



Mr Michael Edgar  
General Manager  
The Hills Shire Council  
PO Box 7064, Norwest 2153

Dear Mr Edgar

I am writing in relation to the proposed Contributions Plan No. 17 – Castle Hill North (CP17), which Council submitted to the Independent Pricing and Regulatory Tribunal (IPART) for assessment. Upon completion of its assessment, IPART made twelve (12) recommendations in relation to CP17.

On behalf of the Minister for Planning and Public Spaces, I have considered IPART's recommendations and require Council to amend CP17 by making twelve (12) changes to the plan.

Eleven (11) changes require Council to act before it can charge a levy more than \$20,000. One (1) change relating to IPART Recommendation twelve (12) - must be addressed within 3 years of the date of this letter.

Attachment A to this letter outlines the IPART recommendations that I have endorsed. When Council has adopted the amended plan, it will be considered as having met the requirements of Clause 5(3) of the *Environmental Planning and Assessment (Local Infrastructure Contributions) Amendment Direction* dated 28 July 2017, and CP17 will be deemed an IPART reviewed contributions plan.

Please advise the Department of Planning, Industry and Environment (the Department) once this process is completed and provide evidence that the changes have been made.

Should you have any questions in relation to this matter, please contact Mr Geoff Thompson, Director, Infrastructure Programs and Coordination at the Department, on 9274 6235.

Yours sincerely,

 1 September 2020

**Brett Whitworth**  
**Deputy Secretary**  
**Greater Sydney Place and Infrastructure**

Encl: Endorsed IPART recommendations

## Attachment A: List of required amendments to the Castle Hill North Section 7.11 Contributions Plan

IPART No.	Required amendments to the Castle Hill North Section 7.11 Contributions Plan
1.	Transfer the cost of road upgrades for the Holland Reserve playing fields site from the open space category to the transport infrastructure category. (Page 23, IPART Report)
2.	<p>Reduce the cost of transport works by \$4,013,565, comprising:</p> <ul style="list-style-type: none"> <li>• An increase in the cost of roundabouts of \$141,491, reflecting increases in base costs and allowances for project management and design.</li> <li>• An increase in the cost of pedestrian bridges of \$202,871, reflecting increases in allowances for project management and design.</li> <li>• A reduction in the cost of a signalised intersection (McMullen Avenue/Old Northern Road) of \$10,523, reflecting lower base costs and contingency.</li> <li>• A reduction in the cost of road upgrades at Holland Reserve of \$383,486, reflecting lower base costs and lower allowances for project management, design and contingency.</li> <li>• A reduction in the cost of road upgrades within the precinct of \$3,963,918, reflecting lower base costs and lower allowances for contingency. (Page 29, IPART Report)</li> </ul>
3.	Apportion 17% (not 24%) of the cost of the McMullen Avenue/Old Northern Road signalised intersection to CP17. IPART estimates this would reduce the cost of transport works by \$461,946. (Page 33, IPART Report)
4.	For stormwater pipes, remove duplicate allowances for project management (7.5%) and design (7.5%) and apply a contingency allowance (30%) to the benchmark costs. It is estimated that this would reduce the cost of stormwater management works by \$771,869. (Page 39, IPART Report)
5.	For stormwater pits, apply IPART benchmark costs to estimate the costs of stormwater pits (for various sized pipes), remove additional allowances for project management (7.5%) and design (7.5%), and apply a contingency allowance (30%) to the benchmark costs. It is estimated that this would reduce the cost of stormwater management works by \$70,752. (Page 39, IPART Report)
6.	For local open space embellishment costs, remove the additional allowances for project management and design, and apply a 20% contingency allowance only, which would reduce the costs by an estimated \$497,880. (Page 56, IPART Report)
7.	For Holland Reserve embellishment costs, remove the additional allowances for project management and design and apply a 20% contingency allowance only, which would reduce the costs by an estimated \$1,100,636. (Page 56, IPART Report)
8.	<p>Revise the estimates for Holland Reserve site-readiness to reflect:</p> <ul style="list-style-type: none"> <li>• The most up-to-date advice from UBM Ecological Consultants about the cost of the biodiversity offset and removal of all allowances</li> <li>• The most up-to-date advice from the service providers about the cost for the relocation of the telecommunication towers and removal of all allowances</li> <li>• Application of a 20% contingency allowance to the sum of base costs, project management and design allowances for the remaining items</li> </ul> <p>This would reduce the cost by an estimated \$1,482,922. (Page 56, IPART Report)</p>
9.	Calculate the cost of plan administration for CP17 based on 1.5% of the adjusted cost of works. This would reduce the cost of plan administration by an estimated \$125,994. (Page 61, IPART Report)
10.	Reduce the total cost of land in the plan by 4.1%, in line with the fall in the ABS Residential Property Price Index for Established Houses between June 2017 and June 2018, which would reduce the cost by \$474,488. (Page 64, IPART Report)
11.	Make the following changes to the financial model used to calculate contribution rates:

<b>IPART Required amendments to the Castle Hill North Section 7.11 Contributions Plan No.</b>	
	<ul style="list-style-type: none"> <li>• Change the base period in the model to 2018-19</li> <li>• Amend the proposed timing of expenditure for some works items</li> <li>• Apply administration costs evenly over the expected life of the plan (20 years), instead of 15 years</li> <li>• Recalculate all escalation factors using the most recent data from the ABS and a compound annual average growth rate formula instead of a simple average formula. (Page 65, IPART Report)</li> </ul>
12.	Review the plan within three years to include updated information on planning assumptions, and the scope and cost of works in the plan, including obtaining site-specific costs where relevant. (Page 72, IPART Report)