



Planning &  
Environment

**2017**

# ***Draft Hunter Region***

## ***Special Infrastructure Contribution***

***Proposed approach for consultation***



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Draft Hunter Region Special Infrastructure Contribution: Proposed approach for consultation

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# Contents

<b>Introduction</b>	<b>3</b>
Funding infrastructure for the growing Hunter Region	3
<b>Part 1 – Application of the Hunter Region SIC</b>	<b>7</b>
Contributions areas and development types	7
Contribution rates	7
Applicable development	7
Applicable infrastructure	9
<b>Part 2 – Residential special infrastructure contribution</b>	<b>13</b>
Residential development requiring SIC payments	13
Contribution types	15
Calculating the residential SIC	15
Worked examples for calculating a residential SIC charge	16
Timing of monetary contributions	19
Existing voluntary planning agreements	19
<b>Part 3 – Industrial special infrastructure contribution</b>	<b>21</b>
Industrial development requiring SIC payments	21
Contribution types	23
Calculating the industrial SIC	23
Worked examples for calculating an industrial SIC charge	25
Timing of monetary contributions	25
Existing voluntary planning agreements	25
<b>Part 4 – Payment processes</b>	<b>29</b>
Collection mechanisms and processes	29
Contribution management, monitoring and reporting	31









# Introduction

## ***Funding infrastructure for the growing Hunter Region***

The *Hunter Regional Plan 2036* recognises the Hunter as the State's leading regional economy. It acknowledges that infrastructure investment across the region will help to create new jobs, housing, and services such as new schools, roads, health and emergency services.

The NSW Government is making significant infrastructure investment in the Hunter, including infrastructure to support development activity such as new land releases, subdivisions and industrial facilities.

Special infrastructure contributions are one way to equitably apportion and share the cost of new infrastructure costs arising from development activity.

### **Legislative basis**

The NSW Government collects special infrastructure contributions (SICs) under the *Environmental Planning and Assessment Act 1979* to help fund regional infrastructure. The Act allows the Minister for Planning to determine what contributions are to be made by development towards regional infrastructure in a special contributions area. The contributions must be reasonable and have regard to the cost of providing infrastructure associated with development.

Where a SIC is payable for a development, this is imposed as a condition of consent on that development. A SIC is paid by the developer.

### **Current situation**

The Hunter Region's regional infrastructure contributions are currently levied through individual voluntary planning agreements. These are negotiated between proponents and the NSW Department of Planning and Environment, with contribution rates informed by the draft *Environmental Planning and Assessment (Special Infrastructure Contribution – Lower Hunter) Determination 2011* (draft Lower Hunter SIC Determination).

The proposed new SIC for the Hunter Region would support future development in the Hunter Region. To do this, it would:

- reduce the need for the NSW Government and proponents to negotiate voluntary planning agreements for regional infrastructure provision. This will improve development assessment and approval times
- support regional infrastructure provision through reasonable cost sharing that equitably reflects infrastructure demand generated by new residential and industrial development
- increase the level of certainty and transparency around the infrastructure required to support growth.

The proposed Hunter Region SIC is guided by the following principles:

- provide flexibility as to the way special infrastructure contributions can be made, including through monetary contributions or works-in-kind, such as land for infrastructure or delivery of infrastructure
- allow for special infrastructure contributions to be adjusted as economic conditions change
- ensure that the level of special infrastructure contributions does not adversely impact housing affordability, feasibility and supply.

The Department consulted Hunter Region councils and development industry peak bodies while developing the draft Hunter Region SIC. Feedback highlighted the need for a staged application of a SIC for the Hunter Region.

The Hunter Region SIC is proposed to apply to residential and industrial development in greenfield areas; it is not yet proposed to cover infill development. The *Greater Newcastle Metropolitan Plan 2036* will guide a significant amount of future infill development opportunities in the Hunter Region, and when finalised, will inform an expanded Hunter Region SIC that will apply to infill development.

## Purpose of this Paper

The NSW Department of Planning and Environment has released this paper for consultation on the proposed approach to implementing the Hunter Region SIC. This is part of ongoing consultation to develop the draft Hunter Region SIC.

The application of the special infrastructure contribution, proposed contribution rates, and proposed list of infrastructure as outlined in the paper are still subject to change. The Hunter Region SIC does not come into effect until the Minister for Planning makes a determination.

Feedback on the proposed approach will inform the preparation of a draft determination, which will be released for comment following consultation.

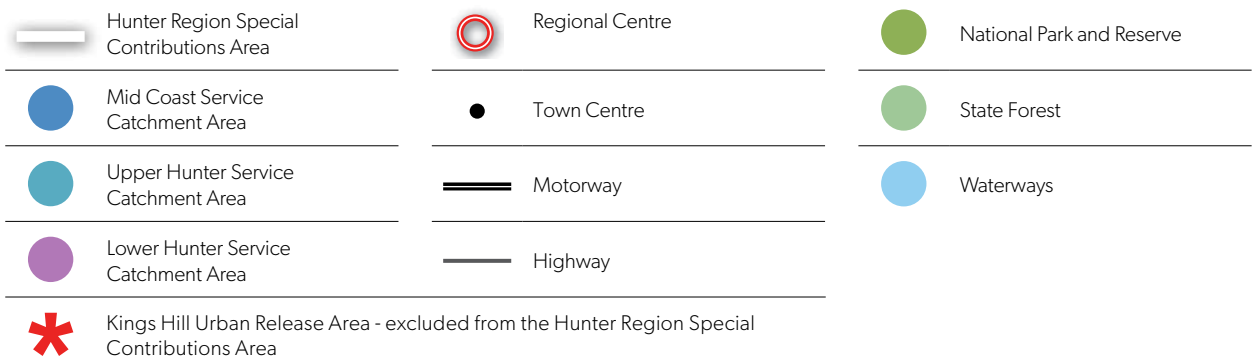
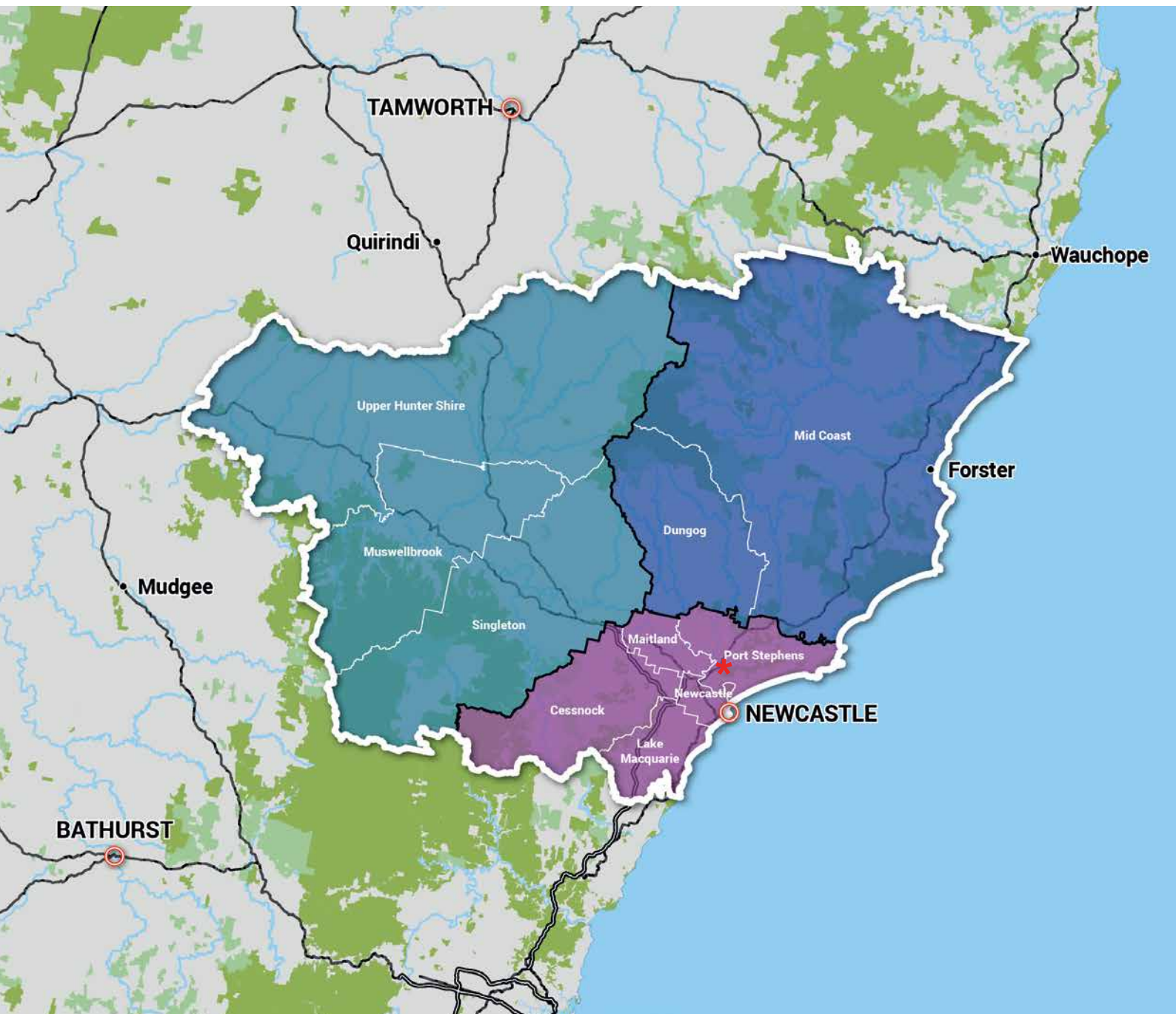








