

November 2020

Proposed Western Sydney Aerotropolis SIC

The Department of Planning, Industry and Environment (Department) is proposing a Special Infrastructure Contribution for the Western Sydney Aerotropolis (Aerotropolis SIC).

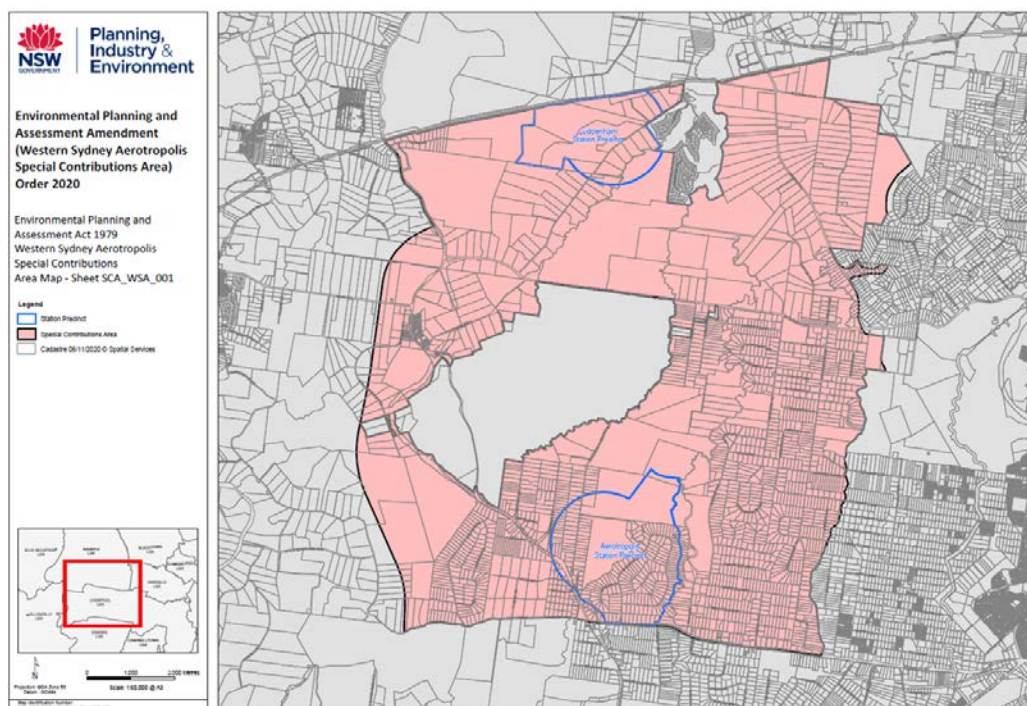
A SIC is an infrastructure charge mechanism to collect contributions from development to help fund State and regional infrastructure such as major roads, open space, biodiversity and educational facilities. It is one way the NSW Government provides funding to key infrastructure to support communities, residents and jobs.

The preparation of the proposed Western Sydney Aerotropolis SIC has been informed by the Western Sydney Aerotropolis Plan, draft plans for the Aerotropolis Core, Badgerys Creek, Wianamatta-South Creek, Agribusiness and Northern Gateway Precincts and the Greater Sydney Commission's draft Place-based Infrastructure Compact for Western Sydney. Commonwealth and State Government agencies and councils were also consulted on and have contributed to the proposed Aerotropolis SIC.

Where does the SIC apply?

The SIC is proposed to be imposed on new residential and non-residential development that occurs within the Western Sydney Aerotropolis Special Contributions Area (SCA). The SCA covers the entire 10 precincts identified in the Western Sydney Aerotropolis Plan but will first apply to the six initial precincts that have been rezoned once the draft precinct plans have been adopted. The proposed Aerotropolis SIC will apply to the other four precincts after they have been rezoned.

