

# Frequently asked questions

## Illawarra Shoalhaven

## Special Infrastructure Contribution

May 2021

The Illawarra Shoalhaven Special Infrastructure Contribution (SIC) has been determined to provide certainty and transparency to the community, industry and stakeholders and to support the implementation of the Illawarra Shoalhaven Regional Plan 2041.

The Illawarra Shoalhaven SIC is a mechanism to collect contributions from residential development to help fund State and regional infrastructure. The SIC will be imposed on development that occurs on residential zoned land in the Illawarra Shoalhaven Special Contributions Area (SCA).

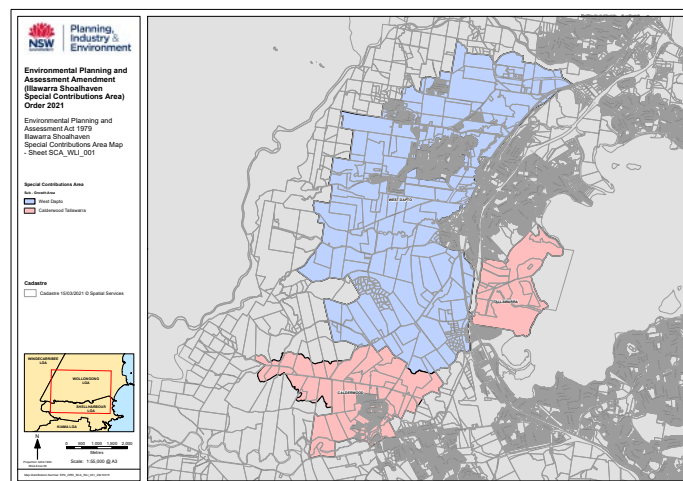
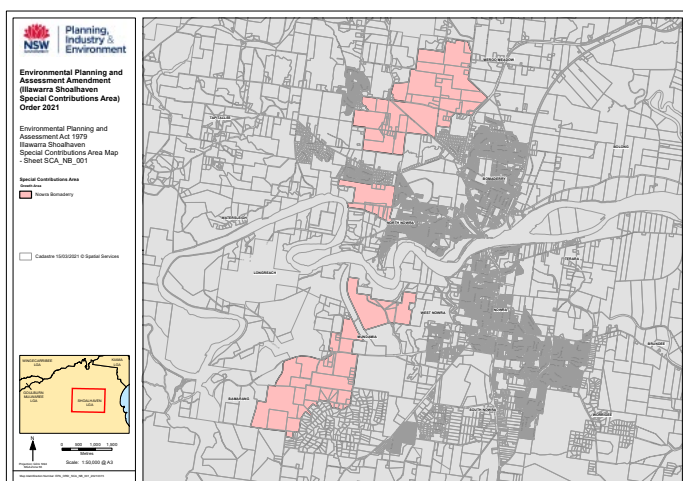
The infrastructure contributions system in NSW is being reformed under the recommendations of the Productivity Commission. This includes the introduction of a broad-based regional approach towards State infrastructure contributions for the Greater Sydney, Illawarra Shoalhaven, Central Coast and Hunter regions. Transitional and savings arrangements made prior to 1 July 2022 are being considered and may impact on the Illawarra Shoalhaven SIC in the future.

### Where does the SIC apply?

The Illawarra Shoalhaven SIC is made up of two growth areas, Nowra Bomaderry and West Lake Illawarra.

The SIC aligns with the two regionally significant growth areas identified in the Illawarra Shoalhaven Regional Plan 2041 and the Illawarra Shoalhaven Urban Development Program. The growth areas propose different contribution rates to reflect the varying levels of new infrastructure required and anticipated development across the growth areas. The SIC is intended to provide funding over the longer term and includes land zoned rural and areas identified for future investigation. A SIC is only triggered in these areas if they are deemed suitable to be rezoned to residential. Should these boundaries change in the future, the SIC can be amended to ensure the SCA boundaries remain accurate and current.

The SIC Online Service includes the eplanning spatial viewer and an interactive map to check if a development is within an SCA.



*Illawarra Shoalhaven Special Infrastructure Contribution map*

## What does the SIC pay for?

The Illawarra Shoalhaven SIC could provide up to \$124 million as a contribution towards the delivery of key State infrastructure to support long-term growth in the region. The infrastructure schedule was developed in consultation with State government agencies and councils and has been informed by land use and planning outcomes that underpin the Illawarra Shoalhaven Regional Plan. Infrastructure projects that could be funded through the Illawarra Shoalhaven SIC include:



**Roads and intersection upgrades**



**Active transport**



**Regional open space**



**Education**



**Community health facilities**



**Emergency services**



**Biodiversity**



**Planning and delivery costs**

## Who would be required to pay the Illawarra Shoalhaven SIC?

The Illawarra Shoalhaven SIC must be paid by developers before the developer receives a construction certificate or, in some cases, an occupation certificate. The Department of Planning, Industry and Environment (the Department) administers the SIC framework. The contributions are paid into a statutory fund administered by

the Planning Secretary in consultation with the Secretary of the Treasury.

