



Section 94 Contributions Plan

Draft Amendment No. 91.

CW MGMT 0001

Contributions Plan Formulation, Administration &
Management

Reference: File 34035

Adopted by Council: date

Effective from: date

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Table of Contents

1.	Introduction	1
2.	Definitions.....	1
3.	Name of the Plan	1
4.	Legal context	2
5.	Purpose of the Plan.....	2
6.	Commencement of the plan	2
7.	Relationship with other plans and policies.....	2
8.	Area to which the Plan applies	2
9.	Development and Demand Nexus	2
10.	Estimated Costs	3
11.	Method of calculating contributions.....	4
12.	Contributions Formula.....	5
13.	Review of contribution rates	5
13.1	Review of contribution rates in relation to works projects.....	5
13.2	Review of costs for Plan formulation, administration and management	6
14.	Payment of Contributions	6
14.1	Types of development.....	6
14.2	Method and timing of payment	6
14.3	Adjustment of contributions at the time of payment.....	6
14.4	Deferral of payment.....	6
14.5	Savings and transitional arrangements	6
14.6	Exemptions and Discounts.....	7
14.7	Works In Kind and other Material Public Benefits	7
14.8	Land Dedication	7
15.	References	7
16.	Appendices	8

1. Introduction

This amendment to Shoalhaven City Council's Contributions Plan authorises Council to recoup costs associated with the formulation, administration and management of the Contributions Plan, as permitted under section 94 of the Environment Protection & Assessment Act. These costs are directly related to the operations of the Contributions Plan, which includes forward planning activities to support the Plan assumptions, the design of various projects in the Plan, actions required by legislation for Plan administration (preparation, exhibition and reporting of the components of the Plan), and activities related to financial management and accountability.

Shoalhaven City Council undertakes the vast majority of these activities in-house; i.e. the Council does not rely extensively on the use of external consultants for these activities. This is considered the most cost-effective way to manage the Contributions Plan for the Shoalhaven, but this requires the establishment of at least one full-time staff position dedicated to section 94 matters, plus additional staff resources for engineering, finance, planning and reporting functions. Shoalhaven City Council has also developed its own specialised section 94 computer systems for assessing contributions, answering enquiries and financial accounting of contributions. Costs associated with these positions and activities are recouped under this amendment.

Prior to this amendment, the contribution to Plan management was calculated on a 'per equivalent tenement' basis, with residential subdivisions making a contribution for each new lot created and industrial and commercial developments levied at one equivalent tenement per application. Council has reviewed the effectiveness and equity of this strategy in the light of historical data on development statistics and contributions received, and has resolved to change the method of calculation. This amendment authorises Council to charge a percentage of total contributions for Plan formulation, administration and management instead of applying a 'per equivalent tenement' calculation.

2. Definitions

The definitions of terms used in this plan are listed in Appendix A.

3. Name of the Plan

This Contributions Plan is amendment number 91 (Contributions Plan Formulation, Administration and Management) of the Shoalhaven City Council Section 94 Contributions Plan 1993. This project is identified in the Contributions Plan as project number CW MGMT 0001.

4. Legal context

This Contributions Plan has been prepared by Shoalhaven City Council pursuant to Section 94 of the Environmental Planning and Assessment Act and in accordance with the Environmental Planning and Assessment Regulation.

5. Purpose of the Plan

The purpose of this Plan is to authorise recoupment of Council's costs associated with the formulation, administration and management of the Shoalhaven City Council Contributions Plan. This will ensure Council has adequate resources to operate an effective and efficient Contributions Plan, and thereby provide the infrastructure and services required as a result of future development in a reasonable, timely and equitable manner.

6. Commencement of the plan

This Plan will take effect from the date on which public notice is published, pursuant to clause 31(4) of the EP&A Regulation.

7. Relationship with other plans and policies

This Contributions Plan is amendment number 91 of the Shoalhaven City Council Section 94 Contributions Plan 1993, and should be considered in conjunction with the Contributions Plan. This Plan is a supplement to

Council's *Cityplan*, Management Plan and Local Environment Plan.

8. Area to which the Plan applies

This Plan applies to all types of development within the Shoalhaven Local Government Area. This area is shown in the Benefit Area Map in Appendix B to this Plan.

9. Development and Demand Nexus

Fundamental to the levying of Section 94 contributions is the establishment of a nexus between future development and the need for increased or new amenities and services generated by that development.

Council's Contributions Plan meets this requirement, so the costs associated with the formulation, administration and management of the Plan are directly related to the same nexus; i.e. because the Contributions Plan exists to meet the needs of future development, so too do the activities of Council in the formulation, administration and management of the Plan.