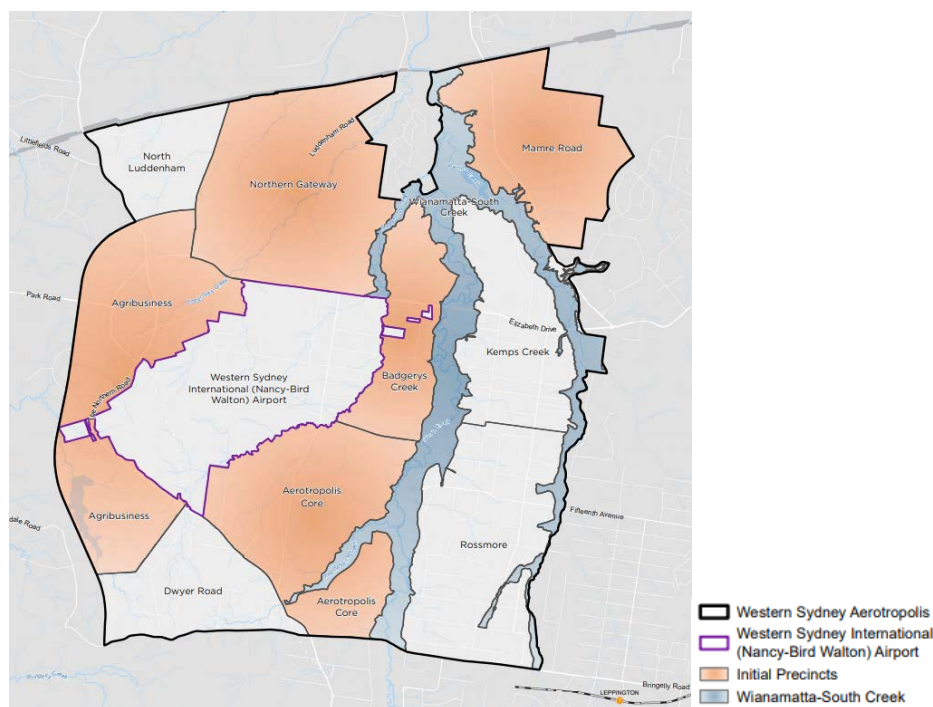
Image 1. Western Sydney Aerotropolis Special Contributions Area map



Draft Western Sydney Aerotropolis Special Infrastructure Contribution (SIC)

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Image 2. Western Sydney Aerotropolis Plan – Initial Precincts



What does the SIC pay for?

The SIC is an important part of integrating land use and infrastructure to ensure the Aerotropolis will be a great place to live, work, study and do business. Collaborative and integrated place making is key to delivering the vision for the Aerotropolis and driving value for development of this new global gateway. The proposed Aerotropolis SIC may enable up to \$1.1 billion to be levied to support the growth of the area. This represents a portion of the total cost of infrastructure delivery for the Aerotropolis, with the balance to be funded through other sources.

The contribution made by developers will be used across the spectrum of required infrastructure, including:

- Transport – \$1,027.1 million
- Open Space – \$599.9 million
- Health – \$5.6 million
- Education – \$210.8 million
- Justice – \$21.4 million
- Emergency – \$47.8 million
- Community – \$20.7 million
- Biodiversity Offset – \$350.5 million
- Planning and delivery – \$16.5 million

Who would be required to pay the Aerotropolis SIC?

Anyone who is subdividing land or developing land through development application or complying development on land zoned Mixed Use, Enterprise, Industrial or Agribusiness

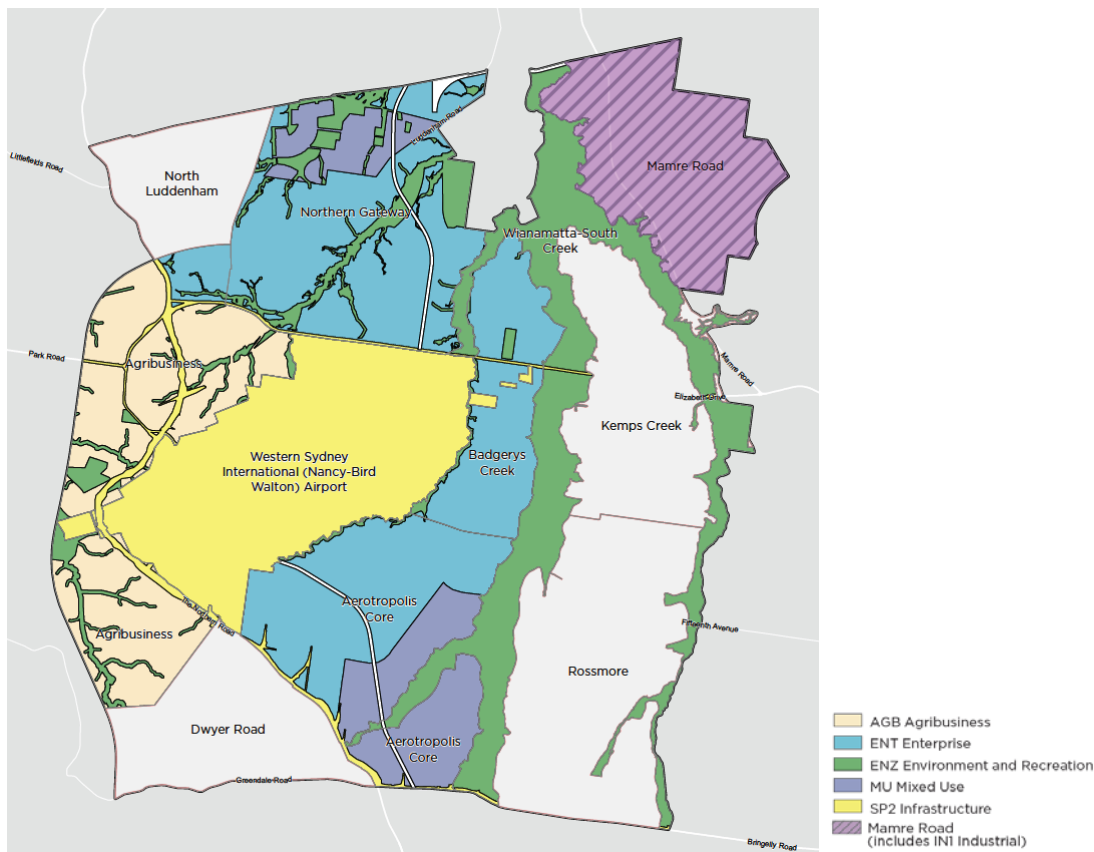
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within the Aerotropolis Special Contributions Area will be required to make a contribution under the SIC to the NSW Government, except for exempt development.