Consent authorities such as local councils will impose a condition on a development consent to require payment of the relevant SIC. For complying development certificates, applicants are to check with the Department via the SIC online service to determine if a SIC is required.

The Illawarra Shoalhaven SIC Determination outlines developments that are not required to pay the SIC.

## What is the SIC rate?

The final SIC rate for Nowra Bomaderry is \$71,584 per hectare of net developable area (NDA) for residential development in the 2021-22 financial year. West Lake Illawarra is split into two sub-growth areas, Calderwood / Tallawarra and West Dapto. The final rate for Calderwood/ Tallawarra is \$98,388 per hectare of NDA for residential development, and \$124,477 in West Dapto for residential development in the 2021-22 financial year.

The rates are to be calculated in accordance with the Illawarra Shoalhaven SIC Determination. The charge rates will be indexed annually.

The calculation of the final SIC rate is based on the cost of the additional infrastructure required to service the additional population. It has also been informed by a Capacity to Pay Study to understand the impact of the SIC on development feasibility.

## Biodiversity component of the SIC

Wollongong City Council lodged its latest application for biodiversity certification for West Dapto in August 2019. The determination of biodiversity certification (and application under Part 10 of the *Environment Protection and Biodiversity Conservation Act 1999*) is yet to be finalised. The Department of Planning, Industry and Environment, and the Department's Environment Energy and Science (EES) branch is working with Council on their application to achieve strategic biodiversity certification for West Dapto.

Therefore, until certification is conferred, developers will have to comply with the requirements of the *Biodiversity Certification Act 2016* and prepare biodiversity assessment reports to accompany their development applications to retire biodiversity credits under a development consent. However, if the strategic biodiversity certification for West Dapto is finalised, the contribution process will be simplified by incorporating it into the SIC.

The Illawarra Shoalhaven SIC determination prescribes that the component of the SIC for biodiversity measures is not payable unless and until certification is conferred.

## **What are transitional arrangements and how do they apply?**

Transitional arrangements provide the ability to phase in the total charge rate in order for the market to transition to the new contribution rate. Transitional arrangements provide a mechanism for the Government to respond to the current economic climate brought on by COVID-19.

A discount will be applied to the SIC contribution for the first two years before the full rate is adopted from the third year:

1. First financial year (between 0-12 months after the date of Determination) – the amount that would otherwise be payable is reduced by one half;
2. Second financial year (between 12-24 months) after the date of Determination – the amount that would otherwise be payable is reduced by one quarter; and
3. Third financial year (from 24 months after the date of Determination) – the proposed full SIC contribution rate.

## **What is a SIC Determination, Direction and Order?**

A Determination made by the Minister is the legal instrument that sets the SIC rate of charge, specifies the classes of development to which the SIC applies, where it applies, and includes the infrastructure that contributions will assist in funding.

A Direction by the Minister gives effect to the Determination by requiring consent authorities (usually a council) to impose conditions of consent that require contributions to be made in accordance with the Determination. An Order under the *Environmental Planning and Assessment Act 1979* creates the special contributions area that the Determination applies to.

## **What are the ways of making a contribution?**

A SIC can be made either as a monetary contribution or as works-in-kind.

A works-in-kind agreement allows an applicant to provide land or capital works instead of a SIC monetary contribution. Works-in-kind agreements

provide opportunities to integrate public and private facilities into new communities and can deliver cost efficiencies when an applicant provides infrastructure works as part of development.

The Secretary of the NSW Department of Planning, Industry and Environment decides whether to negotiate or enter into a SIC works-in-kind agreement proposed by an applicant. A works-in-kind agreement in lieu of making a monetary contribution is not a right under the Determination.

## **SIC delivery, implementation and review**

SIC revenue can take some years to accumulate to an adequate level to fund a major capital investment program.

Investment decisions will be aligned to a SIC-specific prioritisation process and the NSW Infrastructure Investor Assurance Framework.

The prioritisation process subjects nominated projects to both qualitative and quantitative assessments. The outcomes of the nomination and prioritisation process are documented in an Investment Recommendations Report, which is submitted for approval by the Minister for Planning and Public Spaces.

Projects funded by SIC currently in planning, progress or already completed can be viewed on the interactive map on the SIC webpage.

The Department will undertake periodic reviews of the SIC determination to allow for ongoing alignment to strategic land use planning, updated planning assumptions or changes to infrastructure requirements.

## **What is the role of the Illawarra Shoalhaven Urban Development Committee?**

Monitoring and review of infrastructure delivery from the SIC will be supported by the Illawarra Shoalhaven Urban Development Committee (ISUDC) and the Illawarra Shoalhaven Urban Development Program (ISUDP). The ISUDC assists the Department of Planning, Infrastructure and Environment in managing the supply of land and housing in accordance with the ISUDP and the Illawarra Shoalhaven Regional Plan 2041.

The ISUDC comprises representatives from each of the region's councils, infrastructure providers and the development industry, and will have a role in the ongoing implementation, delivery and periodic reviews of the SIC as required.