

Independent Pricing and Regulatory Tribunal
New South Wales

Targeted assessment of revised open space
embellishment costs in
Contributions Plan No. 21 – Marsden Park

Blacktown City Council

Draft Report
Local Government

December 2020

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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 15 January 2021.

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

You can also send comments by mail to:

Review of open space embellishment costs in Marsden Park
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop, Sydney NSW 1240

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

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1 Executive Summary

On 13 October 2020, the Minister for Planning and Public Spaces (the Minister) requested IPART conduct a targeted assessment of revised open space embellishment costs in Blacktown City Council's *revised Section 94 Contributions Plan No. 21 – Marsden Park* (CP21).

This targeted assessment arises from recommendations made in our 2017 assessment of CP21 (2016) that Blacktown City Council (the council) should:

- ▼ undertake a review of the reasonable costs of all items of open space embellishment
- ▼ pending the outcome of the review, remove \$112 million of open space embellishment costs (for items such as playing fields, amenities blocks and car parking)
- ▼ remove \$6 million of landscaping costs for environmental and bush regeneration work.

The then Minister for Planning accepted our recommendations and instructed the council to make the necessary changes. The council completed its review of its open space embellishment costs and submitted them to IPART for assessment in October 2020. The Minister for Planning and Public Spaces has requested that IPART conduct a targeted assessment of revised open space embellishment costs in CP21.

The scope of our targeted assessment is limited to considering the reasonableness of the council's revised costs for open space embellishment items which were included in CP21 (2016).¹ This is consistent with an assessment against Criterion 3: Reasonable costs, in the Department of Planning, Industry and Environment's (DPIE's) Practice Note (Practice Note).ⁱ Our targeted assessment scope does not include consideration of any changes in population since 2016, or the requirements to cater for the open space needs of this changing population. We note that this targeted assessment supplements the full assessment completed in August 2017, which provides details of our assessment against the Practice Note.

We found that the council's revised costs are reasonable for most embellishment items. However, we found that the site establishment costs for the Grange Avenue landfill site should not be included in CP21 as they duplicate the costs of site remediation. We also found that the council's cumulative approach to applying allowances leads to unreasonably high costs for allowances for open space embellishment.

Our draft recommendations would revise the cost of open space embellishment in CP21 to \$148.9 million. This equates to a decrease in embellishment costs of \$25.4 million (14.6%) relative to CP21 (2016). The IPART-assessed reasonable cost includes the costs for embellishment of Reserves 934, 998 and 990, for which embellishment costs have been established through agreements with developers, and which should be included in the plan.

¹ Open space land in CP21 is out of scope. We also conducted a limited assessment of Criterion 1: Essential works list and Criterion 2: Nexus, where it was necessary to consider changes made by the council in its revised information.

1.1 Our key findings

We have conducted this targeted assessment in accordance with our instructions from the Minister.

We found that the council's revised embellishment items are consistent with the essential works list, and that nexus is established for most revised embellishment items, except for site preparation and establishment costs for the former Grange Avenue landfill site, as these duplicate the site remediation costs. We found that most of the council's revised costs are reasonable, but that the cumulative application of allowances leads to unreasonably high allowances for open space embellishment.

CP21 should not include site preparation and establishment costs for the Grange Avenue landfill site

The council has included site preparation and establishment costs in CP21 to bring open space land up to a suitable standard for use by the public. We consider that nexus is established for these costs in all reserves except for the Grange Avenue landfill site (Reserve 1006). We note that CP21 includes \$33.0 million in site remediation costs for this site, and that these works are intended to allow for open space and recreational uses on the site. We consider that the inclusion of \$28.8 million of site preparation and establishment costs would be double counting.

Most of the council's revised costs are reasonable

The council engaged quantity surveyors, Altus Group, to provide detailed estimates for all open space embellishment items. The council has also provided its contract costs for some embellishment items.

The Altus Group estimates include cost breakdowns for each embellishment item, which include rates and quantities for each sub-component. In revising its costs, the council has also ensured that landscaping embellishments do not exceed the total area of open space reserves, and that landscaping costs have not been double-counted.

We found that the council's revised rates are reasonable for most embellishment items, except for seating areas, youth facilities, BBQ areas, playing fields, amenities buildings, carparks, site hydraulic services and site electrical services, for which the rates are too high, and for which we have recommended cost adjustments.

Cumulative application of allowances leads to unreasonably high allowances

The council has cumulatively applied allowances – for preliminaries, margin and overheads, contingency and design fees – in its revised works schedule, as summarised in Table 1.1.

Table 1.1 The council’s approach to applying allowances in CP21

| Allowance | Approach |
|--------------------|---|
| Preliminaries | 12.5% of construction cost |
| Margin & overheads | 5% of (construction cost + preliminaries) |
| Contingency | 15% of (construction cost + preliminaries + margin & overheads) |
| Design fees | 10% of (construction cost + preliminaries + margin & overheads) |

Source: Revised CP21 works schedule

Note: The council applies this approach to all embellishment items, but not to remediation costs.

This approach differs from the approach to calculating allowances used in most other plans we have assessed, and leads to unreasonably high costs for allowances for open space embellishment.

We consider that allowances should be estimated as a percentage of the construction cost only, and should not be cumulative.

The cost of open space in CP21 is reasonable on a per square metre basis

The IPART-assessed reasonable cost of open space embellishment in CP21 is \$92 per square metre, which is reasonable compared with other plans we have assessed. This is lower than the \$123 per square metre proposed by the council for in-scope embellishment items.

We note that this rate is calculated based on a total area of open space area that includes dual purpose drainage areas. These drainage areas are relatively large and have low embellishment costs. Further, we note that the council’s proposed inclusions in the plan, including items that are out of scope for this targeted assessment, would have resulted in a higher cost per square metre.

1.2 Our draft recommendations

We have made two draft recommendations as a result of our targeted assessment of open space embellishment costs in CP21. Our draft recommendations (and the page number on which they appear in the following chapters) are listed below. Both recommendations require action by the council.

- 1 Revise the reasonable cost of open space embellishment in CP21 to \$148.9 million, by:
 - updating the cost of each embellishment item to the IPART-assessed reasonable cost
 - applying allowances as a percentage of construction cost only. 25
- 2 Update the apportioned costs for Reserve 980 (centralised netball competition venue in Schofields) in other Blacktown City Council contributions plans (*Contributions Plan No.24 for Schofields* and *Contributions Plan No.22 for Rouse Hill*) when those plans are next reviewed. 25

1.3 Structure of this report

The following chapters provide our analysis of the reasonable cost of open space embellishment in CP21.

- ▼ Chapter 2 outlines the context and approach for this assessment
- ▼ Chapter 3 provides an overview of open space in CP21
- ▼ Chapter 4 considers the proposed open space embellishment
- ▼ Chapter 5 presents our analysis of the reasonable cost of the revised open space embellishment items
- ▼ Chapter 6 presents the reasonable cost of open space in CP21
- ▼ Appendix A provides detailed tables of IPART-assessed reasonable costs by embellishment item and open space reserve
- ▼ Appendix B presents our approach to assessing reasonable cost by embellishment item
- ▼ Appendix C provides a copy of our instructions from the Minister, which form the Terms of Reference for this targeted assessment.

1.4 How you can have a say on this Draft Report

We are seeking written submissions on this Draft Report. Submissions are due by **15 January 2021**. Late submissions may not be accepted. More information on how to make a submission can be found on page ii of this Draft Report.

We intend to provide our Final Report to the Minister, DPIE and the council in February 2021.

2 Context and approach for this targeted assessment

Blacktown City Council submitted CP21 (2016) to IPART for assessment in December 2016. IPART's final assessment report was published in August 2017. The cost of open space embellishment in CP21 (2016) was \$174.3 million. This equated to around 18% of the total costs in the plan. We found that the cost of open space embellishment was too high and recommended the council undertake a review of the costs of all items of open space embellishment, and remove most open space embellishment costs from the plan pending that review.

In January 2019, the then Minister for Planning requested that the council action our open space recommendations,ⁱⁱ which reduced open space embellishment costs by approximately \$118.1 million. This comprised reductions of:

- ▼ \$112.0 million for playing fields, amenities buildings, tennis courts, car parking, landscaping 'type 1' and 'type 2' and youth recreation facilities, pending a review of the costs of all items of open space infrastructure
- ▼ \$6.0 million in landscaping 'type 3' works costs,
- ▼ \$46,000 for plans of management for a combined netball facility and remediation of Reserve 1006.

The council made these changes and exhibited the updated plan. The adopted plan with these changes is an IPART-reviewed contributions plan.

2.1 Why is IPART reviewing open space costs in CP21?

In actioning our 2017 recommendation, the council has conducted a review of open space embellishment costs in CP21, and is seeking to include the revised costs in the plan.

On 13 October 2020, the Minister, with the Premier's endorsement, requested IPART conduct a targeted assessment of revised open space embellishment costs in CP21. This is a targeted assessment with a limited scope, and is not a full assessment of the plan. The Minister's request that forms the Terms of Reference for this review is at [Appendix C](#).