Figure 1: Hunter Region Special Contributions Area map







# Part 1

## Application of the Hunter Region SIC

### Contributions areas and development types

A SIC determination will set contribution rates for three service catchments, consistent with sub-regions identified in the *Hunter Regional Plan 2036*: Lower Hunter, Upper Hunter, and Mid-Coast (Figure 1).

### Contribution rates

The proposed Hunter Region SIC determination will outline contribution rates for residential development, and a contribution rate for industrial development, with rates applied for each service catchment. The proposed contribution rates for SIC development are shown in Table 1.

Indexation will make sure the Hunter Region SIC keeps pace with infrastructure construction costs and inflation. An index is applied each year to the contribution rate – this is calculated based on the ABS Producer Price Index (PPI) for ‘non-residential building construction’, calculated for the March quarter of that year, and coming into effect from 1 July of that year. The index to be applied in calculating the contribution rate will be published on the NSW Department of Planning and Environment’s website.

### Applicable development

Figure 2 illustrates the proposed approach to when a residential or industrial SIC may be required, showing:

- the area within which the Hunter Region SIC applies
- the land on which the Hunter Region SIC applies
- the type of development to be undertaken
- development land to which the Hunter Region SIC does not apply.

The Hunter Region special contributions area is proposed to cover the whole Hunter Region, but excluding the Kings Hill urban release area. The SIC is payable for all applicable development in the Hunter Region special contributions area.

The Hunter Region SIC is proposed to be payable only for development on greenfield land that has been rezoned to either residential or industrial. This is different from other special infrastructure contributions which are payable for development within defined precincts or growth areas.

The Hunter Region SIC is proposed to be payable for development on land that has recently been



rezoned and subject to satisfactory arrangements that require a contribution towards provision of State infrastructure. These sites are referred to as existing released land on the Hunter Region Released Land Maps, published on the NSW Department of Planning and Environment's website.

The Hunter Region SIC is also proposed to be payable for development on land that is rezoned

in the future on any date after the determination for the Hunter Region SIC is made.

The Kings Hill urban release area is currently excluded from the proposed Hunter Region special contributions area. The NSW Department of Planning and Environment will review this position following the finalisation of negotiations on a voluntary planning agreement with a landowner in the urban release area.

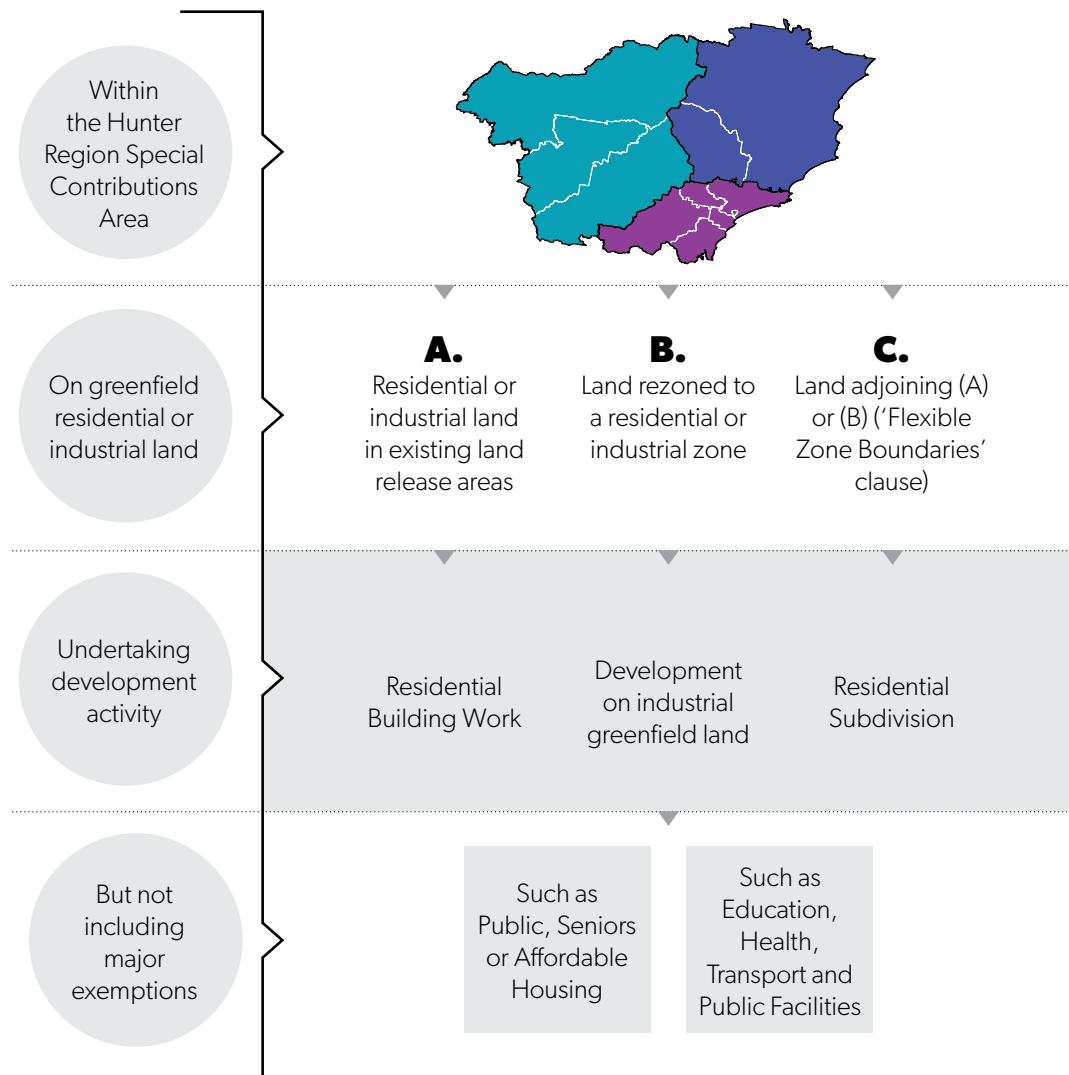
Table 1: **Proposed contribution rates**

