



Section 94 Contributions Plan

Amendment No. 91.

CW MGMT 0001

Contributions Plan Formulation, Administration &
Management

Reference: File 34035

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Table of Contents

1.	Introduction	1
2.	Definitions.....	1
3.	Name of the Plan	1
4.	Legal context	1
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
11.1	Total cost for the duration of the Plan	4
11.2	Apportionment of costs	4
11.3	Estimated future residential demand	5
11.4	Estimated future commercial demand	5
11.5	Estimated future industrial demand	5
11.6	Application of a cap to this contribution	5
11.7	Equity between types of development	6
11.8	Impact on applicants.....	6
12.	Contributions Formula.....	6
12.1	Residential development	6
12.2	Industrial and commercial development	6
13.	Review of contribution rates	7
13.1	Annual review of contribution rates.....	7
13.2	Periodic review of population and development projections	7
13.3	Review of costs for Plan formulation, administration and management	7
14.	Payment of Contributions	7
14.1	Types of development	7
14.2	Method and timing of payment	7
14.3	Construction Certificates and the Obligation of Accredited Certifiers	8
14.4	Complying Development and the Obligation Of Accredited Certifiers	8
14.5	Adjustment of contributions at the time of payment	8
14.6	Deferral of payment	8
14.7	Transitional arrangements	9
14.8	Exemptions and Discounts	9
14.9	Works In Kind and other Material Public Benefits.....	9
14.10	Land Dedication	10
15.	References.....	10
15.1	General References.....	10
15.2	Supplementary Document	10
16.	Appendices.....	10

1. Introduction

This amendment to Shoalhaven City Council's Contributions Plan authorises Council to require a contribution to the costs associated with the formulation, administration and management of the Contributions Plan, as permitted under section 94 of the Environmental Planning & 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 included in 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 (ET) per application. Council has reviewed the effectiveness and equity of this strategy and has resolved to change the method of calculation. This amendment authorises Council to increase the contribution per ET for future residential development and require a contribution per m² of gross floor space for industrial and commercial development for Plan formulation, administration and management.

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 Council to require a contribution to Council's costs associated with the formulation, administration and management of the Shoalhaven City Council Contributions Plan as a condition of development consent. 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 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. 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 Contribution 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.

For the duration of this Plan, expected future costs for Plan formulation, administration and management will be fully met by contributions from future development.

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 from the pool of land zoned for these purposes;
- 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;
- Incorporate concept designs and cost estimates for future capital works in Plan documentation;
- 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;
- Develop and maintain an enquiry and records system that enables the amount of contributions payable to be determined 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 Strategic 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 those in 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

The cost schedule does not include additional costs associated with development assessment, for which a fee is charged for development applications. The cost schedule does not include specialist technical investigations for individual projects in the Plan (e.g. engineering design), because these are accounted for in the cost of works for the particular project. The cost schedule does not include those costs associated with other planning activities such as rezoning investigations and/or overheads.

11. Method of calculating contributions

11.1 Total cost for the duration of the Plan

A ten year forecast is considered appropriate for this amendment, subject to periodic review.

Consequently, the total cost for the duration of this Plan is \$2,876,850.

11.2 Apportionment of costs

The Shoalhaven City Council Contributions Plan consists of over 270 capital works projects. Council considers it reasonable that costs associated with Plan formulation, administration and management are proportional to the number of capital works projects in the Contributions Plan; i.e. regardless of the scope of work in any particular capital works project, the cost to provide administrative support is approximately similar for each project. Whilst large infrastructure projects in the Contributions Plan require more investigation for planning and design, these cost components are allocated to the cost schedule of the individual project and not included as part of the general

administration cost to Council. This can also be said of the cost required to investigate individual development applications, where a separate application fee applies.

Approximately 75% of the capital works projects in the Contributions Plan are primarily associated with residential development. Consequently, this Plan will apportion 75% of Plan formulation, administration and management cost to future residential development and 25% to future commercial and industrial development.