2.2 What is the scope of this targeted assessment?

The scope of this targeted assessment is defined by our instructions from the Minister. It requires us to consider the reasonableness of the council's revised costs for open space embellishment items which were included in CP21 (2016).² This is consistent with an assessment against Criterion 3: Reasonable costs, in DPIE's Practice Note.ⁱⁱⁱ Our targeted assessment scope does not include consideration of any changes in population since 2016, or the requirements to cater for the open space needs of this changing population.

² Open space land in CP21 is out of scope.

We note that this targeted assessment supplements the full assessment completed in August 2017, which provides details of our assessment against the Practice Note.

The council's revised costs include new items that were not included in CP21 (2016). As instructed by the Minister, we have excluded these items from this targeted assessment. We have also not considered any changes in factors that may affect the nexus for open space embellishment since our 2017 assessment, such as changes in population.

However, we have undertaken a limited assessment of Criterion 1: Essential works and Criterion 2: Nexus (see [Chapter 4](#)), for items of open space embellishment which were included in the previous version of the plan, and which the council has since revised.

Our interpretation of the scope of this targeted assessment is explained in Box 2.1.

The outcome of this targeted assessment is a revised recommendation on the cost of open space embellishment in CP21.

Box 2.1 Scope of this targeted assessment

In scope

We consider embellishment items are within the scope of this assessment where the embellishment item, and the proposed units of that embellishment item, are the same as in CP21 (2016).

On a case by case basis, we have also considered some 'revised' items are in scope, where the embellishment item and/or the proposed units of that item were included in CP21 (2016), but where the council made some changes in the information submitted for this targeted assessment. For example, CP21 (2016) included site establishment costs within the cost of some individual embellishment items. The council has now presented site establishment costs as a separate embellishment item. We consider this is in scope, because site establishment costs were included in CP21 (2016).

Another example is 'site services', included in CP21 (2016). The council has now disaggregated 'site services' into 'site hydraulic services' and 'site electrical services'. As this disaggregation has not introduced new items in the plan, we consider the 2 embellishment items are in scope. Further details on these items and our rationale for considering them in scope is in [section 4.2](#).

Out of scope

We consider embellishment items are out of scope of this assessment if they were not included in CP21 (2016). For example, CP21 (2016) did not include any shade sails or basketball courts, and hence they are out of scope for this targeted assessment.

Additional units of embellishment items are also out of scope of this targeted assessment. For example, while playgrounds were included in CP21 (2016), the plan did not include any playgrounds in Reserve 994. We consider that the playgrounds that were in CP21 (2016) are in scope for this review, but not the additional playground in Reserve 994.

2.3 How have we assessed reasonable cost?

We reviewed the council's proposed costs for embellishment items, and their component sub-items.

We applied the reasonable costs of individual embellishment items to the reserves in CP21 to estimate a reasonable embellishment cost for each reserve, and for CP21 open space in total.

We have presented our analysis in June 2016 dollars (\$Jun2016) for consistency with the base period of the estimates in our 2017 assessment of CP21 (2016). Further details on our approach to assessing reasonable cost are in [Chapter 5](#) and [Appendix B](#).

2.4 What happens next?

We are seeking submissions on our draft recommendations and invite comments from interested parties by **15 January 2021**. You can find details of how to make a submission on page ii of this Draft Report.

Our draft recommendations are presented in the [executive summary](#) and [Chapter 6](#).

We will take stakeholder submissions into account in determining our recommendations in the Final Report. We will deliver our Final Report to the Minister, DPIE and the council in February 2021.

The Minister (or the Minister's Nominee) will consider our report and advise the council of any required amendments to the contributions plan. This advice will be published on DPIE's website. Once the council makes these amendments, the plan will become an "IPART-reviewed contributions plan". This will entitle the council to levy contributions in accordance with the adopted plan.

3 Overview of open space in CP21

CP21 includes the Marsden Park Precinct (MPP) and Marsden Park Industrial Precinct (MPIP). Both precincts are part of the North West Growth Area, located north-west of Blacktown and the Sydney CBD. The MPIP is located to the south-east of the MPP and is roughly one-fifth of its size. Most open space in CP21 is located in the MPP, with the exception of Reserve 934 which is located in the MPIP.

The MPP and MPIP are relatively flat. The MPP includes several small waterways (most originating from South Creek, which forms the northern border of the precinct), including Little Creek which runs through the precinct from north to south. The Shanes Park woodland is located in the south of the MPP, west of the MPIP, and comprises around one-third of the MPP's total area. Almost one-fifth of open space in the plan is covered by transmission line easements.

The open space in CP21 includes 18 reserves and a proportional share of the costs of the centralised netball competition venue at Schofields, located outside the precinct. It also includes open space in 8 dual purpose drainage areas.

Table 3.1 lists the open space reserves and drainage areas in CP21.

Table 3.1 Reserves in CP21

| Description | Reserve | Area (hectares) |
|------------------------------------|--------------|--------------------|
| MPP | | |
| Local park | Reserve 990 | 0.48 |
| | Reserve 991 | 0.61 |
| | Reserve 993 | 11.71 |
| | Reserve 994 | 0.91 |
| | Reserve 998 | 0.57 |
| | Reserve 1000 | 0.75 |
| | Reserve 1003 | 0.90 |
| | Reserve 1004 | 0.62 |
| | Reserve 1005 | 0.42 |
| | Urban park | Reserve 1001 |
| Active reserve with playing fields | Reserve 995 | 4.26 |
| | Reserve 997 | 4.32 |
| | Reserve 999 | 4.28 |
| | Reserve 1002 | 6.76 |
| Large active reserve | Reserve 1006 | 64.32 |
| Transmission easement land | Reserve 992 | 2.17 |
| | Reserve 996 | 5.08 |
| Drainage area ^a | Reserve A | 14.18 |
| | Reserve B | N/A ^b |
| | Reserve C | 14.48 |
| | Reserve D | N/A ^b |
| | Reserve E | 23.38 |
| | Reserve F | N/A ^b |
| | Reserve G | 0.14 |
| | Reserve H | N/A ^b |
| MPIP | | |
| Local park | Reserve 934 | 0.76 |
| Schofields | | |
| Centralised competition venue | Reserve 980 | 11.95 ^c |

a Reserves A through H serve a dual purpose as additional passive open space co-located within stormwater management facilities.

b The council has not provided area measurements for this reserve.

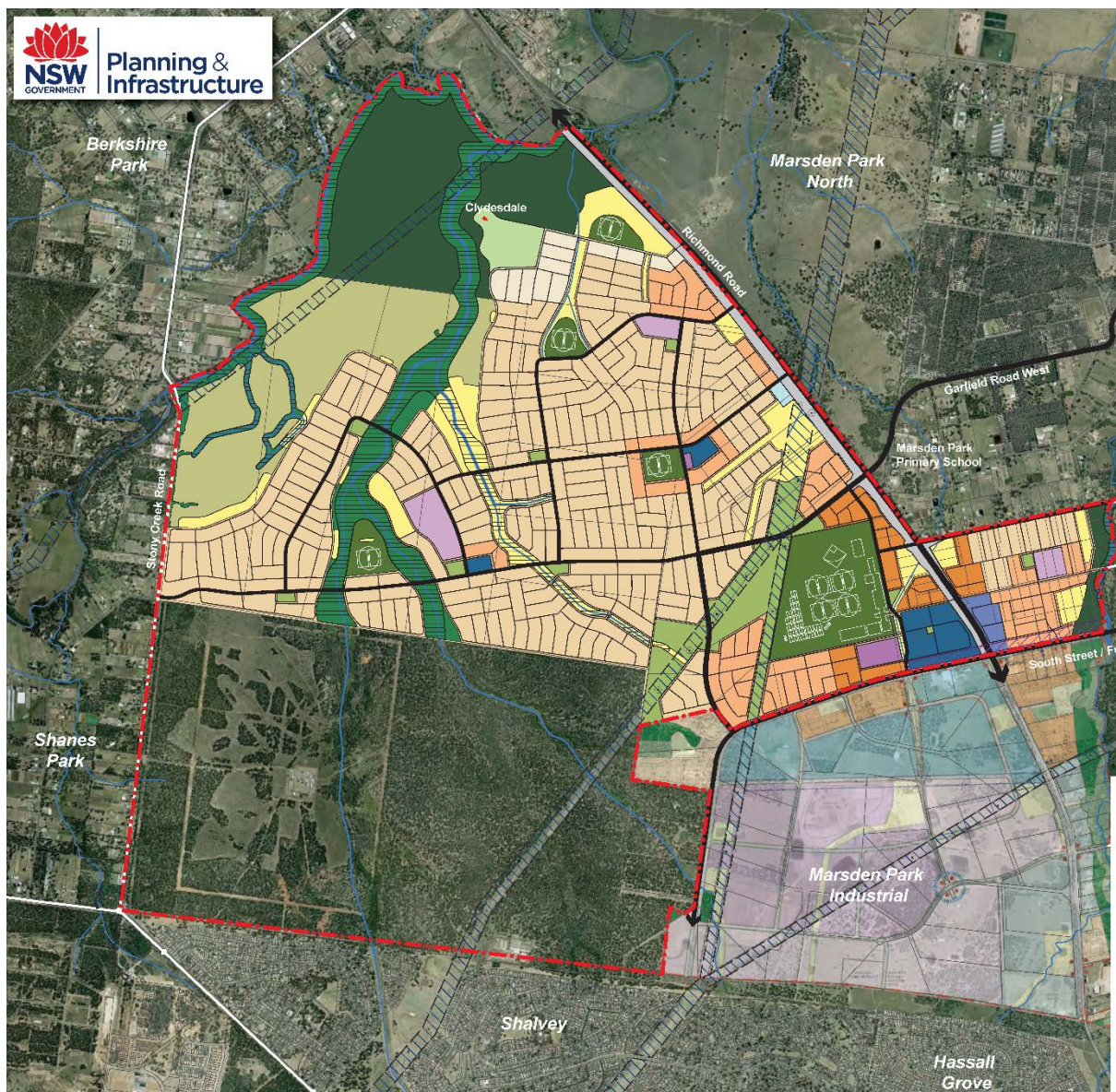
c Part of the embellishment costs of the centralised competition venue located in Schofields are apportioned to CP21.