Service catchment area	Greenfield residential contribution rate	Greenfield industrial contribution rate*
Lower Hunter	\$10,664 per lot or dwelling	\$38,232 per hectare of net developable area
Mid-Coast	\$658 per lot or dwelling	\$38,232 per hectare of net developable area
Upper Hunter	\$658 per lot or dwelling	\$38,232 per hectare of net developable area

*Note: The rates shown are for the 2017/18 financial year. Indexation is proposed to be applied from 1 July 2018. The contribution rate will be adjusted for the cost of construction on 1 July each year. The current contribution rate for each year will be published on the NSW Department of Planning and Environment's website.*  
*\*amended 18/12/2017*



Figure 2: **Applicable development**



## Applicable infrastructure

The Hunter Region SIC is one of several funding sources proposed to support the region's growth. The Hunter SIC is projected to collect \$330 million in contributions that will partially fund the delivery of:

- regional roads including bridges, intersection upgrades or separation: \$231.9 million
- primary and secondary schools: \$71.4 million
- health facilities including regional infrastructure such as health care clinics: \$21.7 million
- ambulance and police facilities: \$0.8 million

It is proposed that 1.5 per cent of the contribution charge will support administration of the SIC and coordination of infrastructure delivery.

The NSW Department of Planning and Environment, with assistance from councils, has identified that there is land supply to deliver up to 47,000 new dwellings in greenfield development areas across the Hunter Region in the next 20 years. The list of infrastructure in the Hunter Region SIC is an estimation of some of the infrastructure needed to support this new greenfield development.

The SIC does not recover the total cost of infrastructure, nor does it reflect the full range of infrastructure that will be built over this time period. Other infrastructure will continue to be delivered in accordance with State and local government plans and programs



Table 2: **Hunter Region SIC list of infrastructure**

<b>Lower Hunter service catchment</b>	
<b>Roads</b>	<b>Cost recoverable through contributions (\$ m)</b>
Upgrade of Cessnock Road (between Cessnock and Kurri)	\$16.7
Upgrade of Main Road (Cessnock)	\$33.5
Upgrade MR104 Raymond Terrace Road*	\$6.6
Upgrade New England Highway (Anambah Road to Kyle Street)	\$2.4
Upgrade George Booth Drive (Edgeworth to West Wallsend)	\$3.5
Upgrade intersection at MR217 Main Road and Dora Street	\$2.9
Upgrade of Dora Street (Morisset to F3 Freeway)	\$14.6
Upgrade New England Highway (Rutherford to Lochinvar)	\$12.3
Upgrade New England Highway at Lochinvar	\$29.8
Upgrade New England Highway (Golden Highway to Singleton)	\$25.7
Upgrade Lake Road (Boolaroo to Argenton)	\$7.8
Duplicate HW9 Weakleys Drive	\$1.9
Upgrade MR302 Tomago Road / Cabbage Tree Road (Sandgate-Tomago Connection to Williamtown)	\$6.2
Upgrade Anambah Road	\$6.9
New Weston Road Link	\$3.8
Upgrade intersection at Minmi Road and Newcastle Link Road roundabout	\$45.9
Thornton Rail Bridge (Stage 2)	\$11.3
(*Corresponding changes are required to the relevant local contribution plan)	
<b>Lower Hunter Service Catchment: Emergency services</b>	<b>Cost recoverable through contributions (\$ m)</b>
New ambulance station at Rutherford	\$0.2
New police station for the NSW Police Hunter Valley District	\$0.6
<b>Lower Hunter Service Catchment: Education</b>	<b>Cost recoverable through contributions (\$ m)</b>
Provision of primary school teaching spaces	\$55.0
Provision of secondary school teaching spaces	\$16.4
<b>All service catchments: Health</b>	<b>Cost recoverable through contributions (\$ m)</b>
Provision of health facilities	\$21.7
<b>Planning and delivery costs</b>	
Planning and SIC review costs	\$4.9 million
1.5% of total costs recoverable through contributions	





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# Part 2

## Residential special infrastructure contribution

### Residential development requiring SIC payments

It is proposed that residential building work and residential subdivision on greenfield residential land will pay a residential SIC, unless exemptions apply.

A residential SIC will be payable for development that creates additional lots and/or additional dwellings. The residential SIC will not be a once off payment for land, but rather be related to the development proposed. Contributions will only be payable for the additional lots and dwellings created.

Greenfield residential land is classified into three categories:

- **Category A Greenfield Residential Land:** any residential land shown on the Hunter Region Released Land Map as existing released land (in a residential zone). These maps can be found on the NSW Department of Planning and Environment's website
- **Category B Greenfield Residential Land:** any land that, after the SIC Determination takes effect, is rezoned from a rural, environmental, recreation or special purpose zone to a residential zone
- **Category C Greenfield Residential Land:** any land that adjoins Category A or B land where consent is granted under the Flexible Zone Boundaries clause of the Standard Instrument to permit development within a certain distance of an adjacent zone, which would otherwise be prohibited.

Land identified in the Hunter Region Released Land Map as Category A Greenfield Residential Land is generally land to which a satisfactory arrangements clause in a local environmental plan applies, such as within an Urban Release Area.

If satisfactory arrangements, such as a voluntary planning agreement, have been made for the provision of regional infrastructure for a development then no SIC will be payable for that development in most cases. However, further development that creates additional lots or dwellings on the land concerned may be subject to payment of a SIC. Figure 3 sets out the process for determining the development to which the Hunter Region SIC applies.