Exempt development includes, but is not limited to, educational facilities, public housing, seniors housing or affordable housing carried out by or on behalf of a social housing provider. Other development such as a basic alteration to an existing building, demolition of a building and subdivision for the purpose of rectifying an existing lot is also exempt.

Image 3. Land Zone



What are the proposed SIC rates?

In the Aerotropolis, due to the significant investment by the State and Commonwealth governments in transport infrastructure, a two-tier SIC rate is proposed, including a NDA charge and a Station Precinct charge. The proposed charge rates have been informed by infrastructure requirement to support new development and impact to development feasibility.

NDA charge

The NDA charge will apply to development within the entire SCA and will incorporate two broad charge categories:

- infrastructure contributions towards transport, social infrastructure, regional open space and other State and regional infrastructure.
- contributions for biodiversity offsets under the proposed Cumberland Plain Conservation Plan.

Developers are not required to make a contribution towards the proposed Cumberland Plain Conservation Plan until the plan has been adopted and biodiversity certification has been conferred on land within the Aerotropolis.

The NDA charge is calculated per hectare of net developable area. The calculation of the net developable area excludes area such as land to be dedicated for public roads, land that is at or below the 1% flood planning level, or land subject to an easement in favour of a public utility.

Station Precinct charge

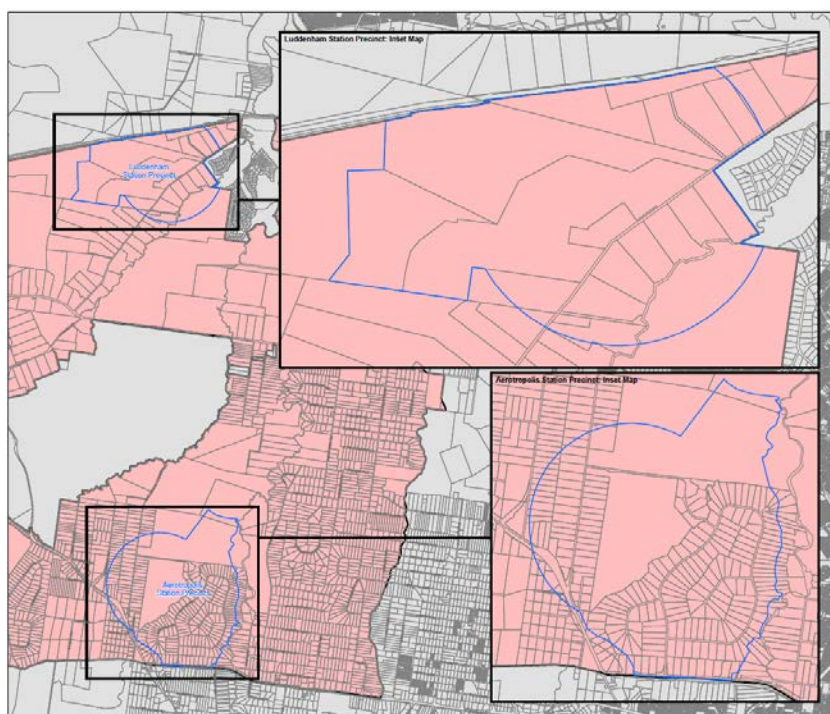
The Station Precinct charge will apply to development in the vicinity of two proposed Sydney Metro stations and will recover some of the State and Commonwealth governments' investment in the proposed Sydney Metro Western Sydney Airport line.

The Station Precinct charge will apply to land within approximately 1.2km of the proposed Aerotropolis and Luddenham stations and land zoned Mixed Use and Enterprise, as shown in Images 1 and 4.