The following activities are performed by Council in the formulation, administration and management of the Contributions Plan:

- Identify future growth areas for residential, commercial and industrial development;

- Model the expected impacts of future growth on local and regional infrastructure, including roads, stormwater drainage and car parking;
- Assess the needs of the incoming population for community facilities, recreation areas, open space and fire and emergency services;
- Test various development scenarios and monitor the rate of development in comparison to the expected rate;
- Prepare concept designs and cost estimates for future capital works;
- Apportion these costs to development associated with incoming population;
- Prepare documentation and follow due process to enable Council to consider, exhibit and adopt Contribution Plans and amendments, including graphics and GIS support;
- Consider and respond to submissions concerning the Plan and its amendments;
- Consider and respond to changes in legislation governing contributions planning;
- Prepare submissions to Council, Government and the community that affect policies relating to the Contributions Plan;
- Defend challenges to the Plan;
- Monitor progress with the capital works program in relation to the projects in the Plan;
- Respond to enquiries regarding contributions and projects in the Plan;
- Determine the amount of contributions payable when assessing development applications;
- Manage the receipt of contributions;
- Manage the financial accounts of the Contributions Plan, and prepare routine and annual reports;
- Develop and improve computer systems for managing Plan projects and accounts;
- Calculate and apportion interest earnings on accumulated contributions;
- Coordinate and manage staff and consultants working on contributions planning.

10. Estimated Costs

The following table summarises typical annual costs in formulation, administration and management of the Contributions Plan. The responsibility for contributions planning rests with Council's Planning Group. The major part of these costs relates to staff positions in Council. One senior position is fully dedicated to section 94 matters, whilst other staff positions in planning, engineering, finance and system support are partially dedicated to section 94 matters. A nominal amount for servicing these staff positions is included. Consultants are used on a limited basis for specialist investigations. These costs are comparable to other Local Government Areas.

Item	Description	Unit amount \$ p.a.	On-costs multiplier	Dedication to s94	Amount
Salaries	Senior Planner	\$62,000	1.29	100%	\$79,980
	Strategic Planner	\$45,000	1.29	50%	\$29,025
	Engineering Draftsperson	\$50,000	1.29	50%	\$32,250
	Finance	\$55,000	1.29	40%	\$28,380
	other staff, Planning Group	\$15,000	1.29	100%	\$19,350
	other Council staff	\$30,000	1.29	100%	\$38,700
Consultants	For specific investigations	\$35,000	1.00	100%	\$35,000
Other Council costs	office expenses, computer systems, etc.	\$25,000	1.00	100%	\$25,000
total					\$287,685

11. Method of calculating contributions

Council has reviewed the amount of contributions received over the last 5 financial years. Contributions received in 2004/05 were \$2,833,533 and averaged \$2,215,600 per year for the last 5 financial years. Council also compared methods of calculation in other Local Government Areas, including flat rate charges, 'per ET' or 'per person' calculations and 'per application' charges, and decided that applying a percentage of calculated contributions was the most suitable, on the following grounds:

- *Equity between types of development*

Charging a percentage of calculated contributions for all types of development is more equitable than applying different rates for residential, industrial and commercial development.

- *Efficiency of collection*

Applying a percentage rate to the calculated contributions is easily accommodated within Council's management systems, and removes a possible source of error and confusion.

- *Nexus between this contribution and costs incurred by a particular application*

A percentage rate is directly proportional to the amount of contributions required, and therefore the costs associated with Plan formulation, administration and management.

- *Equity between small and large developments*

A contribution based on one ET per application results in large developments making the same contribution as small developments, even though the costs in Plan formulation, administration and management for large projects are much higher.

- *Impact on applicants*

A percentage rate of 10%, necessary for Council to recover full costs of Plan formulation, administration and management in a typical year, was considered by Council. However, Council considered that 7% was a more reasonable rate to apply in consideration of the impact of the contribution on development, and is comparable to many other Local Government Areas. This is less than the amount necessary to recover Council costs, and is considered by Council to be a reasonable contribution.

12. Contributions Formula

Council has determined that the contribution for Plan formulation, administration and management will be 7% of the total of contributions required for works projects applicable to the land that is the subject of a subdivision or development application. The following formula applies:

Contribution for Plan formulation, administration and management (\$) = (Total of contributions for works projects in the Contributions Plan that apply to subdivision or development on the subject land, \$) x 0.07.

The amount of contributions is determined when assessing a subdivision or development application, or can be provided by Council on request.

13. Review of contribution rates

13.1 Review of contribution rates in relation to works projects

Contribution rates for works projects contained in the Contributions Plan are reviewed annually on 1st July in line with movements in the Implicit Price Deflator (New Engineering & Construction) published by the Australian Bureau of Statistics. Various projects are also subject to a more substantial review of need and expected cost on a regular basis.

