

**Movements in water & sewer and S94 charges (per lot) at Seabreeze, Tweed Shire
Compared to Median Land Price (Seabreeze); CPI & IPD (Constr) 2-Nov-07**

Charges	2002	2003	2004	2005	2006	2007
Total Water	\$ 6,864.00	\$ 6,864.00	\$ 6,864.00	\$ 6,864.00	\$ 7,461.00	\$ 14,801.00
Total S94	\$ 7,017.70	\$ 7,017.70	\$ 7,017.70	\$ 9,365.79	\$ 9,365.79	\$ 14,885.80
Total Infrastructure	\$ 13,881.70	\$ 13,881.70	\$ 13,881.70	\$ 16,229.79	\$ 16,826.79	\$ 29,686.80

Cost

Total S94	\$ 7,017.70	\$ 7,017.70	\$ 7,017.70	\$ 9,365.79	\$ 9,365.79	\$ 14,885.80
Total Water	\$ 6,864.00	\$ 6,864.00	\$ 6,864.00	\$ 6,864.00	\$ 7,461.00	\$ 14,801.00
Median Land price	\$ 95,500.00	\$ 145,000.00	\$ 173,500.00	\$ 202,000.00	\$ 210,000.00	\$ 216,250.00
CPI (March)	137.9	142.1	145	148.2	152.2	155.6
IPD Engineering Constr (March)	89.7	92.31	95.11	100.53	105.39	117.88

Percentage increase

Section 94		0%	0%	33%	33%	112%
Water & Sewer		0%	0%	0%	9%	116%
Median Transfer Price		52%	82%	112%	120%	126%
CPI (March)		3%	5%	7%	10%	13%
IPD Eng Constr (March)		3%	6%	12%	17%	31%

Indexed movement

Section 94 charges	1.00	1.00	1.00	1.33	1.33	2.12
Water & Sewer	1.00	1.00	1.00	1.00	1.09	2.16
Median Transfer Price	1.00	1.52	1.82	2.12	2.20	2.26
CPI (March)	1.00	1.03	1.05	1.07	1.10	1.13
IPD Eng Constr (March)	1.00	1.03	1.06	1.12	1.17	1.31



LEGEND

- A Retain existing tennis courts.
- B New hard court tennis courts (x 11). All courts to be floodlit.
- C New show court with tiered seating for minimum 500 spectators. Expanded tennis precinct suitable for hosting regional and state tennis tournaments and events.
- D New player and spectator facilities to service new courts.
- E1 New sealed car park (1112 spaces) off Cunningham Street to cater for tennis participants.
- E2 Formalise on-street parallel car parking along Cunningham Street (27 spaces).
- E3 Formalise on-street parallel car parking along Cunningham Street (34 spaces).
- E4 Formalise on-street parallel car parking along Oxley Street (59 spaces).
- E5 New main entry providing direct access to a drop-off zone at the entrance to the sports club building, staff and officials' car park (x 15), taxi rank, bus parking (x 3) and additional car parking (20).
- E6 New car park to support the various indoor and outdoor activities within the park (588 spaces).
- E7 Tweed Heads South PS grounds used for overflow car parking for major events.
- F Retain and upgrade the existing outdoor area for tennis players.
- G1 Upgrade the existing netball courts managed by the Tweed Netball Association. Convert existing asphalt and grass courts located within the first three rows to a sympave surface. Provide competition standard floodlighting for 16 sympave courts.
- G2 Convert an existing soccer field into grass netball courts (x7).
- H Retain the Tweed Netball Association clubrooms and rear public toilets.
- I New multi-functional community sports club building to include social and administration areas, meeting rooms, storage areas, a public health & fitness gymnasium, and four indoor courts.
- J New enclosed senior rectangular field with high quality playing surface, competition standard floodlights and spectator capacity for minimum 2,000 people.
- J1 New undercover seating grandstand building with player amenities for sports field users and sports hall users, which is linked to the indoor four court multi-sports hall.
- K Two senior rectangular fields with good quality playing surface and training standard floodlights and two junior rectangular fields without floodlights.
- L Two new family recreation areas to provide playground(s), paved BBQ and picnic areas, seating, tables and a shelter.
- M New shared path network.
- N Undertake additional tree planting and landscaping throughout the Park.



