cost Loan.

⁸⁴ Hawkesbury City Council, Application for assessment of Vineyard CP– Attachments 3, 4 and 5

A Terms of reference

INDEPENDENT PRICING AND REGULATORY TRIBUNAL ACT 1992 TERMS OF REFERENCE

Reviewable Contributions Plans - *Environmental Planning and Assessment Act 1979*

I, GLADYS BEREJKLIAN MP, Premier, under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* approve provision, by the Independent Pricing and Regulatory Tribunal (**IPART**), of services to the Minister for Planning with respect to reviewing Reviewable Contributions Plans, in accordance with the following terms of reference.



Premier

Dated:

17/11/15

Background

The Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012 contemplates that a Council may submit a Contributions Plan to IPART for review, where the Plan would (but for the Direction) authorise a contribution under section 7.11 of the EP&A Act that exceeds the maximum amount that the Direction allows to be imposed as a contribution in relation to residential development.

The Minister for Planning may also refer any contributions plan to IPART for review where the Minister considers there is merit in having an independent assessment.

Services

On and from the date that these terms of reference are issued to IPART, IPART is to review each Reviewable Contributions Plan submitted to it and provide the Minister for Planning and the relevant Council with a report on its review.

In providing the services, IPART must:

- (a) review the relevant Reviewable Contributions Plan in accordance with the assessment criteria set out in the Practice Note, including whether the public amenities and services to which the Contributions Plan relates are on the essential works list (if any) set out in the Practice Note;
- (b) consider, in its review of the Reviewable Contributions Plan, whether the estimate of the costs of providing those public amenities and services, as set out in the Plan, are reasonable;
- (c) publish a report of its review on its website; and
- (d) provide a copy of the report to the Minister for Planning and the relevant Council.

Consultation

In conducting a review under these terms of reference, IPART must:

- (a) consult with the Department of Planning and Environment (NSW);
- (b) consult with the relevant Council and any other person IPART considers appropriate; and
- (c) consider any criteria set out in the Practice Note (in addition to any other matters IPART considers relevant).

Definitions

Contributions Plan means a contributions plan or draft contributions plan prepared by the relevant Council for the purposes of imposing conditions under section 7.11 of the EP&A Act.

Council has the same meaning as it has in the *Local Government Act 1993*.

EP&A Act means the *Environmental Planning and Assessment Act 1979*.

Practice Note means the "Revised Local Development Contributions Practice Note: For the assessment of Local Contributions Plans by IPART" issued by the Department of Planning and Environment and dated January 2018, as amended or replaced from time to time.

Reviewable Contributions Plan means a Contributions Plan submitted to IPART as contemplated by the *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* or referred to it by the Minister for Planning.

B Assessment against information requirements in the EP&A Regulation

Clause 27 of the *Environmental Planning and Assessment Regulation 2000* requires certain information to be included in a contributions plan. As part of our assessment we have checked that *Vineyard CP (2018)* contains the information required by this clause of the Regulation. A summary of this analysis is provided in the table below.

Assessment against information requirements in the EP&A Regulation

Sub clause		Location in Vineyard CP
1(a)	Purpose of the plan.	Section 2.3
1(b)	Land to which the plan applies.	Section 2.4
1(c)	The relationship between the expected types of development in the area to which the plan applies and the demand for additional public amenities and services to meet that development.	Sections 3.1.5 and 3.2
1(d)	The formulas to be used for determining the section 7.11 contributions required for different categories of public amenities and services.	Section 3.2
1(e)	The section 7.11 contribution rates for different types of development, as specified in a schedule in the plan.	Section 2.7
1(g)	The council's policy concerning the timing of the payment of monetary section 7.11 contributions, section 7.12 levies and the imposition of section 7.11 conditions or section 7.12 conditions that allow deferred or periodic payment.	Sections 5.1, 5.2
(h)	A map showing the specific public amenities and services proposed to be provided by the council, supported by a works schedule that contains an estimate of their cost and staging (whether by reference to dates or thresholds).	Appendices A to D
1(i)	If the plan authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes, the priorities for the expenditure of the contributions or levies, particularised by reference to the works schedule.	Section 6.4
1A	Despite subclause (1) (g), a contributions plan made after the commencement of this subclause that makes provision for the imposition of conditions under section 7.11 or 7.12 of the Act in relation to the issue of a complying development certificate must provide that the payment of monetary section 7.11 contributions and section 7.12 levies in accordance with those conditions is to be made before the commencement of any building work or subdivision work authorised by the certificate.	Section 4.6
2	In determining the section 7.11 contribution rates or section 7.12 levy percentages for different types of development, the council must take into consideration the conditions that may be imposed under section 4.17 (6)(b) of the Act or section 97 (1)(b) of the <i>Local Government Act 1993</i> .	No such conditions mentioned in the plan
3	A contributions plan must not contain a provision that authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes unless the council is satisfied that the pooling and progressive application of the money paid will not unreasonably prejudice the carrying into effect, within a reasonable time, of the purposes for which the money was originally paid.	The plan does not contain such a provision