**Residential land** means any of the following land use zones:

#### Residential zones

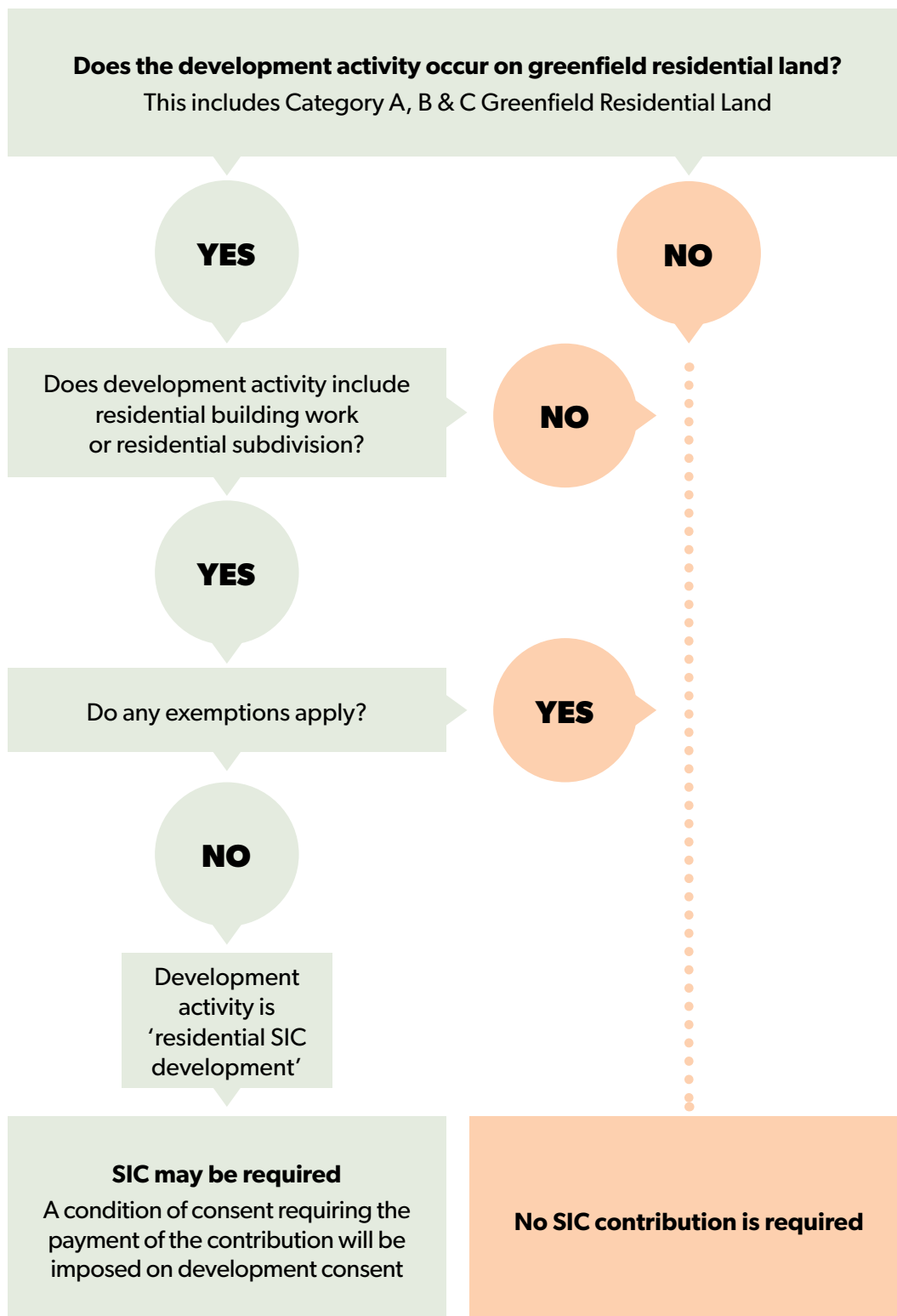
- Zone R1 General Residential
- Zone R2 Low Density Residential
- Zone R3 Medium Density Residential
- Zone R4 High Density Residential
- Zone R5 Large Lot Residential
- Zone RU5 Village
- Zone E4 Environmental Living
- Or any substantially equivalent land use zone not included in the Standard Instrument.

**Residential building work** includes development for the purposes of the following:

- attached dwellings
- dual occupancies
- dwelling houses (but not secondary dwellings)
- multi-dwelling housing
- residential flat buildings
- semi-detached dwellings
- a group of self-contained dwellings that is seniors housing
- shop top housing.



Figure 3: **Application of the Residential SIC**



## Contribution types

A residential SIC is proposed to be made as either a monetary contribution or works-in-kind (infrastructure provision or land), implemented through a works-in-kind agreement. Contributions may consist of a combination of categories.

## Calculating the Hunter Region SIC

The residential SIC payable will be calculated by the NSW Department of Planning and Environment based on the residential SIC contribution rate in the proposed Hunter Region SIC Determination and indexed for that particular year. The residential SIC rate varies between three service catchments, which acknowledges the variable demand for infrastructure and development in each. Table 1 shows the proposed residential contribution rates:

- Lower Hunter service catchment: \$10,664 per lot or per dwelling
- Mid-Coast service catchment: \$658 per lot or per dwelling
- Upper Hunter service catchment: \$658 per lot or per dwelling.

To calculate the residential SIC payable for each development, the Department assesses the number of additional residential lots and additional dwellings for a residential development. Calculation of the SIC requires proponents to provide information about their land and the relevant development consent.

The calculation of the residential SIC payable will be based on the sum of the number of additional lots and additional dwellings created.

A residential SIC is not payable for both a lot and the dwelling to be located on that lot. This means that the lots, on which a dwelling is proposed to

be constructed, will be deducted from the number of dwellings. When multiple dwellings are proposed on a single lot, the residential SIC will be calculated on the number of additional dwellings proposed minus one for the single lot.

## Additional residential lots

The proposed Hunter Region SIC requires payment of a residential SIC for all new additional residential lots created through subdivision on greenfield residential land. Existing development will be recognised and any original lot, existing prior to subdivision, will not be subject to payment of a residential SIC.

A lot is considered to be an additional residential lot if:

- it does not have a dwelling/s; and
- it has the potential for residential development.

A lot may still be considered to be an additional residential lot even if it is only partly located on residential land.

Payment of a residential SIC should not be required for lots that are not additional lots, such as:

- where a lot has an existing dwelling
- where a lot has any other type of existing building/s that are to be retained
- where a lot is proposed to be dedicated as a public road, or public reserve or drainage reserve.

$$\text{Monetary Contribution} = \$ \text{Residential Contribution Rate} \times (\text{No. additional residential lots} + \text{No. additional dwellings})$$



The proponent must provide any documentation that establishes that a lot is not an additional residential lot in order to be entitled to a SIC exemption.

**Exclusions:** Development that is not required to pay a special infrastructure contribution includes:

- school
- TAFE establishment
- emergency services facility
- health services facility owned or operated by a public authority
- passenger transport facility
- place of public worship
- public open space, including a public reserve
- drainage reserve
- public utility undertaking
- bus depot
- recreation area
- cemetery
- public amenities or public services, for which development contributions have already been imposed or may be imposed under a local infrastructure contributions plan of a local council
- infrastructure for which a contribution may be required in accordance with the SIC determination
- public housing and seniors or affordable housing if provided by or on behalf of a social housing provider.

## Additional dwellings

The proposed Hunter Region SIC requires payment of a residential SIC for all new additional dwellings constructed on greenfield residential land to pay a residential SIC.

Additional dwellings are defined to mean dwellings authorised to be constructed by a development consent.

In calculating the residential SIC payable, the number of additional dwellings will be reduced by one to account for the lot that the dwellings will be constructed on. This is to acknowledge that in many instances a residential SIC may have already been paid for the lot at the point of subdivision.

The residential SIC does not apply to a dwelling that is provided for public housing, seniors housing or affordable housing (by or on behalf of a social housing provider).