SEPTEMBER 2007



PLANNING circular

PLANNING SYSTEM

Development contributions

Circular	PS 07-018
Issued	6 November 2007
Related	

Infrastructure contributions

This circular is to provide early advice to local councils, relevant State agencies, the development industry and the community of recent changes to the setting and collection of infrastructure contributions in NSW. Further advice will follow as these changes are implemented. The Department will be issuing guidelines and update circulars to facilitate implementation.

Introduction

On 12 October 2007, the Premier announced a comprehensive overhaul to the way that contributions from development in NSW are administered for State and local infrastructure.

State and local infrastructure contributions will now only fund attributable infrastructure and land requirements to support developed land rather than infrastructure requirements driven by general population growth. This means that for both State government agencies and local councils, it will only be possible to levy for a range of infrastructure items where the need for that infrastructure arises from the development of land.

The changes will ensure a more consistent approach to setting infrastructure contributions across NSW, and will improve certainty and transparency in the release of land for development.

Changes to the infrastructure funded by State infrastructure contributions

State contributions applying to greenfield areas identified in Regional or Subregional Strategies, the Metropolitan Development Program or in an approved local strategy will fund 75% of the following attributable State infrastructure costs:

..

Infrastructure item	Previous approach	New approach
Roads	✓	✓
Rail	✓	✓
Bus	✓	✓
Emergency and justice	✓	Land only
Health	✓	Land only
Education	✓	Land only
Regional open space	✓	Land only
Planning and delivery	✓	✓

In the case of the growth centres, this will result in a reduction of the per lot levy from \$33,000 to \$23,000.

These principles will apply immediately to greenfield development sites across the State where rezonings or levies have not yet been finalised. This will result in a unique levy for each precinct or region that reflects underlying attributable infrastructure costs.

The costs of the construction and operation of social infrastructure facilities such as schools and TAFEs, hospitals and emergency services will be borne by the State Government. It is the NSW Government's intention that there will be no reduction in the type, amount or delivery of infrastructure to be provided, only in how this will be funded. The State Government is implementing other changes to its infrastructure planning so there are clear alignments between the State Infrastructure Strategy and long term land use strategies.

The new contribution arrangements will not apply to planning agreements that have already been signed, rezonings already gazetted or development applications where consent has been granted.

Changes to infrastructure funded by local section 94 and section 94A infrastructure contributions

Future local contributions will be set through an approved section 94 or section 94A plan based on Ministerial Guidelines (to be separately published) and will fund 100% of the following attributable local infrastructure costs:

- local roads
- local bus infrastructure
- local parks that service a development site or precinct
- drainage and water management expenses
- land and facilities for local community infrastructure that services a development site or precinct
- land for other community infrastructure and recreation facilities.

All other costs, such as facilities benefiting existing communities (including council or district-wide community and recreation facilities), can no longer be recovered through local contributions.

The Minister for Planning will issue guidelines to advise the categories of infrastructure costs to be funded from local contributions. Councils will still prepare their own section 94 or section 94A plans in accordance with the guidelines however these will need to be endorsed by a delegate of the Minister for Planning. Councils will be separately advised about the timing for the commencement of these arrangements.

Changes to section 94 and section 94A for riparian corridors

Local contributions will no longer be permitted to fund acquisition of land for riparian corridors. These areas will be protected and managed through planning (zoning and other) controls.

Councils will be separately advised about the timing and method of the preparation and implementation of section 94 and section 94A contributions plans.

Staged contribution collection

For all future greenfield release areas in NSW, a single contribution combining State and Local infrastructure charges will be set on a developable area basis, and collected at two stages:

- a Rezoning Infrastructure Contribution (RIC) shall apply on the purchaser, at the time land is first sold following rezoning or approval of a development application to recover 25% of State and local infrastructure costs

- a Serviced Infrastructure Contribution (SIC) will be payable by developers upon release of subdivision or occupancy certificates to recover the remaining 75% of State and local infrastructure costs.

Contributions will escalate annually against an appropriate construction cost index. Possible options for deferring the payment of the RIC and the SIC are being investigated by NSW Treasury.

Urban Improvement Fund

State contributions will be held in a new Urban Improvement Fund, to be managed by NSW Treasury. The NSW Government will provide \$200 million to initially establish the fund.

Collection methods are currently being developed.

Funds will be allocated to State agencies through the Budget process. In time, developers will have the opportunity to deliver relevant infrastructure as works in kind and apply for the State's 25% contribution against milestones.