11.3 Estimated future residential demand

Future residential demand is based on population growth, converted to the increase in number of dwellings for the purpose of calculating a contribution rate. Council's adopted population growth estimates indicate an increase of 13,575 persons to 2016, equivalent to an increase in dwellings of 5,902.

11.4 Estimated future commercial demand

Future commercial demand is based on the expected increase in commercial floor space. Data prepared for the Nowra Bomaderry Structure Plan, based on population growth, employment growth and growth in retail spending, anticipates an increase in traditional retail floor space of 44,650 m² across the City to 2016, of which 34,000 m² is expected to be provided in large retail centres. An additional 10,000 m² of bulky goods retail floor space is also expected.

Recent surveys of Nowra CBD indicate that 65% of existing floor space is for retail use and 35% for non-retail commercial use, primarily office space. It is likely that growth in commercial floor space will trend to a higher proportion of retail use compared to non-retail use. It is assumed that 30% of commercial floor space growth will be for non-retail uses, such that an additional 19,200 m² of non-retail commercial floor space will be required to 2016.

11.5 Estimated future industrial demand

Future industrial demand is based on growth in industrial floor space. The Nowra-Bomaderry Structure Plan predicts 73 ha of land will be required to service expected industrial growth to 2016. This includes the uptake of existing industrial zoned land plus the creation of additional industrial lands by rezoning. Approximately 85% of industrial land is located in the Nowra-Bomaderry area, so it can be assumed that 86 ha of industrial land will be required across the City by 2016. If 75% of this is developed for industry, with a 50% floor space footprint, an additional 320,000 m² of industrial floor space can be expected to 2016.

11.6 Application of a cap to this contribution

For a small number of developments, application of the contributions formula will result in a very large and unreasonable contribution amount for Plan formulation, administration and management. Consequently, Council has accepted that the maximum contribution for Plan formulation, administration and

management be set at 10% of contributions payable by the applicant to capital works projects in the Plan. This limit is consistent with industry charges for infrastructure project management. Because the proposed cap is proportional to contributions paid, it represents a more equitable amount than a cap based on a fixed payment; i.e. those developments which utilise the infrastructure described in the Contributions Plan will pay greater contributions and therefore a greater contribution for Plan administration.

11.7 Equity between types of development

The application of a contribution per ET for residential development is consistent with the application of other contributions in the Shoalhaven Contributions Plan. A standard contribution rate for industrial and commercial development is preferred to a differential rate based on type of development because it more closely reflects Plan administration costs. This method of calculation is preferred to the conversion of floor space to ET's, because of the difficult assumptions required in regard to traffic generation in the absence of detailed traffic studies. The use of gross floor space is simpler to interpret and calculate than leaseable floor space, sometimes used in estimating demand for facilities, and is more accurate to estimate from plans submitted in development applications.

11.8 Impact on applicants

The terms of this plan were tested against a number of case studies

across a range of development types (industrial, retail and residential). An increase in contribution rate is to be expected to meet the cost recovery objective of the draft CP. The comparison of case studies has shown that the proposals in this Plan are workable and reasonable, whilst meeting the objectives of the Plan.

12. Contributions Formula

12.1 Residential development

For residential development, 75% of the cost of Plan formulation, administration and management is divided by the expected increase in dwellings, according to the following formula:

$$\begin{aligned} \text{Contribution rate (over 10 years)} &= \\ 0.75 \times \$2,876,850 \div 5,902 &= \\ &= \$366 \text{ per ET} \end{aligned}$$

For residential development, a single detached dwelling is rated as 1.0 ET. For medium density residential development, the number of ET is calculated as follows:

- 1 bedroom unit = 0.4 ET
- 2 bedroom unit = 0.6 ET
- 3 bedroom unit = 0.8 ET
- 4 bedroom unit = 1.0 ET

12.2 Industrial and commercial development

For commercial and industrial development, 25% of the cost of Plan formulation, administration and management is divided by the expected increase in gross floor

space for all types of industrial and commercial development, according to the following formula:

Contribution rate (over 10 years) =

$$0.25 \times \$2,876,850 \div 393,850$$

= \$1.83 per m² of gross floor space

For any development, an allowance for existing land use is permitted in calculating the number of ET.