An additional dwelling can include new dwellings constructed as a result of an extension or enlargement to an existing building, and new dwellings that result from an authorised change of use of an existing building.

A residential SIC should not be required for an existing dwelling. Further, where a development consent authorises existing dwellings to be demolished, the number of additional dwellings, used in calculating the SIC, will be reduced by the number of dwellings to be demolished.

The proponent must provide evidence that establishes that a dwelling is not an additional dwelling and is therefore exempt from payment of a residential SIC.

## Worked examples for calculating a residential SIC charge

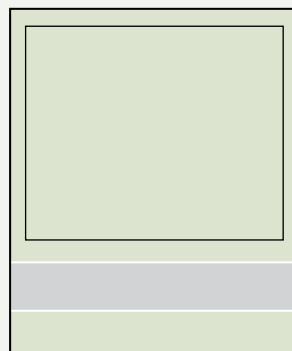
These examples demonstrate how the proposed residential SIC would be calculated based on the proposed approach outlined in this paper. A residential SIC does not apply to the Hunter Region until a determination is made by the Minister for Planning.

### Worked residential example 1: Consent for subdivision

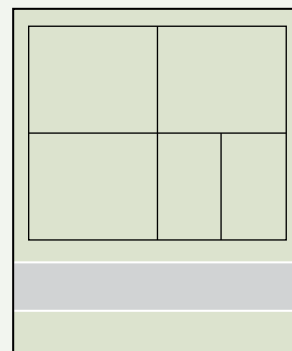
Development consent is granted for residential subdivision of one vacant lot into five lots.

The number of lots created through subdivision is five. A deduction of one is given in the calculation of the SIC to account for the existing lot. The number of additional residential lots is four, meaning the residential SIC calculation is:

$$\text{Monetary contribution} = \$ \text{residential contribution rate} \times (4 \text{ additional residential lots})$$



**Initial Lot**



**Residential  
Subdivision**

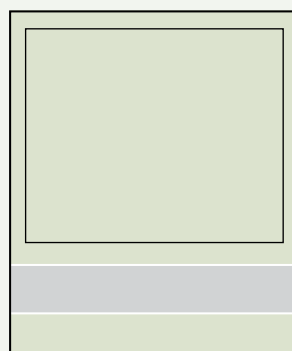
### Worked residential example 2: Consent for subdivision and construction of residential flat building

Development consent is granted for residential subdivision of one vacant lot into five lots, and for construction of a residential flat building on one of those lots comprising 20 strata units.

The number of lots created through subdivision is five, but is reduced by one to account for the lot that existed prior to subdivision. The number of additional residential lots is four.

The number of additional dwellings authorised by the development consent is 20. A deduction is given for the lot on which the residential flat building is constructed. The number of additional dwellings is 19. Therefore, the residential SIC calculation is:

$$\text{Monetary contribution} = \$ \text{residential contribution rate} \times (4 \text{ additional residential lots} + 19 \text{ additional dwellings})$$



**Initial Lot**



**Subdivision and  
Residential Building Work**



### Worked residential example 3:

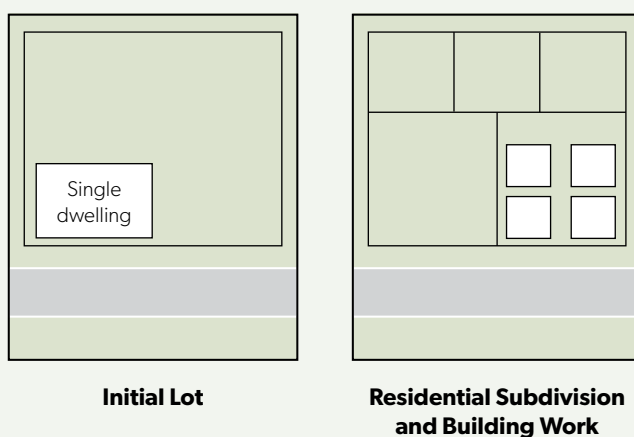
#### Consent for subdivision, demolition and construction of housing

Development consent is granted for residential subdivision of one lot, on which there is a dwelling house, into five lots. The development consent authorises demolition of the dwelling house and construction of multi-dwelling housing comprising four dwellings on one of the proposed new lots.

The number of residential lots created through subdivision is five, however this is reduced by one to account for the lot that existed prior to subdivision and to account for the dwelling house to be demolished. The number of additional residential lots is four.

The number of dwellings authorised for construction on a new lot is four. There is a deduction of one for the lot on which the dwellings are constructed, meaning the number of additional dwellings is three. Therefore the residential SIC calculation is:

Monetary contribution = \$ contribution rate x (4 additional residential lots + 3 additional dwellings)

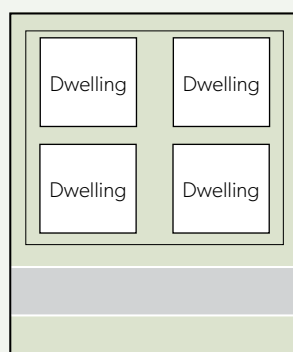


### Worked residential example 4:

#### Consent for construction of multi-dwelling housing

Development consent is granted for construction of multi-dwelling housing comprising four dwellings on one residential lot. In this situation, the number of dwellings authorised for construction on the lot is four, with a deduction of one given to the calculation of the SIC to account for the lot on which the new dwellings will be constructed. The number of additional dwellings is three. Therefore the residential SIC calculation is:

Monetary contribution = \$ contribution rate x (3 additional dwellings)



### **Calculation of contributions for both residential and industrial SIC**

Where a development proposal includes development on both greenfield residential and industrial land, the total amount of the SIC will be determined by the sum of the residential and the industrial SIC payable.

### **Timing of monetary contributions**

The timing of when SIC payments are to be made balance the need for revenue security, existing statutory and business processes and cash flow for proponents. The timing of contribution payments aims to ensure infrastructure funding supports the optimal sequencing of infrastructure provision.

Payment of the residential SIC is required before either the issue of the subdivision certificate or construction certificate, whichever certificate is issued earlier, depending on the development proposed.

Contributions can be paid progressively to reflect the staging of subdivision. Contributions are to be paid for each plan of subdivision, prior to the issue of each subdivision certificate for the plan.

### **Existing voluntary planning agreements**

All voluntary planning agreements for provision of regional infrastructure entered into with the Minister for Planning, before the proposed determination comes into effect, will continue to operate. In these situations, a SIC will not be required for development to which the voluntary planning agreement applies, as a general rule. Some existing voluntary planning agreements may have clauses that allow for a review of unpaid contribution amounts against the contribution rate under the proposed determination, when it comes into effect.

These agreements will be reviewed on a case by case basis.







# Part 3

## Industrial special infrastructure contribution

### Industrial development requiring SIC payments

An industrial SIC is required for development on greenfield industrial land. This includes any subdivision or building work on industrial land. Payment of an industrial SIC, however, is not required for subdivision that rectifies an encroachment on an existing lot.

Greenfield industrial land is classified into three categories:

- **Category A Greenfield Industrial Land:** any land shown on the Hunter Region Released Land Map as existing released land within an industrial zone. These maps can be found on the NSW Department of Planning and Environment's website
- **Category B Greenfield Industrial Land:** any land that, after the SIC Determination takes effect, is rezoned from a rural, environmental, recreation or special purpose zone to industrial land
- **Category C Greenfield Industrial Land:** any land that adjoins Category A or B land where consent is granted under the Flexible Zone Boundaries clause of the Standard Instrument to permit development within a certain distance of an adjacent zone that would otherwise be prohibited.