Section 94 and section 94A contributions held in Trust

Section 94 and section 94A contributions from developments within the growth centres shall be held separately under Trust by NSW Treasury on behalf of councils. Councils can draw on these funds based on approved section 94 and section 94A plans, subject to funding being spent within the timetable of the approved plan.

The NSW Government may consider collecting and holding section 94 and section 94A contributions for greenfield development outside the growth centres on a case-by-case basis. In particular, this is likely to occur for other large scale greenfield release areas.

Precinct Acceleration Protocol

Within the growth centres, the Precinct Acceleration Protocol will be modified. Developers will now need to pay 75% of the modified range of infrastructure costs and will be provided with a 100% refund for linkage and excess capacity infrastructure as other developments proceed.

Land release in areas outside of the Metropolitan Development Program or a Regional/Subregional Strategy

Proposals in areas outside of the Metropolitan Development Program, a Regional or Subregional Strategy or an endorsed local strategy will be assessed against an objective gateway test based on the sustainability criteria included in the Metropolitan Strategy, Regional Strategies or endorsed local strategy where applicable. If compliant, 100% of the attributable infrastructure costs would be borne by the developer.

State infrastructure contributions and section 94 and section 94A contributions in existing urban areas

The revised contributions framework will apply to section 94 and section 94A contributions in both existing urban areas and greenfield areas. However, only the incremental costs arising from development can be collected through the levy.

Consultation

As these arrangements are developed local government and other stakeholders will be consulted.

Planning agreements

Where a State voluntary planning agreement is being proposed (e.g. to demonstrate satisfactory arrangements for infrastructure), it must in principle be consistent with the revised infrastructure contributions framework unless approved by NSW Treasury.

Transitional arrangements

Any local environmental plan, planning agreement or section 94 or section 94A contributions plan made on or before 12 November 2007 will continue to operate as if the changes announced by the Premier on 12 October 2007 had not been made. Once the mechanisms to implement the measures outlined in this circular have been finalised additional transitional measures will be put in place.

Policy initiatives requiring legislative change

Legislative changes will be examined as part of the planning reform program to:

- require section 94 plans to be approved by the Minister for Planning or delegate (*Environmental Planning and Assessment Act 1979*)
- establish requirements for the payment of a Rezoning Infrastructure Contribution at the time land is first sold following its rezoning (*Real Property Act 1900*)
- require the transfer of developer contributions collected by a council in the north west or south west metropolitan growth centres to the State Government (*Local Government Act 1993*)
- establish the Urban Improvement Fund.

What happens next?

The Department of Planning is working with NSW Treasury and the NSW Growth Centres Commission to develop guidelines and procedures to give effect to these reforms.

Authorised by:

Sam Haddad
Director-General

Important note

This circular does not constitute legal advice. Users are advised to seek professional advice and refer to the relevant legislation, as necessary, before taking action in relation to any matters covered by this circular.

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RELATED DOC:
1720484

DEVEL CONTROL FEES.
LEP-PLANNING REFORMS

DGC07/2083

SECTION 94 PLANS
TWEED SHIRE COUNCIL
TOWN PLANNING DEPT
CIRCULARS

FILED

Dec. No

REC'D 31 JAN 2008

ASSIGNED TO: KNIGHT P

HARD COPY IMAGE

Dear Mr Rayner

Local Infrastructure Contributions – Tweed Shire Council

I refer to your letter dated 10 December 2007 concerning local infrastructure contributions and Planning Circular PS 07-018.

I advise that following the NSW Government's decision, the Department of Planning has established a Working Group to bring into effect changes in the collection of infrastructure contributions. The Working Group has examined the issues raised in your letter and is providing advice to an Inter-Agency Steering Committee regarding the impact of the Government's announcement on all stakeholders. I note your comments concerning the impact that the Government's decision would have on Council's funding mechanism for local infrastructure and I assure you that those comments will receive proper consideration.

The timeframe for implementing such changes has yet to be determined. Further advice will follow as changes are implemented and the Department will be issuing guidelines and updated circulars to facilitate the implementation. Whilst it is not the Department's position to redress the Government's decision, please be assured that the Department is working to achieve a balanced and appropriate outcome for all stakeholders.

In addition to the above, I advise that Council should not adopt a contributions plan after 12 November 2007 if it is inconsistent with Planning Circular PS 07-018. That is, new contributions plans can only set a contribution levy for local infrastructure costs attributable to new development. All other costs, such as facilities benefiting existing communities, can not be recovered through local contributions. An announcement has yet to be made concerning the status of councils' existing contributions plans or the mechanism and time frame for the amendment of those plans.

