

5 July 2024

Legislative Council  
Parliament of New South Wales  
6 Macquarie Street  
SYDNEY NSW 2000

Dear Ms Assoum

Thank you for your email on 17 June 2024, in which you attached a transcript of our presentation on 3 June 2024. We have addressed the 4 supplementary questions noted in your email. Also, there was a matter raised at our presentation on 3 June 2024 for which additional clarification was sought. Responses to these are provided below:

**Question 1 – What expenditure review processes are undertaken by your Council to ensure that the money taken in rates are being adequately spent?**

Each year Council officers present to our Councillors the anticipated budgets for all areas of council operations. These include the annual operational budget, the Works Improvement Program, the Domestic Waste Management budget and the Long Term Financial Plan. We do this through a special committee of Council (Budget Estimates committee) which comprises all Councillors, and meets from February to May each year. Our Councillors will typically consider a variety of financial matters at these meetings and ask many detailed questions.

For expenditure that is funded through the rates that Council levies each year, the operational budgets identify the staffing requirements and other costs associated for those sections. The overall Council rates revenue is recorded within the finance budget. All operational budgets are funded through a mix of those rate revenues and other operational specific charges, e.g. entry fees within our aquatic and leisure centres.

The draft budget that is presented to Councillors each year for consideration is a balanced budget. That is, Council plans for a balanced budget which means that we do not plan to achieve either a surplus or take out loans to provide for operational activities.

Throughout a financial year, Council adheres to OLG guidelines and provides to our Councillors a status update as to the actual operational spend compared to budget. Council officers review where additional funds are required, i.e. contaminated land clean up and uses surpluses from operational savings to fund any unplanned

expenditure.

**Question 2 – How do Councillors oversight your Council's expenditure to ensure your Council's sustainability?**

Council achieves ongoing sustainability by ensuring each annual budget has matching revenue and expenditure. Council only creates additional staff positions when there are sufficient funds available. Each year Council officers review the additional positions and other expenditure requests and only approves additional spend up to the additional revenue. The additional revenue with respect to Council rates are either the increased funds allowed under the IPART stipulated rate peg or additional rateable rates revenue due to properties which were created in the prior year.

**Question 3 – How much, in total, did Blacktown receive from the State Government in grants in 2021/22 and 2022/23?**

Council has received the following amounts from the State Government grants:

Financial year	Operating grants	Capital grants
2021/22	\$17.032 million	\$22.168 million
2022/23	\$28.704 million	\$33.914 million

It is noted that the actual timing of the receipt of some grants has varied from year to year.

**Question 4 – What material benefit would be gained by Council residents should the rate peg be lifted?**

There would be many benefits for our residents if the rate peg was lifted. As the rate peg has generally been lower than the actual increase in cost of our core services, it has been necessary for Council in some cases to reduce service levels below what is expected by our community. It has also meant that we have not sufficiently invested in the maintenance of our infrastructure, meaning it has needed to be renewed earlier than what would have been the case had sufficient funding been made available for its maintenance. This funding problem has also been exasperated by the fact that our grant revenue has not kept pace with rising costs.

For example, the Commonwealth Government provides funding for Financial Assistance Grant payments to councils. It makes an allocation to each state which then distributes grants to each council. Our annual Financial Assistance Grant allocation, in real terms, has decreased since 2012/13 by around \$940,000 per annum. Our 2012/13 per capita amount was \$59.29 per capita, in 2021/22 our per capita amount reduced to \$43.11 per capita.

If we did have a higher rate peg, benefits for our residents would include, but are not limited to, the following:

- More funding for asset maintenance and renewal now would mean our existing infrastructure would be better maintained and have a longer useful life, resulting in a lower whole of life cost.



- We could improve the infrastructure in our more established areas, meaning better roads, parks and sporting reserves.
- We could invest in better systems and processes, meaning more efficient operations and better customer experience for our residents.
- We could improve the breadths and quality of community services, such child care, library and community development.
- We could improve services which improve community safety, such as improved street lighting, graffiti removal and Crime Prevention Through Environmental Design (CPTED) principles in our planning and design of our suburb.
- Achieve improved environmental outcomes such as cleaner waterways, greater tree canopy coverage and less emissions occurring from our operations.

Blacktown City Council also took the following question on notice. Below is our response to this question.

*Dr AMANDA COHN: Thanks so much for coming to give evidence today. I was interested in your written submission. You talked about infrastructure contributions and the inability to fund community facilities, and you're certainly not the first witness to raise that issue. Specifically you gave the example that, for Blacktown, that's caused \$631 million in unfunded capital costs. Are you able to talk us through, or take on notice, how you arrived at that figure?*

*KERRY ROBINSON: Certainly we'd be pleased to provide you with the breakdown of that. Developer contributions aren't able to fund community facilities infrastructure. That means we are able to levy developers for the land on which community facilities are built but, in our case, the incoming population of some 250,000 people in the north-west growth area will have no libraries, no aquatic facilities and no community meeting places—those facilities which were set out by the State's Department of Planning in its planning for the release areas and which it said were necessary for those communities.*

The Department of Planning and Environment's precinct planning has identified since 2008, a number of community facilities that will service 84,648 additional dwellings and 256,100 additional residents. The NSW Government's position is that **only the land** required for these facilities can be funded through developer contributions. The buildings need to be covered through rate revenue. The reviews by IPART of the rate peg for population have not provided for this funding for Blacktown. To fund these facilities, we would need to apply to IPART for a Special Rate Variation in excess of 40% that only applies to the NWGA only to raise this revenue.