Figure 4 sets out the process for determining the development to which the Hunter Region SIC applies.

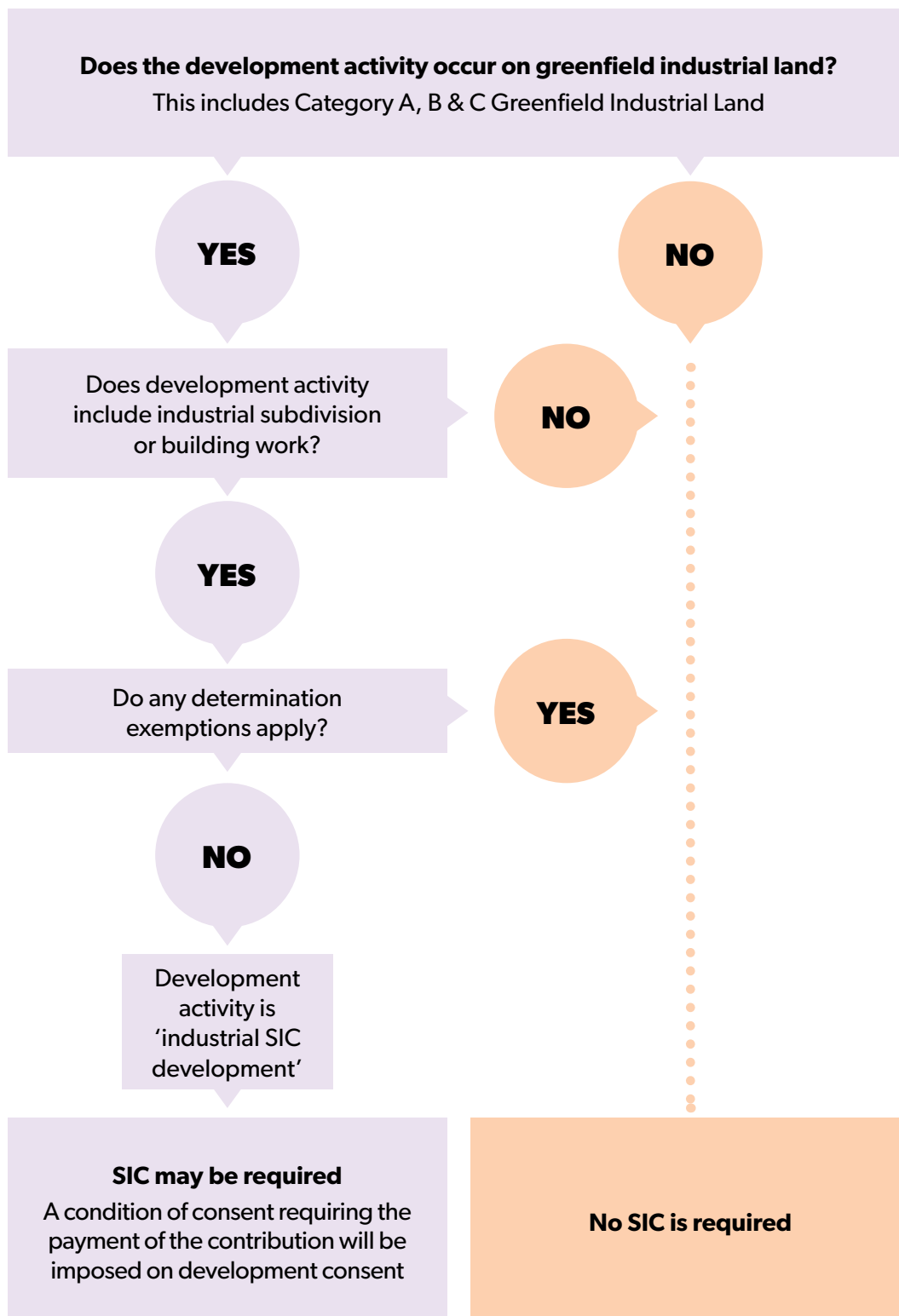
**Industrial development** includes any industrial building work and / or subdivision on industrial zoned land.

**Industrial land** includes to following land use zones:

- Zone IN1 General Industrial
- Zone IN2 Light Industrial
- Zone IN3 Heavy Industrial
- Zone IN4 Working Waterfront
- Zone B5 Business Development
- Zone B7 Business Park
- Or any substantially equivalent land use zone not included in the Standard Instrument.



Figure 4: **Application of the Industrial SIC**



## Contribution types

An industrial SIC can be made as either a monetary contribution or works-in-kind (infrastructure provision or land dedication), implemented through a works-in-kind agreement. Contributions may comprise of a combination of categories.

## Calculating the industrial SIC

The industrial SIC payable will be calculated by the NSW Department of Planning and Environment based on the industrial SIC contribution rate to be determined in the proposed Hunter Region SIC Determination.

Table 1 shows the proposed industrial contribution rate for each service catchment. The industrial contribution rate is proposed to be \$38,232 per hectare of net developable area (NDA) in all 3 service catchment areas.

The contribution for industrial development applies a charge per hectare of NDA. To assess NDA for an industrial development and calculate the SIC payable for each development, the Department requires applicants to provide information about their land as well as information relating to the relevant development consent to which the SIC applies.

## Calculating the NDA

The NDA for industrial SIC development is the area of land, in hectares (where 1,000 m<sup>2</sup> is 0.1 hectares), that is the subject of a development consent. The two main classes of roads not included in the NDA are:

- any existing road where the development consent authorises, or requires, road work (such as road widening)
- roads for which a contribution may be required under the Hunter Region SIC or in accordance with a local infrastructure contributions plan.