Should you have any further enquiries about this matter, I have arranged for Mr Scott Phillips, Director Sydney Region Land Supply Program, to assist you. Mr Phillips may be contacted at the Department's Bridge Street Office on telephone number (02) 9228 6305.

Yours sincerely

SHaddad
Sam Haddad
Director General

21/1/2008.

Development Contributions – Practice Note

Determining rates for different types of development

This practice note provides guidance on the manner of setting section 94 development contributions for different development types.

What are the requirements of the EP&A Regulation?

The EP&A Regulation requires that a development contributions plan contain formulas to be used for determining the section 94 (s94) contributions required for different categories of public amenities and services [clause 27(1)(d)]. In addition, the EP&A Regulation requires the s94 contribution rates for different types of development to be shown in a schedule to the plan [clause 27(1)(e)].

How are contributions formulated?

A s94 development contribution is essentially the conversion of a works schedule into some common base such as a "per person" or "per lot" rate. This then allows a council to advise applicants of the contribution applicable by type of development (whether residential, commercial, industrial or some other form of development). Any applicant or member of the public should also be able to readily calculate a contribution for any type of development.

Formulas are at the heart of a contribution and they are required to show how a contribution was derived to ensure transparency. The underlying principle is that the manner by which the standard base has been derived should be clear.

There have been many instances where formulas have been poorly drafted with adverse consequences. Consequently, they should be prepared by a person that understands how the formulas are to be used and should ideally be verified by another person/s. This is particularly important where a cross boundary plan is being prepared.

At its simplest, the contribution rate is a function of the total cost of the facilities divided by the demand for those facilities multiplied by the apportionment factor.

$$\text{Contribution} = \frac{\text{Facility cost (\$)}}{\text{Demand}} \times \text{AF}$$

(Note: AF = the apportionment factor)

The "demand" in the above formula may be on the basis of the number of lots in a catchment, the total population a facility will serve, the floorspace that will result from a rezoning or the total traffic generated by new development.

As the rate of contribution for a particular type of facility could be arrived at using differing methods (ie lots, persons), the particular method employed must be shown clearly.

How is existing demand treated?

In many instances, a council will be augmenting new facilities or providing new facilities, a proportion of which may cater to the demands of the existing population.

This is quite acceptable, however, in these cases, a suitable apportionment will need to be used to make allowance for this demand and to ensure that future development is only paying its fair and reasonable share (refer practice notes *Principles underlying development contributions* and *Relationship between expected development and demand*).

The apportionment factor in the above formula is the means to achieve this end and the relevant apportionment rate must be determined on a case by case basis. For example, in some instances there will be 100% apportionment to new development where the facility is provided to cater only to the demands of future development. In other instances the apportionment factor may be less depending on the extent to which existing demand is being satisfied (that is, there may be apportionment between existing and new demand).

The total costs of the facility should only be the costs to the council and should therefore not include any specific (or tied) grants that have been provided by other sources to fund the facility. This, however, does not apply to grants received by the council that are untied and not specific to a particular facility.

What type of rate is being used?

The basis of a contribution is the demand that is created. Essentially, demand arises from population and development growth, however, these may manifest in a number of ways such as in the need for human or physical infrastructure.

To make allowance for these differences, there are a number of different bases that may be used, the most common of which include:

- a "per person" or "per lot" contribution rate
- a "square metre" rate.

A contribution may also be expressed in many other different ways depending on the way the demand is expressed (and assessed):

Development Contributions – Practice Note

- per dwelling
- per lot
- per worker (for industrial, commercial, tourist and other non-residential forms development)
- per room or key (for tourist facilities)
- per car space (for public car parking facilities required in commercial/business/shopping centres)
- per metre of road frontage (for all types of development).

Arriving at a contribution (whichever base is used) is a relatively simple matter of using the rate to determine the end contribution by development type through a conversion factor. This will vary depending on the base selected.

How is the contribution calculated on a per person basis?

There are various methods to identify demand by population, however, the most common method is for a council to either use a population projection or establish the population or development yield from a release or redevelopment area. This will give a total number of "persons" for the formula.

Once the demand assessments are undertaken, and a works schedule costed, the derivation of the per person rate can use the basic formula noted above.