The Station Precinct charge is calculated as a percentage of the cost of carrying out the proposed development. This cost is determined by factors such as cost of erecting the building, carrying out the works and site preparation. It does not include costs such as land, project management, marketing and fitting costs.

The proposed cost must be verified by a suitably qualified person such as a quantity surveyor who is member of the Australian Institute of Quantity Surveyors or the Royal Institution of Chartered Surveyors.

Image 4. Location of Station Precincts



The proposed charge rates are:

Zone	NDA charge (per hectare of net developable area)	Station Precinct charge (% of the cost of carrying out development)
Mixed Use	\$500,000	2%
Enterprise	\$200,000	1%
Agribusiness	\$200,000	N/A
Industrial	\$200,000	N/A

What are the ways of making a contribution?

For the NDA charge, developers will be typically be required to make a monetary contribution to the NSW Government. A component of the biodiversity contribution will be required to pay in monetary contribution to ensure the Department secure funds to undertake works to protect and offset biodiversity.

In some instances, developers may also dedicate land for infrastructure or build a piece of required infrastructure instead of making a monetary contribution. This is known as a works-in-kind agreement. Agreed works and dedication of land will be offset from the required contribution.

Entering into a works-in-kind agreement is at the discretion of the Department and does not cover contributions required for biodiversity offsets.

All Station Precinct charges must be paid as monetary contribution to the Department.

When does a contribution need to be paid?

Developers are required to pay a contribution before obtaining a subdivision or construction certificate or, in some cases, an occupation certificate. This will depend on the type of development.

The Department administers the SIC framework and contributions are paid into a statutory fund.

What happens to the existing Western Sydney Growth Areas SIC?

A portion of the proposed Aerotropolis Special Contributions Area overlaps with the South West Growth Centre, which is subject to the existing Western Sydney Growth Areas SIC. The existing Western Sydney Growth Areas SIC Determination will continue to operate in lands that are defined as the South West Growth Centre.

To avoid developers making a contribution twice towards the same infrastructure, where there is an overlap, the contribution required under the Western Sydney Growth Areas SIC Determination will be discounted against the proposed Aerotropolis SIC. The remaining contribution will fund the cost of the biodiversity offset as required under the Growth Centres Biodiversity Offset Program.

Contribution towards other state and regional infrastructure will be provided under the proposed Aerotropolis SIC, which aligns with the proposed precinct plans and benefits from inclusion of the latest infrastructure requirements.

How does the SIC impact other developer contributions?

Local contribution plans (such as plans made for the purposes of Section 7.11 or Section 7.12 of the Environmental Planning and Assessment Act 1979) will still apply. Local contributions fund local infrastructure and are the responsibility of councils, while the SIC mainly funds state and regional infrastructure and are the responsibility of the Department to administer. Items in local contribution plans are different to those included in a SIC so there is no double-up of funding.

Where a voluntary planning agreement has been previously negotiated with a landowner or developer for the provision of state and regional infrastructure, the Department will ensure that a further SIC is not imposed for development on land where contributions have been made under a planning agreement.

To minimise the impact to development feasibility, the above contributions and other development costs, fees and charges have been taken into account as part of the analysis when setting the draft SIC charge rate for the Aerotropolis.

What is the status of local contribution plans?

Liverpool City Council and Penrith City Council have prepared a draft developer contributions framework to support the delivery of local infrastructure for the Aerotropolis. The draft local contributions plans have not been adopted and are on public exhibition for feedback from the community before it can be finalised.

Local contribution plan must meet the statutory requirements as outlined in the *Environmental Planning and Assessment Act 1979* and the Minister for Planning and Public Spaces will need to consider and approve any increase of a levy over 1% of the cost of development. The outcomes from the community consultation will help the Minister finalise a view on whether the plan's proposed contribution and infrastructure lists are appropriate.

This decision may impact the contribution rate for the proposed Aerotropolis SIC.

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 adjust to the new contribution rate. The arrangement also provides some relief during the economic downturn brought on by the COVID-19 pandemic. A discount would be applied to the SIC contribution for the first two years before the full rate is adopted from the third year:

- (a) at any time before 1 July 2022 – the amount that would otherwise be payable is reduced by one half, and

- (b) at any time between 1 July 2022 and 30 June 2023 – the amount that would otherwise be payable is reduced by one quarter.

Note that the above are notional dates and subject to change.

What are the COVID-19 response measures?

The NSW Government has made changes to the Act in response to the COVID-19 emergency. In June 2020 new Ministerial directions and determinations were made to temporarily defer the payment of special infrastructure contributions until the issuing of an occupation certificate for certain types of development

Please refer to the COVID-19 Response Measures documents at the Department's website for further details.

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