## **Background**

Community facilities that are required as a direct consequence of development have been funded by Sections 7.11 contributions in council contributions plans since 1979 when the *Environmental Planning and Assessment Act* was introduced.

In 2010 following the Government's cap on developer contributions, it introduced for the first time, an 'essential works list' (EWL) for contributions plans for contributions levied that exceeded \$20,000 per lot/dwelling for brownfield development, and \$30,000 per lot/dwelling for greenfield development.

Also, for the first time, IPART would now assess contributions plans if councils wished to levy above those capped amounts. IPART's terms of reference set by the Premier, directed it to only allow local infrastructure that was included on the EWL. The Government has recently confirmed that this list will not change.

The list included land for community facilities, but did not include the buildings or structures. These facilities included (although not specified), neighbourhood/community centres, child care, libraries and indoor aquatic facilities. The list also limited open space facilities to a 'base level embellishment standard' as described in the list.

The Government did make a concession after representations from LGNSW that current contributions plans would not be affected for 3 years. The Government's infrastructure reforms have now stalled and their future is unclear.

### **How could these facilities be funded?**

The Government's assumption was that these facilities would be funded through a councils' rating base (general revenue). For Blacktown City, whose North West Growth Area contributions plans are well in excess of the caps, an estimated \$631 million\*\* would be required from our rating base to pay for these facilities (which are a direct consequence of development or 'development-contingent'). Unfortunately, IPART's new rating structure does not allow for increases in rates of this magnitude. This amount continues to increase with inflationary pressures.

\*\* Quantity Surveyor Estimates at May 2023

### **What does Blacktown City need?**

Our position is that community facility buildings are 'development contingent infrastructure' i.e. development creates a demand for these facilities. As such, development should contribute to their provision. It is not equitable for rate payers to pay for facilities that are as a consequence of development. Development has pocketed record profits over the last decade as a result of the contributions cap. The Government wants councils to accept growth but is not allowing local governments the opportunity to receive the funding it needs to provide these facilities for growth.

Blacktown City Council's strong position is that these facilities should be included on the essential works list as they are a direct consequence of development.

If this cannot be agreed to, the Government must ensure that IPART's methodology accounts for the capital funding of these essential community facilities.



## Community Centre Infrastructure required to meet benchmarks in the North West Growth Area

Project name	Project address	Scale	GFA or project description	Revised estimate March 2023
Riverstone Community Resource Hub	Market Street, Riverstone	Sub-regional	Community hub: 13,863sqm Tier 1 Library, halls, meeting rooms, Café offices, shared space	\$261 million
Riverstone Regional Aquatic facility			Aquatic centre: 20,000sqm Includes indoor Recreation facility, youth/Café/Community space and aquatic centre	
Riverstone East Hub	162 Guntawong Road, East Riverstone	Local	Facility: 1000sqm Land area: 5000sqm Community halls, meeting rooms, offices	\$7.8 million
Tallawong/ Riverstone East Stage 3	Unidentified	Local	Facility: 1000sqm Community halls, meeting rooms, offices	\$7.8 million
Schofields Neighbourhood Centre	Siding Terrace, Schofields	Local	Facility: 750sqm Land area: 5000sqm Community halls, meeting rooms, offices	\$6.1 million
Schofields West Neighbourhood Centre	South Street, West Schofields	Local	Facility: 1000sqm Land area: 5000sqm Community halls, meeting rooms, offices	\$7.8 million
Marsden Park Community Resource Hub	South Street, Marsden Park	Sub-regional	Community hub: 12,513sqm Tier 1 Library, halls, meeting rooms, Café offices, shared space	\$85.6 million
Marsden Park Regional Aquatic Facility			Facility size: 26,280sqm Includes indoor Recreation facility, youth/Café/Community space and aquatic Centre	\$217.9 million
Marsden Park North	Garfield Road West, Marsden Park	Local	Facility: 750sqm Land area: 5000sqm Community halls, meeting rooms, offices	\$6.1 million
Various locations	Various locations	Local	Cricket nets, Lawn bowls, Skate, BMX, cycling	

<b>Project name</b>	<b>Project address</b>	<b>Scale</b>	<b>GFA or project description</b>	<b>Revised estimate March 2023</b>
Multi-Purpose Recreation Facility, Schofields	Aerodrome Drive, Schofields	District	Includes indoor and outdoor multi-purpose courts, synthetic outdoor fields, cultural and performance space, landscaping and planting	\$31 million
<b>Total</b>				<b>\$631.1 million</b>

If you require any further information please contact me

Yours faithfully

Wayne Rogers  
Acting Chief Executive Officer