Source: CP21, Appendix E3, p 78.

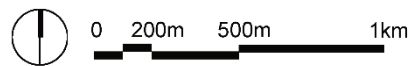
Figure 3.1 shows the indicative layout of the MPP.

Figure 3.2 shows the indicative layout of the MPIP.

Figure 3.1 Indicative layout plan of Marsden Park Precinct



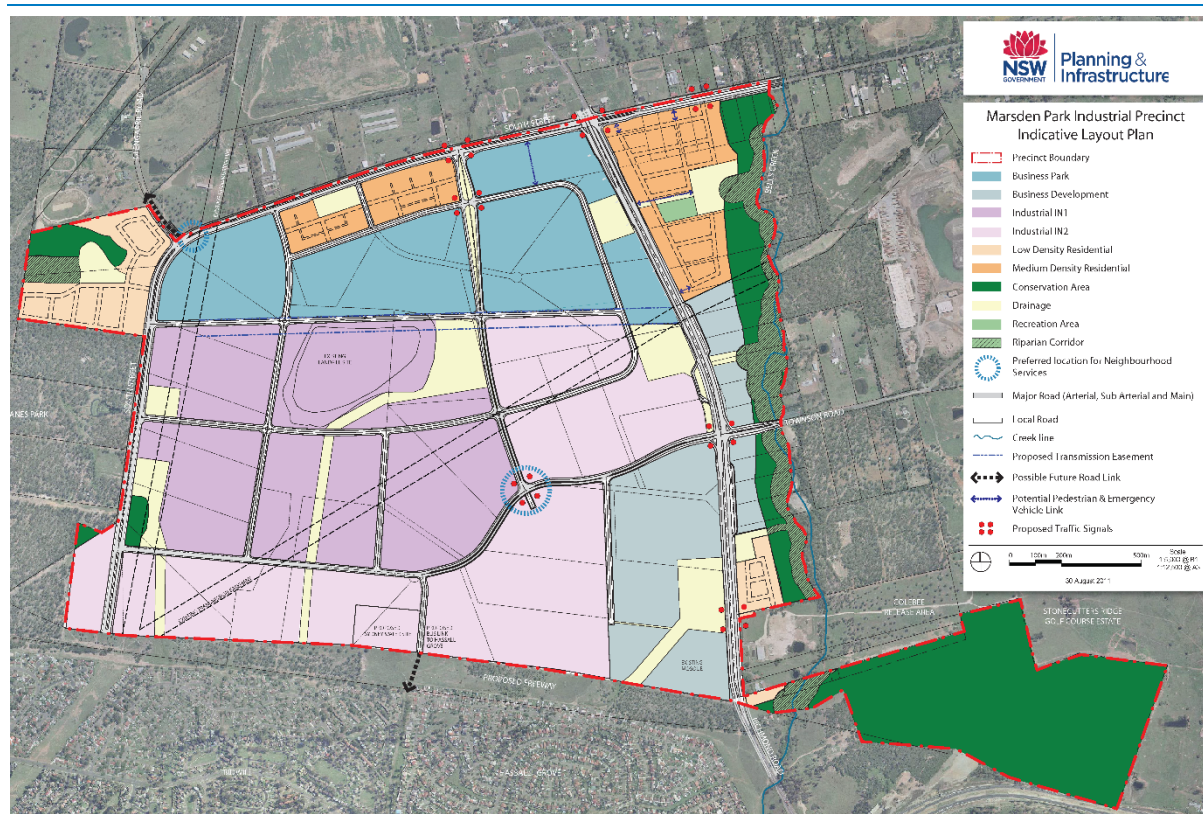
MARSDEN PARK PRECINCT
Indicative Layout Plan



- | | |
|---|--|
| Precinct Boundary | Transition |
| Low Density Residential (11 dwellings per hectare) | Sporting Field |
| Low Density Residential (15 dwellings per hectare) | Local Park |
| Medium Density Residential (25 dwellings per hectare) | Private Open Space (Clydesdale Estate) |
| High Density Residential (35 dwellings per hectare) | Environmental Conservation |
| Retail Centre | Environmental Management |
| Indicative School Site | Riparian Corridor |
| Community Use | Water Management |
| Mixed-use Zone | Transmission Easement |
| | Transport Corridor |
| | Substation Site |

Source: Department of Planning and Infrastructure, Marsden Park – Indicative Layout Plan, October 2013.

Figure 3.2 Indicative layout plan of Marsden Park Industrial Precinct



Source: Department of Planning and Infrastructure, Marsden Park Industrial – Indicative Layout Plan, October 2011.

3.1 Open space provision in CP21

CP21 contains 109.6 hectares of land for open space.³ This equates to a rate of provision of land for open space of around 3.3 hectares per 1,000 residents, based on an estimated residential population of around 33,750 persons.⁴ This rate of provision exceeds the Growth Centres Commission’s benchmark of 2.8 hectares per 1,000 residents. While out of scope for our targeted assessment, we note that CP21’s updated population estimate of 44,700 persons would cause the rate provision of land for open space to fall to 2.5 hectares per 1,000 residents, below the Growth Centres Commission benchmark.^{iv}

In a 2012 technical study of Marsden Park, MacroPlan noted that the open space benchmark is a quantitative standard only, and its application must have regard to the quality of the open space offering and its accessibility to the dwellings it is intended to serve.^v In CP21, approximately 27% of the land identified as open space in CP21 provides restricted use for passive recreation, which limits its ability to be used as open space:

³ This figure represents the total land for open space in the plan for MPP and MPIP, however, we note that there are around 50 hectares of drainage areas which also contribute to open space in CP21. CP21 also includes the embellishment costs for a centralised competition venue (Reserve 980) to be located in Schofields, which is outside of the land to which CP21 applies.

⁴ However, the 2016 Open Space Audit by GHD for the North West Priority Growth Area indicates that the population to be accommodated in the Marsden Park precincts will be approximately 44,700, 32% higher than the plan’s estimate.