As a result of these changes in contribution rates for works projects, the amount payable for Plan formulation, administration and management will also change, although it will remain 7% of the total contribution under these circumstances.

13.2 Review of costs for Plan formulation, administration and management

Council will review the costs associated with Plan formulation, administration and management annually. Should these costs differ significantly from 7% of contributions received for works projects, Council may consider amending the Plan.

14. Payment of Contributions

14.1 Types of development

The contribution is expected for all types of subdivision and development that incur section 94 developer contributions in the Shoalhaven Local Government Area.

14.2 Method and timing of payment

Payment of contributions can be by cash, money order or bank cheque. Payment will be required prior to the issuing of the linen plan in the case of subdivisions, or before the issue of a construction certificate in the case of a building development.

14.3 Adjustment of contributions at the time of payment

If payment is not made in the financial year that consent is granted, the amount payable will be adjusted on 1st July in line with movements in the Implicit Price

Deflator (New Engineering & Construction) published by the Australian Bureau of Statistics.

14.4 Deferral of payment

In exceptional circumstances, Council may permit deferred payment provided the following criteria are met:

- The maximum deferral is two years from the standard payment date; and
- The provision of a bank guarantee for the required amount, plus an interest charge equivalent to that charged on overdue rates for the period of the bank guarantee, plus an administration fee.

An application for deferral will need to be submitted to Council and will be determined at Council's discretion.

14.5 Savings and transitional arrangements

A subdivision or development application which has been submitted prior to the adoption of this Plan but not determined shall be determined in accordance with the provisions of this Plan if this Plan is effective at the date the application is determined.

14.6 Exemptions and Discounts

Council does not allow standard exemptions or discounts for contributions in this Plan, but will consider written applications for exemption or discount on their merit.

14.7 Works In Kind and other Material Public Benefits

Council will consider the construction or provision of facilities, services or infrastructure by an Applicant to offset a monetary contribution or to bring forward the construction of a facility ahead of Council's budgeted works program.

If construction of a facility is requested by an Applicant in advance of its inclusion in Council's budgeted works schedule, Council will consider options including:

- Provision of the facility by the Applicant by way of Work In Kind or other Material Public Benefit in lieu of a monetary contribution;
- Provision of the facility at the Applicant's expense, with Council recouping contributions from future development in the Benefit Area and reimbursing the Applicant for costs exceeding the Applicant's share;
- Provision of the facility at the Applicant's expense, with Council reimbursing the Applicant's agreed share of Council's costs in the year of Council's budget provision.

These options apply to all works described in the Contributions Plan, including works to be funded by Council.

The applicant will need to initiate an acceptable option by providing Council with the full details of the proposed works prior to construction. Council will then consider the request and advise the Applicant accordingly as part of a negotiated agreement.

Works In Kind and other Material Public Benefits are subject to Council approval, and will be expected to comply with the requirements of any relevant Development Control Plan, Planning Policy, this Contribution Plan amendment and relevant construction standards.

14.8 Land Dedication

Council may permit the dedication of land to offset a monetary contribution. Suitability assessment of the subject land occurs at the development or subdivision application stage. Should the development be approved, the applicant should contact Council to arrange for a valuation of the subject land.

15. References

- Environmental Planning & Assessment Act
- Environmental Planning & Assessment Regulation
- Shoalhaven City Council Contributions Plan Manual

- NSW Department of Infrastructure, Planning & Natural Resources: Development Contributions Practice Notes, July 2005.

Section 94 Contributions Plan Amendment No. 91, Contributions Plan Formulation, Administration and Management, being this written Statement and accompanying map, was

16. Appendices

- A Definitions
- B Benefit Area Map

adopted by Council: XXXX

and

became effective from: XXXX



R D Pigg
General Manager

Date: 6.7.06

Appendix A

Definitions

The following definitions apply to terminology used in this Plan:

Anticipated Development

An estimate of the number of new dwellings to be built.

Apportionment

The % of the total cost of a project to be borne by existing residents compared to the % of the total cost to be borne by anticipated development.

Benefit Area

The area containing land that will benefit from a project.

Contributions Plan

A formal document prepared by Council as required under the EP&A Act, to explain how developer contributions are calculated and spent, and a number of administrative details.

Contribution rate

The amount to be paid as a development contribution, expressed per unit of development.

Deferral

The ability to defer payment of s94 contributions after the standard date of payment.

Development Consent

Formal approval by Council before a development can proceed; s94 contributions are stated as conditions of development consent.

Development Contribution

An amount of money Council is entitled to collect toward the cost of infrastructure arising from new development.

Dwelling

A building used as a separate domicile.