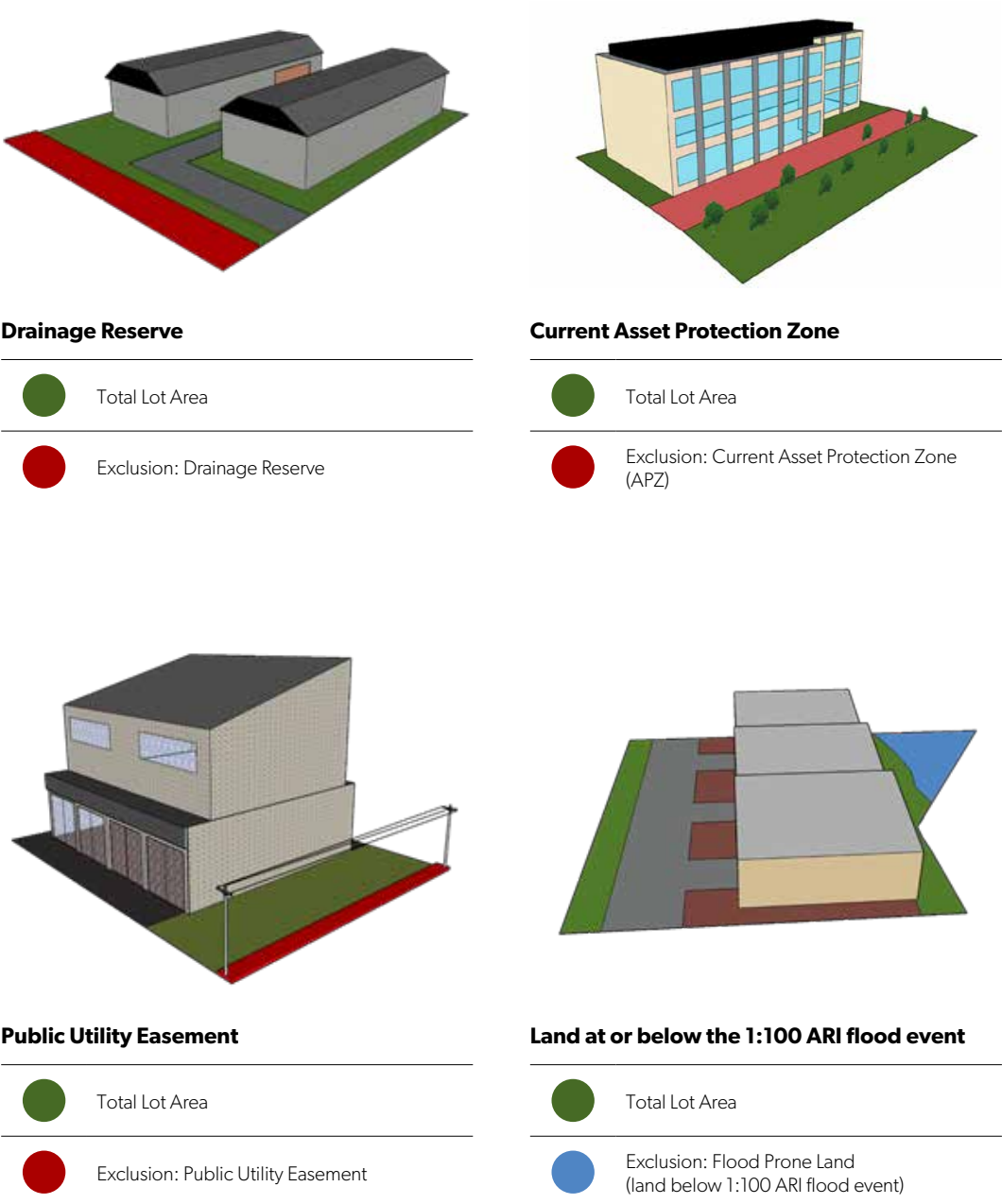
The NDA does not include land set aside for:

- school
- TAFE establishment
- emergency services facility
- health services facility owned or operated by a public authority
- passenger transport facility
- place of public worship
- public open space, including a public reserve
- drainage reserve
- public utility undertaking
- bus depot
- recreation area
- cemetery
- public amenities or public services, for which development contributions have already been imposed
- infrastructure for which a contribution may be required
- public housing and seniors or affordable housing if provided by or on behalf of a social housing provider.

$$\text{Monetary Contribution} = \text{Net Developable Area} \times \$ \text{Industrial Contribution Rate}$$



Figure 5: **Exclusions from the calculation of NDA**



The following are also not included in the calculation of NDA:

- land at or below the level of a 1:100 ARI (average recurrent interval) flood event if the Secretary of the NSW Department of Planning and Environment is satisfied the area is unsuitable for development
- land identified as public open space in a development control plan or contributions plan
- land within the curtilage of a building listed on the State Heritage Register
- land within an asset protection zone if the Secretary of the Department is satisfied the area is unsuitable for development
- land subject to a public utility easement
- land within a public transport corridor (other than a road corridor).

## Reduction of net developable area

The NDA does not include the area of any lot with an existing dwelling if the total lot size is no more than 0.1 hectares. Further, if the proposed lot with the dwelling is more than 0.1 hectares, its area is taken to be reduced by 0.1 hectares.

This means for the purpose of calculating the NDA of the development, the industrial SIC development payable is reduced by a maximum of 0.1 hectares for a lot with an existing dwelling. The proposed approach accounts for existing dwellings located on land rezoned to industrial.

### Calculation of contributions for both residential and industrial SIC

Where a development proposal includes development on both greenfield residential and industrial land, the total amount of the SIC will be determined by the sum of the residential and the industrial SIC payable.

## Worked examples for calculating an industrial SIC charge

These examples demonstrate how the industrial SIC would be calculated based on the proposed approach outlined in this paper. An industrial SIC does not apply to the Hunter Region until a determination is made by the Minister for Planning.

## Timing of monetary contributions

The timing of monetary payments is linked to when development consents are granted. Payment of the industrial SIC is required before issue of the subdivision certificate or construction certificate, whichever is earlier. Contributions can be paid progressively to reflect the staging of subdivision. Contributions are to be paid for each plan of subdivision, prior to the issue of each subdivision certificate for that plan.

## Existing voluntary planning agreements

All voluntary planning agreements for provision of regional infrastructure entered into with the Minister for Planning before the proposed determination comes into effect will continue to operate. In these situations, a SIC will not be required for development to which the voluntary planning agreement applies, as a general rule. Some existing voluntary planning agreements may have clauses that allow for a review of the unpaid contribution amounts against the contribution rate under the proposed determination, when it comes into effect.

These agreements will be reviewed on a case by case basis.



### Worked industrial example 1:

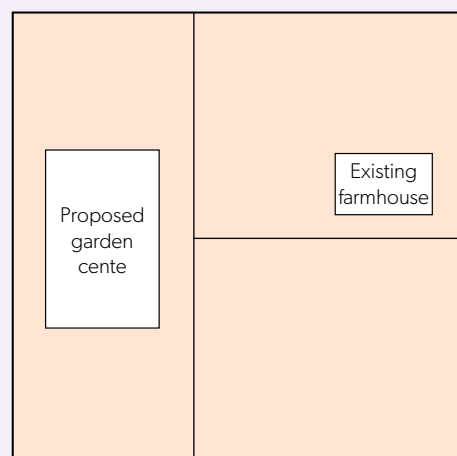
#### Consent for garden centre and subdivision of 12,500m<sup>2</sup> into 3 lots

Development consent is granted for the subdivision of 1.25 hectares of land into three lots. Of those three lots, two lots are 0.4 hectares each and one lot is 0.45 hectares. An existing farmhouse is on one of the smaller lots. The consent authorises development of a garden centre on the proposed 0.45 hectare lot.

The NDA for the industrial subdivision is reduced because of the proposed lot with a farmhouse on it. The area of the lot with the farmhouse is reduced by 0.1 hectare. Therefore, the NDA of the farmhouse lot for the purpose of calculating the industrial SIC is 0.3 hectare.

The NDA for the industrial subdivision is 1.15 hectare – the original 1.25 hectares, minus the 0.1 hectare deduction for the lot that contains the farmhouse, meaning the industrial SIC calculation is:

$$\text{Monetary contribution} = 1.15 \text{ hectares NDA} \times \$ \text{ contribution rate}$$



### Worked industrial example 2:

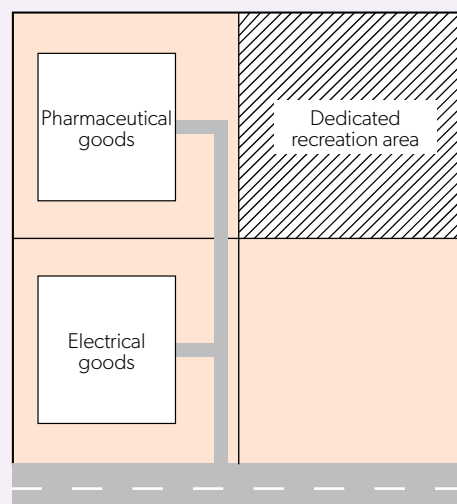
#### Consent for subdivision of 18,000m<sup>2</sup> into 4 lots

Development consent is granted for the subdivision of 1.8 hectares of land. The consent authorises subdivision of the land into four lots of 0.4 hectares each and construction of internal roads.