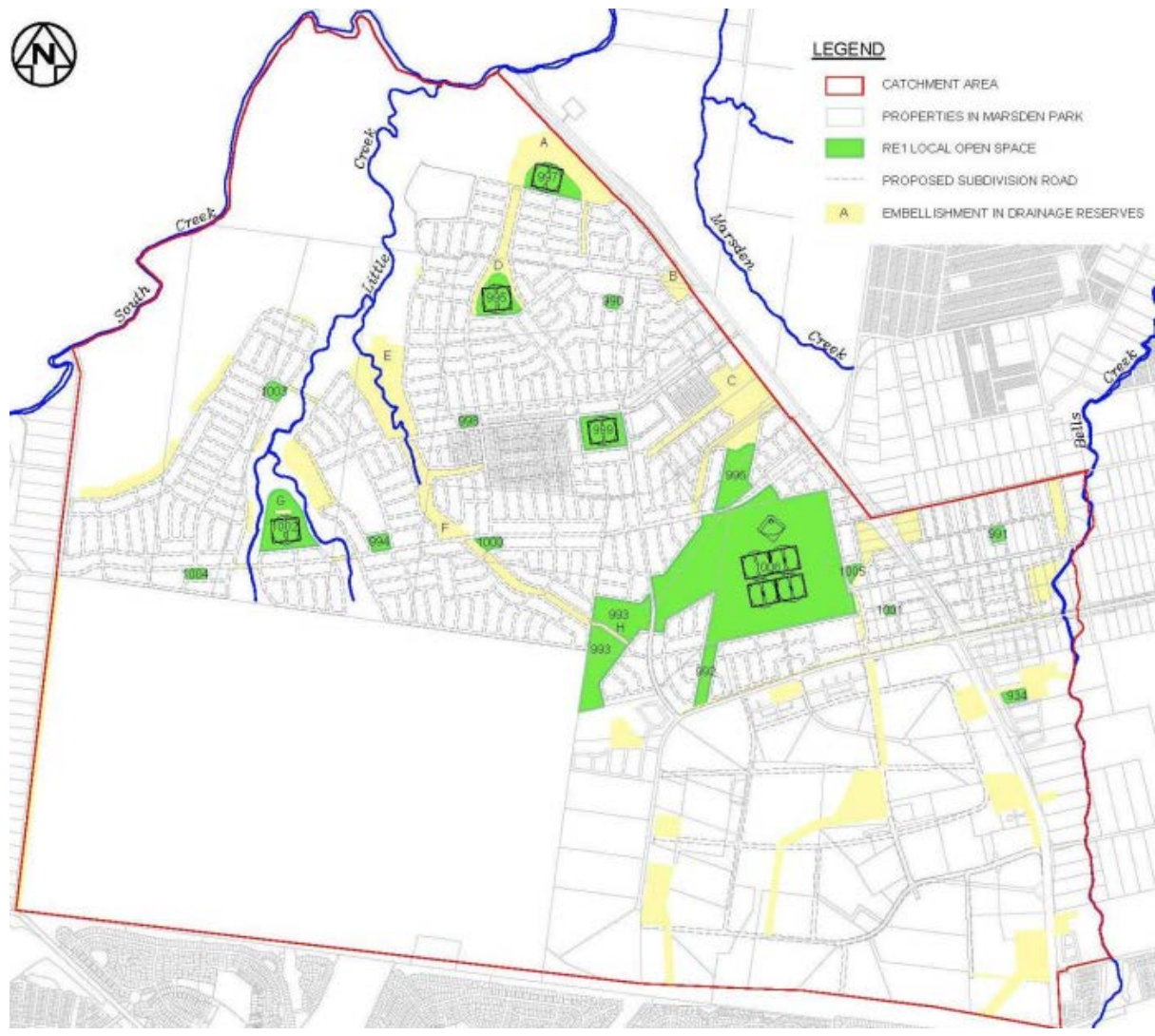
-
- ▼ Approximately 18 hectares (16%) of open space is located under transmission line easements. TransGrid guidelines apply to this land,^{vi} which prohibit public spaces or recreational activities that encourage people to spend time within the easement, but permit cycleways, walking tracks and footpaths on the outer part of the easement or as a thoroughfare across it. The council's proposed embellishment of transmission easement land is consistent with TransGrid's guidelines.
 - ▼ Approximately 11 hectares (10%) of land zoned for public recreation is protected as part of the biodiversity certification for existing native vegetation in the Growth Centres. On this land, only development for the purpose of eradicating noxious weeds can be completed without consent from the Office of Environment and Heritage (OEH). Recreational uses are not permitted, nor are embellishments such as playgrounds, pathways or cycleways.^{vii}

Of the 108.7 hectares of land for open space in the MPP, the council has identified 64.3 hectares for local active open space and 44.4 hectares for local passive open space. The 0.8 hectares of land for open space in the MPIP (Reserve 934) is a local park.

In addition to the open space in CP21, there are 10.5 hectares of private open space included in MPP's indicative layout plan, which is not funded through developer contributions.

Figure 3.3 shows open space in the MPP and MPIP in green, as well as numbers identifying the reserves.

Figure 3.3 Open space and reserves in CP21



Source: CP21, p77.

4 Proposed open space embellishment in CP21

The council has provided revised information on open space embellishment in CP21, including new and revised items of embellishment within open space facilities.^{viii} Our assessment is limited to the reasonable cost of items included in CP21 (2016). This includes items that the council has revised within the scope of what we previously assessed (see [section 4.2](#)). This chapter provides our assessment of these changes as they relate to Criterion 1: Essential works list and Criterion 2: Nexus.

4.1 Criterion 1: Essential works list

In assessing contributions plans, we are required to consider whether a plan includes open space land and base level embellishment items consistent with 'essential works' in the Practice Note.

Our 2017 assessment found that the council's landscaping 'type 3' embellishments reflected bushland regeneration works which were not consistent with the essential works list. We recommended the council remove these works from the plan. The council has now revised the scope of its landscaping 'type 3' embellishments.

4.1.1 The revised landscaping 'type 3' embellishment is consistent with the essential works list

The council has clarified that landscaping 'type 3' embellishments are not for environmental purposes but to bring sites up to a standard suitable for use. The council has revised these embellishments to only include tree planting to meet safety standards for use as open space. The proposed landscaping works do not include any maintenance items, drip irrigation or works within riparian areas.

We note that tree planting is consistent with the essential works list, and as this item was included in CP21 (2016), our targeted assessment scope includes considering whether the revised costs for tree planting are reasonable.

4.2 Criterion 2: Nexus

Our assessment of contributions plans requires us to assess whether the proposed public amenities and public services are reasonable in terms of nexus.⁵ Our 2017 assessment found that nexus was established for the proposed open space in CP21, noting the constraints of the land, and that additional open space appears to be needed for the higher projected population for the precinct.

⁵ Nexus ensures that there is a connection between the land and facilities in a contributions plan and the need for them arising from the new development.

In this targeted assessment, we consider whether nexus is established for embellishment items that have changed relative to the plan previously assessed. The council made 3 types of changes to embellishment items in CP21:

- ▼ including new items, which are out of scope for our assessment⁶
 - e.g. shade sails, which were not included in CP21 (2016)
- ▼ increasing the quantities of embellishment items, which is out of scope for our assessment
 - e.g. longer cycleway lengths than were included in CP21 (2016)
- ▼ revising items, which is within our assessment scope.
 - e.g. reclassifying ‘landscaping type 1’ as ‘turf’.

Table 4.1 summarises these changes as they relate to the embellishment items submitted by the council for assessment.

We have not otherwise revisited our previous finding or taken into account any new information such as changes to population projections in establishing nexus.

Table 4.1 New and revised open space embellishment items and quantities proposed by the council

| New items – outside assessment scope | Increased quantities of embellishment – outside assessment scope ^a | Revised items – within assessment scope |
|--------------------------------------|---|---|
| ▼ Shade sail | ▼ Boundary fencing in Reserve 993 | ▼ Site preparation and establishment |
| ▼ Water play area | ▼ Cycleway lengths in Reserves 992, 996 and 997 | ▼ Turf |
| ▼ Single synthetic playing field | ▼ Seating areas in Reserve 993 | ▼ Shrubs and groundcovers |
| ▼ AFL synthetic playing field | ▼ Playground in Reserve 994 | ▼ Tree planting |
| ▼ Basketball court | ▼ Youth facility (recreation) in Reserves 997 and 1001 | ▼ Youth facility (sports) |
| ▼ Off leash area | ▼ Picnic area in Reserve 994 | ▼ Site hydraulic services |
| ▼ Pedestrian bridge | ▼ BBQ area in Reserve 995 | ▼ Site electrical services |
| | ▼ Fitness areas in Reserves 997, 1000 and 1003 | |
| | ▼ Amenities buildings in Reserve 1006 | |
| | ▼ Tennis courts in Reserve 1006 | |
| | ▼ Pathway lengths in drainage areas (Reserves A, C and E) | |
| | ▼ Seating area in drainage area (Reserve E) | |

Note: This table only presents the new and revised open space embellishment items in this targeted assessment. It does not present the ‘in scope’ embellishments where the council has not changed the embellishment item, or introduced additional units of that item relative to CP21 (2016), (e.g. carparks and amenities buildings).

a Increased units are outside our targeted assessment scope as we do not have the information required to establish nexus for these additional embellishments. However, if the council has decreased its units/quantities of embellishment items, we consider that nexus was established for the quantity in CP21 (2016), and hence, is established for any reduced quantities.

⁶ The Minister’s Letter (see Attachment C) states that the review is limited to “revised costs for open space items that were included in the version of CP21 assessed by IPART in 2017”.

Our assessment of nexus for the revised items of open space embellishment in CP21 is outlined in [section 4.2](#). Our assessment of the reasonable cost of all in scope open space embellishment is in [Chapter 5](#).

4.2.1 Nexus is established for site preparation and establishment costs, except for in Reserve 1006

The council has included site preparation and establishment costs in CP21 to bring open space land up to a suitable standard for use by the public. It provided examples of sites that require treatment, such as Reserve 992, pictured in Figure 4.2.

Figure 4.2 Example of open space land requiring site preparation – Reserve 992



Source: Information provided by Blacktown City Council, 15 October 2020.

CP21 (2016) included site preparation and establishment costs for some, but not all, open space embellishment items. In its revised estimates, the council has extracted site preparation and establishment costs from the individual embellishment items, and proposed a site establishment cost estimated on a per square metre basis for all reserves.

This change is consistent with advice from IPART in 2018 that site establishment costs should be applied to the total area of a reserve. This ensures that site establishment costs are included in the plan for all open space, instead of only being applied where they directly relate to other embellishment items.

As site preparation and establishment costs were included in CP21 (2016), we consider that nexus is established for the inclusion of site preparation and establishment costs in the plan.