Equivalent Tenement (ET)

A unit of measure, based on the number of bedrooms for a residential development, to determine the relative impact of a development compared to a single detached dwelling.

Implicit Price Deflator (IPD)

A standard measure of price movements published by the Australian Bureau of Statistics.

Material Public Benefit

A contribution by a developer that is not in the form of a monetary contribution or land dedication.

Medium Density Development

Residential development consisting of flats, villa units, cluster housing, mobile housing estates or caravan parks.

Nexus

The specific relationship between expected development and the demand for additional infrastructure or facilities.

Patronage Factor

An estimate of how much use of a facility will be generated from a particular area or group.

Residential Development

Development for the construction of dwellings.

Transitional Arrangements

A procedure that is applied whilst a contributions plan is in preparation.

Works In Kind

A type of material public benefit where construction of some or all of the works contained in a contributions plan is by the developer.

Works Program

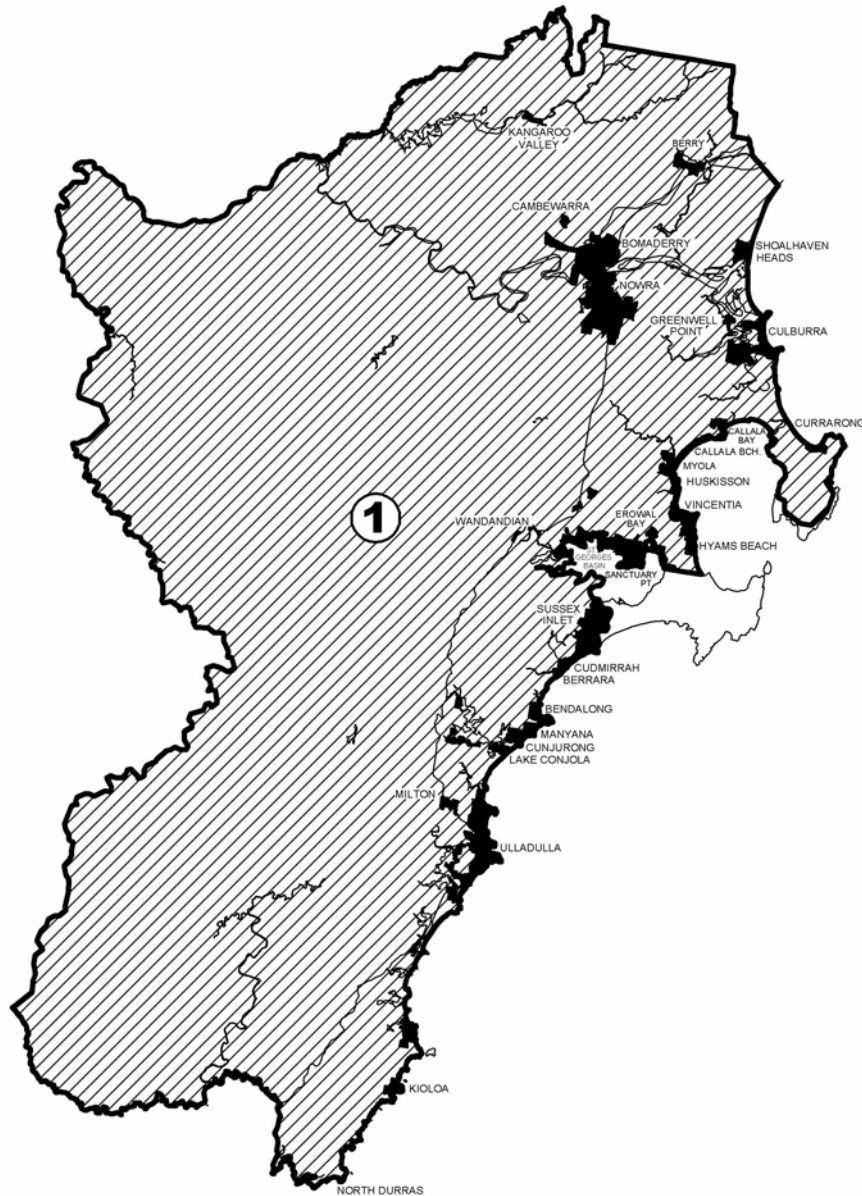
A list of the works to be undertaken by Council.

Works Schedule

A list stating when Council expects the works in the works program to be undertaken.

Appendix B

Benefit Area Map



SHOALHAVEN CITY COUNCIL
S94 CP2006
AMENDMENT NO.91
PLAN MANAGEMENT

FILE NO: 34035
FACILITY: CITY WIDE CONTRIBUTION PLAN FORMULATION,
ADMINISTRATION AND MANAGEMENT
PROJECT: BENEFIT AREA

PROJECT NO.
CW MGMT 0001