The maximum contribution payable for Plan formulation, administration and management will be 10% of contributions to capital works projects. 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 Annual review of contribution rates

Contributions will be adjusted annually on 1st July in line with movements in the Implicit Price Deflator (New Engineering & Construction) published by the Australian Bureau of Statistics, according to the following formula:

$$CR_c = CR_p \times IPD_c \div IPD_p$$

where

CR_c = contribution rate for the current year

CR_p = contribution rate for the previous financial year

IPD_c = implicit price deflator index for current year

IPD_p = implicit price deflator index for previous financial year

13.2 Periodic review of population and development projections

Council periodically reviews population projections, usually at 5 year intervals to coincide with new census data. Council will also monitor the rate of development. Should future analysis reveal significant departure from the estimates used in this Plan, Council will consider amending this Plan.

13.3 Review of costs for Plan formulation, administration and management

Council will review the costs associated with Plan formulation, administration and management two years after commencement of this Plan and at regular intervals thereafter. Should these costs differ significantly from the assumptions used in this Plan, 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 Construction Certificates and the Obligation of Accredited Certifiers

In accordance with section 94EC of the EP&A Act and Clause 146 of the EP&A Regulation, a certifying authority must not issue a construction certificate for building work or subdivision work under a development consent unless it has verified that each condition requiring the payment of monetary contributions has been satisfied.

In particular, the certifier must ensure that the applicant provides a receipt(s) confirming that contributions have been fully paid and copies of such receipts must be included with copies of the certified plans provided to Council in accordance with clause 142(2) of the EP&A Regulation. Failure to follow this procedure may render such a certificate invalid.

The only exceptions to the requirement are where a works in kind, material public benefit, dedication of land or deferred payment arrangement has been agreed by Council. In such cases, Council will issue a letter confirming that an alternative payment method has been agreed with the applicant.

14.4 Complying Development and the Obligation Of Accredited Certifiers

In accordance with s94EC(1) of the EP&A Act, accredited certifiers must impose a condition requiring monetary contributions in accordance with this development

contributions plan for residential development of all types.

The conditions imposed must be consistent with Council's standard section 94 consent conditions and be strictly in accordance with this development contributions plan. It is the professional responsibility of accredited certifiers to accurately calculate the contribution and to apply the section 94 condition correctly.

14.5 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, according to the formula in Clause 13.1.

14.6 Deferral of payment and payment by Instalments

In exceptional circumstances, Council may permit deferred payment. The maximum deferral is normally two years from the standard payment date.

For tenants or businesses operating within Shoalhaven Local Government Area, Council may also consider payment by instalments over a 5 year period where special circumstances apply.

For deferred payment and payment by instalments, the following conditions apply:

- requests for deferred payment or payment by instalment are to be made

by application to Council, explaining the nature of the exceptional or special circumstances, and will be determined at Council's discretion;

- such requests will not be considered when the works project to which the contribution is to be applied is essential infrastructure or relates to public safety or health, or the amount of the contribution is less than \$5,000;
- such payments will be subject to interest charges equivalent to that applied to overdue rates and an administration charge equivalent to the bank guarantee lodgement fee for subdivision related matters, as listed in Council's Fees & Charges;
- the full amount of the contribution plus interest charges is to be secured by bank guarantee;
- the administration charge is to be paid at the time of lodgement of the bank guarantee.

14.7 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.

14.8 Exemptions and Discounts

Council does not allow standard exemptions or discounts for contributions in this Plan.

14.9 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.

14.10 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

15.1 General 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.

15.2 Supplementary Document

- Shoalhaven City Council, Nowra Bomaderry Structure Plan, 2006.

16. Appendices

- A Definitions
- B Contributions Area Map

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

adopted by Council:
27th February 2007

and

became effective from:
14th March 2007



R D Pigg
General Manager

Date 7 . 3 . 07

Appendix A

Definitions

The following definitions apply to terminology used in this Plan:

Anticipated Development

An estimate of the number of new dwellings or new commercial and industrial floor space 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.