We consider that nexus is established for site preparation and establishment costs for all reserves in CP21 except for the Grange Avenue landfill site (Reserve 1006). CP21 includes a cost of \$33.0 million for remediation of Reserve 1006, which covers the cost of landfill rehabilitation works required to:

- ▼ allow for open space and recreational uses on the site
- ▼ facilitate the construction of amenities buildings and other infrastructure associated with the reserve.^{ix}

Given the scope of the proposed remediation works, we consider that nexus is not established for including a further \$28.8 million for site preparation and establishment in Reserve 1006, as this would involve double counting.

4.2.2 Nexus is established for revised landscaping embellishments

In addition to revising its landscaping 'type 3' embellishments (see section 4.1.1), the council has reclassified its landscaping 'type 1' and 'type 2' embellishments. Landscaping 'type 1' has been reclassified as turf, and 'type 2' has been reclassified as shrubs and groundcovers.

The council has also revised the land area under each type of landscaping embellishment to ensure that no duplication of landscaping treatments occurs, i.e. the total area subject to these 3 embellishments does not exceed the total open space area in a given reserve. In doing this, it has reduced the area of shrubs and groundcovers in all reserves and drainage areas, and increased the tree planting area in most reserves. The council has made this change to increase tree canopy to reduce urban heat effects.^x

It is out of scope of our targeted assessment to consider whether nexus is established for any changes to the plan, such as changed landscaping embellishments. However, we note that the council has made adjustments to these embellishments to avoid duplication, and the impact on costs in the plan arising from a substitution between shrubs and trees does not have a material impact on costs in the plan.

Hence, for the purpose of this targeted assessment, we consider that nexus is established for all 3 types of landscaping embellishments in CP21, and for the proposed areas of turf, shrubs and groundcovers, and trees.

4.2.3 Nexus is established for the revised youth facilities in Reserve 1006

The council has changed its proposed provision of youth facilities. In CP21 (2016), the council included one youth recreation facility in Reserve 1006. The council has now provided cost estimates for both a 'youth facility (recreation)' and a 'youth facility (sports)' in Reserve 1006.

We consider nexus is established for the inclusion of both a youth facility (recreation) and youth facility (sports) in Reserve 1006, as the revised cost based on the combined scope is less than proposed in CP21 (2016). However, in that version of the plan, there were no youth facilities in Reserves 997 and 1001. We have not considered whether nexus is established for the additional youth facilities in Reserves 997 and 1001 as they are outside the scope of this targeted assessment.

4.2.4 The council has separated site services into electrical and hydraulic services

In CP21 (2016), the council included cost estimates for site services, which included external stormwater and sewer drainage, water supply, and electrical light and power costs. In its revised costs, it presents separate estimates for site electrical services and site hydraulic services.

This disaggregation of estimates has not introduced new items in the plan. We consider that nexus is established for both site electrical services and site hydraulic services.

5 Reasonable cost of open space embellishment items in CP21

The council's revised total cost for open space embellishment in the plan is \$198.2 million.⁷ This excludes items that are outside the scope of this targeted assessment, as discussed in [Chapter 4](#). It compares with total open space embellishment costs in CP21 (2016) of \$174.3 million.

The council's revised total cost of open space embellishment is based on revised costs for individual embellishment items in CP21. Most of the revised costs are new estimates from the council's quantity surveyor (Altus Group). For other items, such as boundary fencing, pathways, and cycleways, the council has applied its current contract rates.

This chapter presents our analysis of the reasonable cost of individual embellishment items. The rates we have assessed as reasonable for each embellishment item are presented in [Appendix A](#).

5.1 We have assessed the reasonableness of the council's revised costs for each item of open space embellishment

We have reviewed the council's proposed costs for embellishment items, and their component sub-items, through comparison with:

- ▼ rates for open space embellishment prepared for IPART by quantity surveyors, Morrison Low, in September 2018^{xi}
- ▼ similar items in recent plans that IPART assessed as reasonable
- ▼ Rawlinsons Australian Construction Handbook (Rawlinsons)
- ▼ IPART benchmark costs.

Our approach to assessing reasonable cost by embellishment item is explained in [Appendix B](#).

5.2 Criterion 3: Reasonable cost

In accordance with the Practice Note, our assessment considers whether the costs in the plan are a reasonable estimate of the cost of the proposed public amenities. Our assessment of CP21 (2016) found that the council's proposed open space embellishment costs were too high.

⁷ This estimate includes the revised cost for in-scope embellishment items only, plus an additional \$11.9 million for the embellishment of 3 reserves agreed under works-in-kind agreements or voluntary planning agreements, which should be included in CP21 (see section 6.1). The council's revised costs are higher than those in CP21 (2016) because of the inclusion of site preparation and establishment costs (see discussion in section 4.2.1), and because some revised estimates which were higher than those previously included in CP21 (2016).

In this targeted assessment, we have assessed the revised costs of individual embellishment items provided by the council. We found that the council's revised rates are reasonable for most embellishment items, except for seating areas, youth facilities, BBQ areas, playing fields, amenities buildings, carparks, site hydraulic services and site electrical services, for which the rates are too high. We also found that the council's cumulative approach to applying allowances is not reasonable.

5.2.1 Most of the council's revised embellishment costs are reasonable

The council's proposed per square metre rate for site preparation and establishment costs is reasonable, compared with Morrison Low rates. We also consider the Altus Group rates for landscaping embellishments (turf, shrubs and groundcovers, and tree planting) are reasonable, based on the scope of these embellishments and comparable costs from Rawlinsons. The council has confirmed that its landscaping embellishments do not duplicate other costs for shade trees or turf playing surfaces included within other embellishment items.⁸

The council has provided its current contract rates for boundary fencing, pathways and cycleways. We consider that these contract costs are reasonable, compared with Morrison Low rates and reasonable costs in other plans we have assessed. Assuming competitive procurement, contract rates are also likely to be the best indicator of the reasonable cost of delivering these embellishment items in CP21.

We also consider the Altus Group rates are reasonable⁹ for:

- ▼ playgrounds
- ▼ youth facilities (sport)
- ▼ picnic areas
- ▼ fitness areas
- ▼ netball courts
- ▼ tennis courts.

Some of these embellishment items include components that reflect the council's contract costs for its standard range of outdoor furniture.^{xii} We consider these costs are reasonable, assuming competitive procurement.

We note that the Altus Group rate for fitness areas exceeds the rate in CP21 (2016).¹⁰ The increase in cost is largely attributable to a more than doubling of rubber surface area for this embellishment, from 40 square metres to 100 square metres. The increase in size of the fitness area reflects a change in the council's approach to providing this embellishment, including an increase in the number of fitness equipment pieces (specifically, a cross trainer, lat pull-down, stretch multi-station and sit up bench), necessitating a larger safety surfacing area.^{xiii} We consider the revised cost is reasonable.

⁸ For example, the council notes that costs included within the 'playground' embellishment item for tree planting do not duplicate costs for tree planting within the broader park. Tree planting in the cost for playgrounds are for trees associated directly with the playground area.

⁹ Except for the council's proposed application of allowances, as discussed in section 5.1.3.

¹⁰ The fitness area in CP21 has been renamed. It was called an 'exercise trail' in CP21 (2016).

5.2.2 Proposed allowances are too high

The Altus Group estimates for embellishment items include revised allowances for preliminaries and margin and overheads. The revised allowances exceed those that were included in CP21 (2016), and those assessed as reasonable by Morrison Low.^{xiv}

Table 5.1 Comparison of allowances

| | CP21 (2016) | Morrison Low | Revised CP21 (Altus Group) | IPART-assessed reasonable allowances |
|--------------------|-------------|--------------|----------------------------|--------------------------------------|
| Preliminaries | 12% | 12% | 12.5% | 12% |
| Margin & overheads | 4% | 4% | 5% | 4% |

Sources: CP21 works schedule, Revised CP21 works schedule.

The council indicated that the small increase in preliminaries and margin and overheads allowances reflect the time that has passed since our review of CP21 (2016).^{xv} We consider that the council's explanation does not adequately justify the increased allowances as cost increases due to inflation will be accounted for through updated indexation of the costs in CP21.

5.2.3 Cumulative application of allowances leads to unreasonably high allowances

The council has cumulatively applied allowances – for preliminaries, margin and overheads, contingency and design fees – in its revised works schedule, as summarised in Table 5.2. This approach increases the total value of allowances per embellishment item, from 41% (if applied separately) to approximately 46%. This approach differs from the approach to calculating allowances used in most other plans we have assessed.

Table 5.2 The council's approach to applying allowances in CP21

| Allowance | Approach |
|--------------------|---|
| Preliminaries | 12.5% of construction cost |
| Margin & overheads | 5% of (construction cost + preliminaries) |
| Contingency | 15% of (construction cost + preliminaries + margin & overheads) |
| Design fees | 10% of (construction cost + preliminaries + margin & overheads) |

Source: Revised CP21 works schedule.

Note: The council applies this approach to all embellishment items, but not to remediation costs.