Buildings for the purpose of assembling electronic goods and for the manufacture of pharmaceutical goods are authorised to be built on two of the lots. One of the lots will be dedicated as a recreation area under the local infrastructure contributions plan. No other development is authorised on the remaining lot.

The NDA for this industrial development is 1.4 hectares – the original 1.8 hectares minus the area of the land to be dedicated as a recreation area (0.4 hectares), meaning the industrial SIC calculation is:

$$\text{Monetary contribution} = 1.4 \text{ hectares NDA} \times \$ \text{ contribution rate}$$















# Part 4

## Payment processes

### Collection mechanisms and processes

The proposed payment approach will be to integrate contribution payments into existing development assessment and approval processes. This achieves an effective and efficient payment of contributions and is critical to the timely estimation of SIC obligations and regional infrastructure funding.

To give the proposed Hunter Region SIC effect, the Minister for Planning will issue a direction under the *Environmental Planning and Assessment Act (1979)* section 94EF. The direction will require consent authorities to apply a condition on development consent that requires payment of a SIC. The direction will direct Hunter Region councils and the Hunter and Central Coast Joint Regional Planning Panel (and any local planning panel) to impose where appropriate, a condition such as:

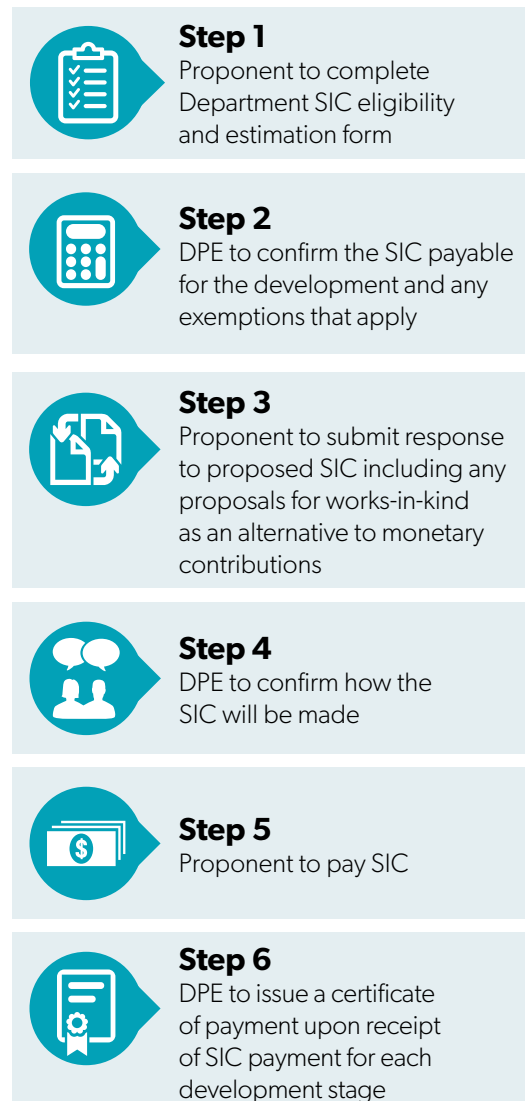
**A special infrastructure contribution must be made in accordance with the *Environmental Planning and Assessment (Special Infrastructure Contribution – Hunter Region) Determination 2017* (as in force when this development consent becomes operative).**

A proponent cannot apply for a subdivision certificate or construction certificate without written evidence from the NSW Department of Planning and Environment that the SIC has been made or that arrangements are in force to make the contribution.

If a consent authority fails to impose the condition, the Minister for Planning may impose the condition on a development.

Once the condition is imposed, a proponent will complete the SIC payment process – this proposed process is detailed in Figure 6.

Figure 6 : **SIC collection process**







### **Step 1: Proponent completes the Department's SIC form**

To be made available from the Department's website, the SIC form must be completed for the proponent to comply with the SIC condition of consent. The proponent must also provide all relevant information to enable the Secretary of the Department to determine the amount of contribution required.

### **Step 2: The Department confirms SIC applies and provides initial SIC calculation**

The Department assesses and confirms if a SIC is required, and provides an initial calculation of the SIC payable to the proponent.

### **Step 3: Proponent submits response**

The proponent can propose changes, but any proposal must be supported by evidence. Proponents can also submit proposals for works-in-kind for infrastructure specified in the Hunter Region SIC in lieu of the payment of a monetary contribution, either in part or in whole.

### **Step 4: The Department confirms how the SIC will be made**

The Department will review the initial SIC calculation and any proponent submission. A final assessment of the SIC payable, including a works-in-kind agreement if required, will be provided to the proponent.

### **Step 5: Proponent pays SIC**

The proponent pays the SIC and/or undertakes any relevant works-in-kind.

### **Step 6: The Department issues a SIC discharge certificate**

Where a proponent has satisfied their SIC obligations they can formally apply for a certificate of payment. This is presented to the consent authority to enable the issue of a subdivision or construction certificate.

## **Contribution management, monitoring and reporting**

Transparent and accountable procedures are in place to manage infrastructure contributions and monitor delivery. This allows consent authorities, industry and the community to see that contributions are being applied appropriately.

Monetary contributions are held in the Special Contributions Areas Infrastructure Fund, established under the *Environmental Planning and Assessment Act (1979)* as a fund in the Special Deposit Account.

Payments from this fund can only be used for the delivery of infrastructure by public authorities, to meet administrative expenses, or as authorised by the *Environmental Planning and Assessment Act (1979)* or regulations (s94EL). The Department's Secretary administers the Fund in consultation with the Secretary of NSW Treasury.

The Department will implement a monitoring, evaluation and reporting program for the Hunter Region SIC that:

- stores SIC obligation assessments, keeps account of contributions and reports on disbursements of SIC funds for Hunter Region infrastructure projects
- uses housing supply forecasts to monitor growth and progress
- implements governance measures around collection and expenditure of funds, including annual reporting on contributions collected.

Administrative costs represent 1.5 per cent of the total contributions proposed to be collected for the Hunter Region SIC.

## ***Have your say***

This paper has been prepared for consultation on the proposed approach for the Hunter Region Special Infrastructure Contribution.

The proposed approach is now on exhibition.

During the exhibition period, the NSW Department of Planning and Environment will consult with the community, local councils and the development industry. You will be able to view more information and make a submission through the Department of Planning and Environment's website: [planning.nsw.gov.au/huntersic](http://planning.nsw.gov.au/huntersic)

All submissions received will be made available on the NSW Department of Planning and Environment's website. All issues raised will be considered in the preparation of the draft Hunter Region Special Infrastructure Contribution Determination.







*For more information about the Draft Hunter Region Special Infrastructure Contribution:  
Proposed approach for consultation, December 2017; visit [planning.nsw.gov.au/huntersic](http://planning.nsw.gov.au/huntersic)*