Contribution Area

The area containing land where a contribution is required as a condition of development consent on that land.

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 future 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 when determination of a development application is pending or when 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

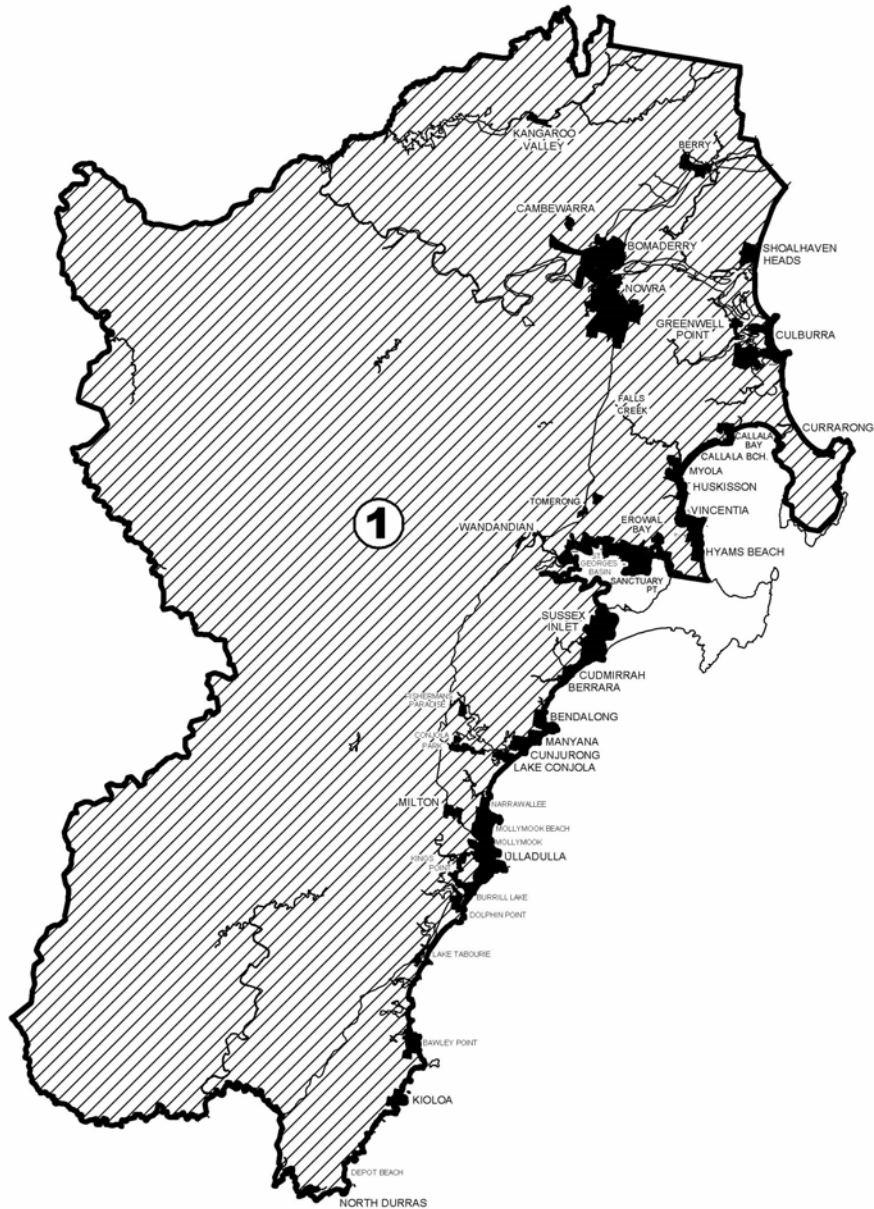
A list of the works to be undertaken by Council.

Works Schedule

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

Appendix B

Contribution Area Map



SHOALHAVEN CITY COUNCIL
**S94 CONTRIBUTION PLAN
AMENDMENT NO.91**

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

PROJECT NO.
CW MGMT 0001