We consider the council's approach leads to unreasonably high costs for allowances for open space embellishment. Allowances should be estimated as a percentage of the construction cost only, and should not be cumulative.

5.2.4 The cost of seating areas is too high

We found that the cost of seating areas is too high and should be adjusted for consistency with other rates in the plan, and to avoid duplication of installation costs.

The Altus Group estimates for seating areas includes a council contract cost of \$2,400 for a park seat. We consider that this value has been incorrectly included as other Altus Group estimates include a cost of \$2,100 for a park seat. We also note that Morrison Low estimated the cost of a park seat at \$2,100, which we consider reasonable.

We consider that the \$2,100 cost already includes the cost of concrete footings and installation, as detailed elsewhere in the estimates by both Altus Group and Morrison Low.

5.2.5 Youth facility (recreation) costs should not include an allowance for site establishment

The proposed rate for the youth facility (recreation) includes a \$500 site establishment allowance associated with applying line marking paint for an outdoor court. We consider that the site establishment costs for the reserve should already cover this cost. To avoid double counting, this allowance should be removed.

The youth facility (recreation) also includes costs for two park seats, based on the council's contract costs. For consistency, these seats should be included at \$2,100 each, instead of the \$2,000 currently included in the Altus Group rate.

5.2.6 The cost of BBQ areas is too high

The Altus Group cost estimates for BBQ areas are more than double the Morrison Low estimates, which were considered reasonable in our assessment of CP22.

This is partially explained by the difference in scope of BBQ areas between the plans. For BBQ areas in CP21, the council includes additional costs for park picnic shelters and bin enclosures, based on council contract costs, which we consider reasonable.

However, we found that the Altus Group rates for a double BBQ with surrounding concrete surface area and concrete path are too high, and that the Morrison Low rate (\$14,122)¹¹ should be applied for these items.

5.2.7 Playing field costs are reasonable, except for the cost of fencing cricket nets

Altus Group's revised cost of playing fields includes the cost of playing field lighting, which was provided as a separate embellishment item in CP21 (2016).^{xvi} We consider this inclusion, and its proposed cost, are reasonable compared with Morrison Low rates and reasonable costs in other plans.

¹¹ The Morrison Low rate was \$15,000 in September 2017, indexed to \$Jun2016.

However, the cost of a fencing enclosure for cricket practice nets has been overestimated. Altus Group has estimated the fencing area required for two separate practice nets, but this is an overestimate if the nets will share an internal 'wall', as is common practice. Altus Group has also applied a rate of \$515 per square metre to supply and install the fencing enclosure. However, it has separately estimated a rate of \$94 per square metre to supply and install identical fencing for the council's tennis courts. We consider that a rate of \$94 per square metre should be consistently applied across embellishment items.

5.2.8 The cost of amenities buildings should be consistent with those provided in CP22

The Altus Group rate for amenities buildings exceeds the rate proposed by the council in CP21 (2016). While the Altus Group proposed cost per amenities building is within the range of reasonable costs of amenities buildings in other plans, it is high on a per square metre basis.

Morrison Low's advice for CP22 was to use the Rawlinsons rate (\$2,389 per square metre), as it is an industry standard for the cost of amenities buildings. We consider that the council should be able to deliver amenities buildings to an acceptable standard using this rate in CP21.

5.2.9 The cost of carparks is too high

The council includes costs for 100-space carparks in CP21, with Altus Group rates almost 50% higher than the Morrison Low rate that was assessed as reasonable for carparks in CP22. This reflects higher costs for carpark lighting, boundary treatment (bollards and entry gates) and carpark signage.

The council has stated that the higher Altus Group rates for these items are necessary to deliver a safe carpark, with lighting meeting Australian standards, and regulatory signage in accordance with advice from the council's Traffic Management team.^{xvii} We consider the council's position on these items is reasonable.

However, we found that the rates for shrubs (for rainwater treatment) and shade trees provided in car parks are too high, and should be consistent with rates for shrubs and shade trees applied elsewhere in the plan. We also found that the number of tree protection barriers required for these trees is too high, and should be reduced.

5.2.10 The cost of site electrical and hydraulic services is too high

As noted in section 4.2.4, the council has separated its site services costs into site hydraulic and site electrical services. The revised costs for these items are higher than the comparable combined cost in CP21 (2016) and the respective Morrison Low rates in CP22.

The council has noted that connecting site electrical services and hydraulic services to the utility main are a requirement specific to Reserves 997, 1002 and 1006,^{xviii} and that these costs do not duplicate costs for electrical infrastructure or stormwater drainage infrastructure in other embellishment items.^{xix}

Morrison Low provides lower rates for hydraulic services such as supplying and installing subsoil drainage (\$42 per metre) and connection to the sewerage system (\$5,649). Morrison Low also found that costs for connections to water mains, installing water meters and allowances for infrastructure were already accounted for in other costs. Similarly, Morrison Low proposed a lower cost for site electrical services, via a lower rate for the high voltage feed (\$659 per metre).

We consider the Morrison Low rates are reasonable for application in CP21.

5.2.11 Remediation costs should not include the cost of plans of management

CP21 includes the cost of remediation for the Grange Avenue landfill site (Reserve 1006). While not strictly an embellishment cost, it is a one-off cost for landfill rehabilitation in lieu of costs for acquiring other land for open space.

In our assessment of CP21 (2016), we found that costs for plans of management for the remediation of Reserve 1006 were not reasonable because it was likely that design fees, including project management fees, were already included in the cost estimates. We recommended that the council remove these costs from CP21.

In its revised works schedule, the council has included the same rate for remediation costs as in CP21 (2016). However, it advises that the cost of a plan of management is not included in this rate, rather, the rate is unchanged to allow for cost increases since 2016.^{xx}

We consider this approach is not reasonable. The council will recover any increases in costs from inflation through indexation of costs in the plan, and hence the costs of remediation should be reduced by the value of the plan of management (\$36,067).

6 Reasonable cost of open space in CP21

We have estimated the reasonable cost of embellishing each reserve (summarised in [Appendix A](#)), and the total reasonable cost of open space embellishment in CP21 (\$148.9 million), based on the reasonable cost of their component open space embellishment items, as discussed in [Chapter 5](#).

The IPART-assessed reasonable cost of open space embellishment in CP21 includes the cost of three reserves which have been omitted from the council's revised costs. Our analysis of open space embellishment costs in CP21 also has implications for the cost of Reserve 980 (centralised netball competition venue in Schofields) in other Blacktown City Council contributions plans, where apportioned costs should be updated accordingly.

6.1 The council omitted 3 reserves from its revised works schedule

The council's revised works schedule includes costs for embellishment of 15 open space reserves, apportioned embellishment costs for 1 reserve outside the precinct (Reserve 980), and embellishment costs for 8 drainage areas (Reserves A to H).

We note that CP21 (2016) also included embellishment costs for 3 other reserves, which should be considered as part of the total cost of embellishing open space in CP21:¹²

- ▼ Reserve 934 – a local park in the MPIP, for which an agreed value for embellishment was established in a 2015 works-in-kind agreement
- ▼ Reserve 998 – a local park for which embellishment costs were agreed in a voluntary planning agreement (VPA) with a developer
- ▼ Reserve 990 – a reserve with playing fields for which embellishment costs were agreed in a VPA.

We found in our 2017 assessment that nexus was established for these reserves and their embellishment, and that the costs of embellishments were reasonable. We therefore consider that these costs should be included in the reasonable cost of open space embellishment in CP21.

The council has confirmed that the agreed costs for these 3 reserves has not changed since our previous assessment.^{xxi} We have not reviewed these costs in this targeted assessment, other than ensuring that the costs have been appropriately indexed to \$Jun2016.

¹² All 3 of these reserves are now complete, and credits have been allocated to developers. These costs were removed from the version of CP21 currently in force to achieve the cost reductions directed by the Minister in January 2019.

We also note that costs for Reserves E and F (drainage areas) and Reserve 9 were included in the Stockland VPA (Deeds of Variation 7 and 9, respectively). The agreed costs for these reserves are subject to the Minister’s advice pending our targeted assessment.^{xxii} The council has advised that the costs for Reserve 1000 are subject to an amendment to the Stockland VPA under the same conditions.^{xxiii}

6.2 Embellishment costs per square metre

The IPART-assessed reasonable cost of open space embellishment in CP21, derived from an assessment of the reasonable cost of individual embellishment items, is also reasonable on a per square metre basis relative to other plans we have assessed. We recognise that the costs of open space embellishment in CP21 include higher costs to account for:

- ▼ the need to embellish large areas of land with restricted uses, such as transmission easement land, that have been included in the plan because there is no other use for the land
- ▼ the high cost of decontamination and remediation of the former Grange Avenue landfill site, to make it useable as an active recreation facility (an estimated cost of \$33.0 million).

We acknowledge the impact of these factors on the cost of open space embellishment in CP21. We note that the council’s proposed inclusions in the plan, and further inclusions which were outside the scope of this assessment, would have resulted in a higher per square metre cost.