By way of example, for a works program of \$10 million uniformly serving an end population of 10,000 with 4,000 existing residents in the area (ie 6,000 incoming population), the apportionment factor is:

$$\begin{aligned} \text{AF} &= \frac{6,000}{10,000} \\ &= 0.6 \end{aligned}$$

The new population is therefore responsible for \$6 million of the works program (ie \$10 m x 0.6) while council commits to funding \$4 million to cover demand by the existing population. To arrive at the per person rate contribution for new development, and using the model formula set out earlier, the contribution is as follows:

$$C = \frac{\text{\$Facility cost}}{\text{Demand}} \times \text{AF}$$

thus,

$$\frac{\$10,000,000}{6,000} \times 0.6 = \$1,000 \text{ per person}$$

The base rate can then be converted into a contribution for each development type such as a residential dwelling (see below).

How is the contribution calculated on a floorspace basis?

Contributions based on floorspace follow the same principles as that for population.

As an example, if the council has determined that a new employment area will create 20,000 square metres of floorspace which will require \$10 million in road works and traffic management facilities, the contribution for traffic management facilities will be:

$$\frac{\$10,000,000}{20,000} \times 1.0 = \$500 \text{ per m}^2$$

Again, the contribution can then be converted into a rate by development type. The apportionment factor is 1.0 as all of the works are the responsibility of new development and there is no apportionment between existing and new development.

How is a contribution set for different development?

Different development generates differing demands. For example, residential development in a release area will generate demand for a variety of facilities including human services (eg community facilities, recreation) or physical services (eg roads and traffic management facilities).

A contribution, then, for this residential development will be made up of various categories according to this demand. That may include community services (community centres, libraries, etc), open space, roads, traffic facilities and so on. The overall contribution is thus the aggregation of the contributions from these sub-categories.

Where a contribution for, say, community facilities is set at a "per person" rate, it will be necessary to convert this into a contribution for a dwelling in the example above. This is achieved by the use of standard occupancy rates that will be set out in the plan.

For example, the occupancy rates published by the Australian Bureau of Statistics for a certain local government area may historically be 1.3 persons per one bedroom dwelling, 1.8 persons per two bedroom dwelling and 2.5 persons per three bedroom dwelling (or allotment). Through research, council may establish that these occupancy rates will continue at the same rate for at least the next 5 years.

The conversion of the "per person" rate is simply a multiplication of the **contribution** per person by the prevailing **occupancy rate** for different types of dwellings or lots within the catchment area.

Development Contributions – Practice Note

So, if a contribution for community facilities is \$1000, application of the above occupancy standard would result in the following contributions for the various dwelling types:

- in the case of a one bedroom dwelling: \$1,300 (ie \$1,000 x 1.3)
- in the case of a two bedroom dwelling: \$1,800 (ie \$1,000 x 1.8)
- in the case of a two bedroom dwelling: \$2,500 (ie \$1,000 x 2.5)
- if the "standard" occupancy for a detached dwelling is 2.5, then each new allotment can also be charged \$2,500.

This can be repeated for any dwelling or allotment type as long as the occupancy is adopted in the contributions plan.

For the example above of the commercial floorspace where the contribution was \$500 per square metre, the contribution for a new development of 2500 square metres, would be:

$$2,500 \times \$500 = \$125,000$$

How are employees and workers treated?

There are often debates about whether new persons who both live and work in the area should be counted as both residents and workers for the purposes of levying a contribution. This largely arises with commercial and industrial development applications since the new residents are likely to have already paid a contribution. The extent of the issue depends on the circumstances.

For example, in a country centre, a large proportion of the new workforce may also be new residents. In this circumstance, it would be unreasonable for the contributions plan to assume that they both create the same level demand since the demand overlaps or coincides. There may be some validity in a contribution for civic centre works where the demand for works are from only employees.

In an urban suburb, the proportion of people who both live and work within the same local government area may be less. In these instances, the matters council should consider in applying any discount or similar weighting include:

- whether a weighting is already applied to ensure residents and workers are appropriately sharing the cost of infrastructure provision
- whether a weighting should be applied to differentiate between residents who are not in the workforce and employed residents (the labour force)
- that a resident who works in the area has an opportunity to use facilities during the day, before and after work, that a commuter does not

- that a worker who also lives in the area, is more likely to use facilities on weekends than a worker who lives in another area
- that the reduced time spent in commuting provides additional leisure time.

Councils should ensure that contributions are not seen as a means to upgrade existing centres through contributions. If a council wishes to apply contributions in such situation, it may be more beneficial to apply the s94A flat rate levy which does not require such judgements to be made.