Table 6.1 compares the per square metre cost of open space in CP21 with costs in other plans we have assessed. This shows that, on a per square metre basis, the costs in CP21 are comparable to other plans we have assessed.

Table 6.1 Per square metre embellishment costs in CP21 and other plans (\$Jun2016)

| Plan | Open space embellishment cost (\$ million) | \$ per square metre |
|---|--|---------------------|
| CP21 open space embellishment | | |
| CP21 (2016) | 174.3 | 108 |
| Council's revised cost of CP21 ^a | 198.2 | 123 |
| IPART-assessed reasonable cost of CP21 | 148.9 | 92 |
| CP21 (excluding remediation costs for Grange Avenue landfill site) | | |
| CP21 (2016) | 141.2 | 88 |
| Council's revised cost of CP21 ^a | 165.1 | 102 |
| IPART-assessed reasonable cost of CP21 | 115.9 | 72 |
| Other assessments | | |
| The Hills Shire Council, CP15 - Box Hill | 93.8 | 151 |
| The Hills Shire Council, CP16 - Box Hill North | 17.6 | 43 |
| Blacktown City Council, CP20, Riverstone and Alex Avenue | 111.2 | 47 |
| Blacktown City Council, CP22 - Rouse Hill | 105.2 | 100 |
| Blacktown City Council, CP24 - Schofields | 26.3 | 97 |
| Hawkesbury City Council – Vineyard | 27.7 | 106 |
| Wollongong City Council, West Dapto | 33.4 | 43 |

^a Costs include in-scope items only, plus the costs of 3 reserves where costs have been agreed with developers.

Note: Embellishment costs from contributions plans are approximate.

6.3 IPART-assessed reasonable cost

Based on the inclusions in each reserve, the IPART-assessed reasonable cost of open space embellishment in CP21 is \$ 148.9 million. This is \$25.4 million (14.6%) lower than the costs in CP21 (2016) and \$49.3 million (24.9%) lower than the revised (in-scope) costs the council submitted for consideration in October 2020.

The IPART-assessed reasonable cost includes the costs for embellishment of Reserves 934, 998 and 990, which should be included in the plan (see section 6.1).

Our analysis, including the IPART-assessed reasonable cost, is presented in \$Jun2016 for comparability with costs in CP21 (2016). When the council revises the cost in CP21 in line with advice from the Minister's Nominee, it will be able to index these costs when estimating contribution rates for development. This indexation will cover cost increases since our previous assessment.

Our assessment of reasonable cost included updating the cost of Reserve 980 (centralised netball competition venue in Schofields) to \$2.9 million based on the reasonable cost of embellishment items. The costs of Reserve 980 are partly apportioned to CP21, but are also apportioned to other Blacktown City Council contributions plans (*Contributions Plan No.24 for Schofields* and *Contributions Plan No.22 for Rouse Hill*). These plans currently include cost estimates for Reserve 980. When these plans are next reviewed, the apportioned costs of Reserve 980 should be updated to reflect the revised IPART-assessed reasonable cost.

Draft recommendations

- 1 Revise the reasonable cost of open space embellishment in CP21 to \$148.9 million, by:
 - updating the cost of each embellishment item to the IPART -assessed reasonable cost
 - applying allowances as a percentage of construction cost only.
- 2 Update the apportioned costs for Reserve 980 (centralised netball competition venue in Schofields) in other Blacktown City Council contributions plans (*Contributions Plan No.24 for Schofields* and *Contributions Plan No.22 for Rouse Hill*) when those plans are next reviewed.



Appendices

A Reasonable costs by item and reserve

A.1 Reasonable costs by embellishment item

Table A.1 Reasonable cost of open space in CP21, by embellishment item (\$Jun2016)^a

| Embellishment item | Units | Cost in CP21 (2016) | Council's revised cost | IPART-assessed reasonable cost |
|-----------------------------|------------------|-------------------------|------------------------|--------------------------------|
| Site establishment | Per square metre | N/A ^b | 45 | 54 |
| Boundary fencing | Per linear metre | 107 | 82 | 103 |
| Pathway | Per linear metre | 174 | 207 | 258 |
| Cycleway | Per linear metre | 289 | 294 | 367 |
| Turf | Per square metre | 72 | 36 | 43 |
| Shrubs and groundcovers | Per square metre | 102 | 53 | 64 |
| Tree planting | Per square metre | 119 | 52 | 63 |
| Seating area | Per item | 6,624 | 7,805 | 6,940 |
| Playground | Per item | 141,386 | 214,560 | 256,110 |
| Youth facility (recreation) | Per item | 1,237,500 ^c | 81,446 | 96,837 |
| Youth facility (sports) | Per item | N/A ^d | 122,035 | 145,667 |
| Picnic area | Per item | 102,393 | 44,071 | 52,605 |
| BBQ area | Per item | 39,710 | 46,155 | 43,995 |
| Fitness area | Per item | 49,026 | 58,440 | 69,757 |
| Double playing fields | Per item | 2,921,292 | 2,141,631 | 1,895,955 |
| Amenities building | Per item | 1,404,487 | 1,321,557 | 1,083,964 |
| Car park (100 spaces) | Per item | 848,921 | 641,928 | 687,812 |
| Netball court | Per item | 203,065 | 85,673 | 102,263 |
| Tennis court | Per item | 342,843 | 222,599 | 265,705 |
| Site hydraulic services | Per item | 211,467 ^e | 89,150 | 50,444 |
| Site electrical services | Per item | | 244,247 | 292,033 |
| Remediation cost | Per item | 33,040,000 ^f | 33,040,000 | 33,003,818 |

^a "IPART-assessed reasonable costs" include a 15% contingency and 10% design fee, as an adjustment to avoid the cumulative application of allowances. The "costs in CP21 (2016)" are inclusive of contingency, but not design fees, which were added later. The "council's revised costs: do not include contingency or design fees, as these were added at a later stage.

^b Site establishment costs were incorporated in individual open space items in CP21 (2016) and not presented as a separate item.

^c The costs for Youth facility (recreation) were provided as a per square metre rate (\$2,250 for a 550 square metre facility) in CP21 (2016).

^d Youth facility (sport) was not included in CP21 (2016).

^e Site hydraulic services and site electrical services were provided as a combined item in CP21 (2016).

^f Remediation costs only apply to Reserve 1006. The council has not classified remediation costs as an 'embellishment item' in its revised rates, but include it in the works schedule a one-off cost for landfill rehabilitation in lieu of land costs for acquiring other land for open space.

Note: This table does not include the new embellishment items proposed by the council which are out of scope for this targeted assessment.

Sources: Blacktown City Council, (B) QS rate comparator spreadsheet and IPART analysis.

A.2 Reasonable costs by open space reserve

Table A.2 Reasonable cost of open space in CP21, by reserve (\$Jun2016)

| Reserve number | Classification | Area (hectares) | Cost in CP21 (2016) | Council's revised cost | IPART-assessed reasonable cost |
|------------------|-------------------------------|--------------------|---------------------|------------------------|--------------------------------|
| 934 ^a | Local park | 0.76 | 622,877 | - | 622,877 |
| 990 | Local park | 0.48 | 572,000 | 852,459 | 817,112 |
| 991 | Local park | 0.61 | 658,000 | 1,008,571 | 966,900 |
| 992 | Transmission easement land | 2.17 | 1,500,000 | 2,466,098 | 2,363,971 |
| 993 | Local park | 11.71 | 10,926,000 | 11,250,693 | 10,769,062 |
| 994 | Local park | 0.91 | 1,261,000 | 1,186,193 | 1,138,138 |
| 995 | Active reserve | 4.26 | 9,949,000 | 7,104,830 | 6,145,741 |
| 996 | Transmission easement land | 5.08 | 3,065,000 | 5,683,225 | 5,441,937 |
| 997 | Active reserve | 4.32 | 10,145,000 | 9,688,211 | 7,945,414 |
| 998 ^a | Local park | 0.52 | 601,116 | - | 601,116 |
| 999 ^a | Active reserve | 4.28 | 10,689,628 | - | 10,689,628 |
| 1000 | Local park | 0.75 | 762,000 | 1,185,277 | 1,135,139 |
| 1001 | Urban park | 0.20 | 414,000 | 289,738 | 273,457 |
| 1002 | Active reserve | 6.76 | 11,447,000 | 12,528,129 | 10,669,703 |
| 1003 | Local park | 0.90 | 916,000 | 1,339,771 | 1,282,514 |
| 1004 | Local park | 0.62 | 669,000 | 993,771 | 952,005 |
| 1005 | Local park | 0.42 | 556,000 | 546,845 | 525,253 |
| 1006 | Large active reserve | 64.32 | 70,790,000 | 91,787,172 | 48,690,566 |
| 980 ^b | Centralised competition venue | 11.95 ^c | \$3,239,000 | \$3,286,772 | \$2,914,456 |
| A | Drainage area | 14.18 | 208,000 | 166,697 | 155,006 |
| B | Drainage area | N/A ^d | 248,000 | 177,947 | 168,607 |
| C | Drainage area | 14.48 | 383,000 | 355,112 | 339,396 |
| D | Drainage area | N/A ^d | 371,000 | 278,929 | 269,615 |
| E | Drainage area | 23.38 | 316,000 | 326,286 | 318,100 |
| F | Drainage area | N/A ^d | 601,000 | 232,046 | 223,930 |
| G | Drainage area | 0.14 | 75,000 | 68,156 | 64,424 |
| H | Drainage area | N/A ^d | 263,000 | 423,232 | 415,943 |

a The open space embellishment costs of Reserve 934 has been agreed in a WIK agreement, and the costs of Reserves 998 and 999 were agreed in a VPA. The council has noted that these costs have not changed since our previous assessment. The costs for these reserves were not included in the council's revised cost.

b Reserve 980 is a centralised netball competition venue in Schofields, outside the Marsden Park Precinct. Costs have been apportioned to CP21 based on its share of estimated population relative to other precincts which will use the facility.

c Part of the embellishment costs of the centralised competition venue located in Schofields are apportioned to CP21.

d The council has not provided an area measurement for this reserve.

Source: Blacktown City Council, CP21 revised work schedule and IPART analysis.

B Our approach to assessing reasonable cost

Our assessment of reasonable costs for each embellishment item within the scope of our targeted assessment compares the council's revised rates with:

- ▼ rates for open space embellishment prepared by quantity surveyors, Morrison Low, in September 2018
- ▼ similar items in recent plans that IPART assessed as reasonable
- ▼ Rawlinsons Australian Construction Handbook (Rawlinsons)
- ▼ IPART benchmark costs.^{xxiv}

We engaged Morrison Low in 2018 to provide estimates of the cost of open space embellishment in Blacktown City Council's *Contributions Plan no 22 – Rouse Hill* (CP22). These costs formed the basis of our recommendations on reasonable open space costs in CP22, which were accepted by the Minister in March 2020. We consider that the Morrison Low rates are a relevant comparator for the cost of open space embellishment in CP21 as they have effectively been endorsed by the Minister as reflecting the reasonable costs of embellishing open space in the Blacktown local government area.

We also found that the council's contract rates are an appropriate measure of the reasonable cost of delivering embellishment items in CP21, given these contract rates have been established through a competitive tender process.

Where the council's proposed costs exceeded the comparable Morrison Low estimate, we considered the inclusions in the embellishment item, and the estimated costs for those inclusions. Where the inclusions and/or their cost estimates were inconsistent with Morrison Low estimates, or potentially double-counted costs, we sought clarification from the council. If the council could not provide sufficient justification for different costs for inclusions, we applied the Morrison Low rates, or other reasonable rates, in a "bottom-up" approach to estimating the reasonable cost of the embellishment item through the reasonable costs of its inclusions.

Where a comparable Morrison Low cost estimate was not available, we considered the council's proposed cost relative to other sources, as outlined above, and used a "bottom-up" approach to estimate the reasonable cost of the embellishment item.

Our approach is summarised in Table B.1.

Table B.1 Assessment of reasonable costs by category of embellishment item in CP21

| Category | Approach to assessing reasonable costs |
|--|--|
| 1. Reasonable cost: council contract rate | On the basis that contracts are competitively procured, the council contract rate is likely to be the best indicator of the reasonable costs of delivering the embellishment item. We compared the contract rate with the cost estimate in CP21 (2016), Morrison Low costs, and reasonable costs in other assessments, to confirm that the contract rate is similar to these costs. As these costs were relatively similar to these comparators, we considered they were reasonable. |
| 2. Reasonable cost: QS estimate lower or comparable to Morrison Low cost | We compared the QS estimate with the cost estimate in CP21 (2016) and Morrison Low costs. Where the QS estimate was less than, or similar to, the QS estimate and/or Morrison Low costs, we considered the QS estimate is reasonable. |
| 3. Cost estimate requiring review: QS estimate higher than Morrison Low estimate | Where the QS estimate was higher than the comparable Morrison Low estimate, we considered the inclusions in the embellishment item. Where the inclusions and/or their cost estimates were inconsistent with Morrison Low estimates, or potentially double-counted costs, we sought clarification from the council. If the council could not provide justification for different costs for inclusions, we applied the Morrison Low rates in a bottom-up approach to estimating the reasonable cost of the embellishment item. |
| 4. Cost estimate requiring review: no comparable Morrison Low estimate | Where comparable Morrison Low costs were unavailable, we compared the council's proposed costs with costs from Rawlinsons and reasonable costs in other plans. If the council's proposed costs were higher than Rawlinsons or costs in other plans, we considered that they could be too high. To determine the reasonable cost, we used a bottom-up approach to estimating the costs, replacing the council's proposed costs for inclusions in each embellishment item with reasonable costs from Rawlinsons and/or costs in other plans. |

Note: An assessment of the reasonable cost of out-of-scope items was not required.

Once we established a reasonable cost by embellishment item, we estimated the reasonable cost for each reserve, and the total reasonable cost of open space in CP21, via the matrix provided in the council's revised works schedule.

C Minister's letter to IPART



The Hon. Rob Stokes MP
Minister for Planning and Public Spaces

IRF20/4398

Dr Paul Paterson
Chair
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240

Via email: paul_paterson@ipart.nsw.gov.au

Dear Dr Paterson

I am writing to request the Independent Pricing and Regulatory Tribunal (IPART) undertake a targeted assessment of revised open space embellishment costs in Blacktown City Council's Contributions Plan No. 21 – Marsden Park (CP21). As the Department of Planning, Industry and Environment has previously advised the IPART, the Office of the Premier has given its support to this targeted assessment.

This request relates to IPART's assessment of CP21 published in August 2017 and Recommendation 20 that 'pending the outcome of a recommended review, Council remove \$112 million of open space embellishment costs from the plan'. The former Minister for Planning supported this recommendation. Council did not support the recommendation but adopted CP21 on the understanding that once it conducts the recommended review and update of these open space embellishment costs, it can include them back into the plan.

Council has now completed its review and has made a request to include the revised open space embellishment costs back into the plan. The scope of the targeted assessment would only include a review of revised costs for open space items that were included in the version of CP21 assessed by IPART in 2017. My nominee would reissue their advice to Council if IPART finds these revised costs to be reasonable.

Your consideration of this request would be greatly appreciated. The NSW Government is keen to assist Council to resolve this matter to support the provision of open space in Marsden Park.

Should you have any questions about this request, please contact Geoff Thompson, Director Infrastructure Programs and Coordination, at the Department of Planning, Industry and Environment on 9274 6235.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Rob Stokes'.

The Hon. Rob Stokes MP
Minister for Planning and Public Spaces

CC: The Hon. Gladys Berejiklian MP, Premier

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- i Department of Planning and Environment, [Practice Note – Local Infrastructure Contributions](#), January 2019.
 - ii Minister for Planning, [Letter to Blacktown City Council](#), 22 January 2019.
 - iii Department of Planning and Environment, [Practice Note – Local Infrastructure Contributions](#), January 2019.
 - iv GHD, [Department of Planning and Environment – Priority Growth Areas – Open Space Audit – North West Area](#), April 2016, p 39.
 - v MacroPlan Australia, [Community Facilities and Open Space Assessment – Marsden Park](#), April 2012, (MacroPlan 2012), p 35.
 - vi TransGrid, [Easement guidelines: Living and working with electricity transmission lines](#), pp 4-5.
 - vii Department of Planning and Infrastructure, [Post-Exhibition Planning Report – State Environmental Planning Policy \(Sydney Region Growth Centres\) – Review of Environment Conservation and Public Recreation-Regional Zones](#), August 2013, p 11.
 - viii Information from Blacktown City Council, 15 October 2020.
 - ix Coffey Environments Australia, [Blacktown City Council - Grange Avenue Closed Landfill, Marsden Park, NSW - Advice on Landfill Closure Work](#), August 2015.
 - x Information from Blacktown City Council, 11 November 2020.
 - xi Morrison Low, [Blacktown City Council QS Review](#), September 2018.
 - xii Information from Blacktown City Council, 6 November 2020.
 - xiii Information from Blacktown City Council, 6 November 2020.
 - xiv Morrison Low, [Blacktown City Council QS Review](#), September 2018, p 5.
 - xv Information from Blacktown City Council, 6 November 2020.
 - xvi Information from Blacktown City Council, 6 November 2020.
 - xvii Information from Blacktown City Council, 6 November 2020.
 - xviii Information from Blacktown City Council, 6 November 2020.
 - xix Information from Blacktown City Council, 6 November 2020.
 - xx Information from Blacktown City Council, 6 November 2020.
 - xxi Information from Blacktown City Council, 6 November 2020.
 - xxii [Seventh Deed of Variation to Elara Marsden Park Planning Agreement](#), p 62 and [Ninth Deed of Variation to Elara Marsden Park Planning Agreement](#), p 63.
 - xxiii Information from Blacktown City Council, 6 November 2020.
 - xxiv IPART, [Benchmark costs for local infrastructure contributions](#), April 2014.