Regional infrastructure contributions

This document answers frequently asked questions regarding the proposed regional infrastructure contributions

Regional infrastructure contribution

Where does the RIC apply?

The regional infrastructure contribution (RIC) will apply to four regions of NSW – Greater Sydney, Lower Hunter, Illawarra–Shoalhaven, and Central Coast (see Figure 1). We will refer to these regions as the RIC regions. For administrative simplicity, the boundaries align with local government area boundaries (see Figure 2). The proposed state environmental planning policy will define the regions and may be amended to include additional regions in the future as required.

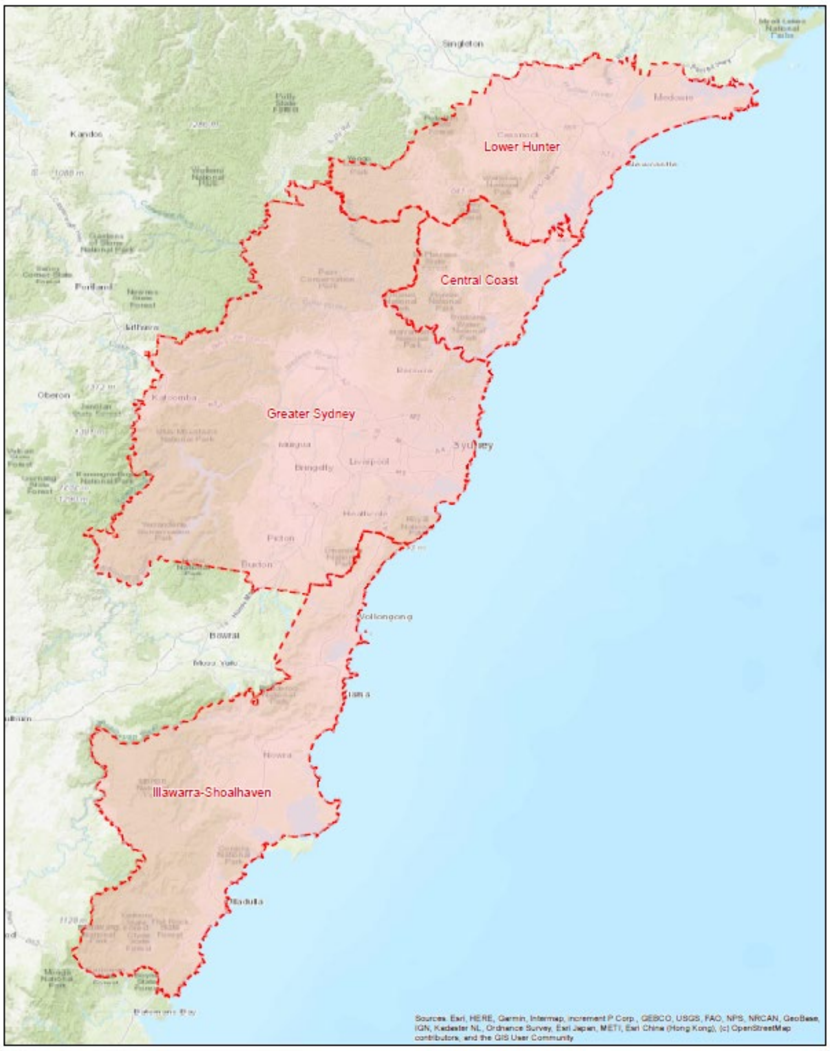

Figure 1. RIC regions

Region	LGAs included
1 Lower Hunter	Cessnock City, Lake Macquarie City, Maitland City, Newcastle City and Port Stephens
2 Central Coast	Central Coast
3 Greater Sydney	Bayside, City of Blacktown, City of Blue Mountains, Burwood, Camden, City of Campbelltown, Canada Bay, Canterbury-Bankstown, Cumberland, City of Fairfield, Georges River, City of Hawkesbury, Hornsby, Hunters Hill, Inner West, Ku-ring-gai, Lane Cove, City of Liverpool, Mosman, North Sydney, Northern Beaches, City of Parramatta, City of Penrith, City of Randwick, City of Ryde, Strathfield, Sutherland Shire, City of Sydney, The Hills Shire, Waverley, City of Willoughby, Wollondilly and Woollahra.
4 Illawarra Shoalhaven	Kiama, Shellharbour City, Shoalhaven City and Wollongong City

Figure 2 RIC regions and local government areas (LGAs)

What is the RIC?

The RIC is a standard, broad-based, state government charge that will apply to new development in the RIC regions. The RIC will fund the timely delivery of regional infrastructure to unlock new development and support forecast housing and employment growth. RIC funds will be used to deliver infrastructure within the same region they are collected.

The RIC comprises three components as illustrated in Figure 3.

Component	What is it	Development this applies to	What it funds
Regional Infrastructure Contribution (Base Contribution)	Standard broad-based charge	All new development in RIC regions	State and regional infrastructure within RIC region as defined in the *Environmental Planning and Assessment Act 1979* (section 7.23)
Strategic Biodiversity Component	Variable charge rate for biodiversity offsets in relation to certified areas	Only new development in biodiversity certified areas in RIC region, replaces site specific offsetting under the NSW Biodiversity Offsets Scheme	Conservation measures approved under State and Commonwealth legislation
Transport Project Component	Variable charge for developments that benefit from Government investment in major transport projects	Only new development in defined service catchments of major transport projects in RIC regions	Cost recovery for specific major transport project in a RIC region

Figure 3. Regional infrastructure contributions components

What types of development does the RIC apply to?

The RIC will apply to all new residential and non-residential (commercial, retail, and industrial) development for which development consent or complying development certificate is required. Exempt development will not be required to pay a RIC. Exempt development includes, but is not limited to, public housing, seniors housing or affordable housing carried out by or on behalf of a social housing provider.

What are the proposed contribution rates?

The RIC comprises three components – a base contribution, strategic biodiversity component and transport project component. The contribution rates for each component are outlined below.

The RIC (base contribution) will be determined by the development type and the region in which the development is located. It will apply to all new residential, commercial, retail and industrial development within a RIC region. The proposed base contribution rates are outlined in Figure 4.

Greater Sydney Region

Land use	Contribution rate
Houses (detached, semi-detached and townhouses)	**$12,000** per dwelling **$12,000** per lot for greenfield residential subdivision
All other residential accommodation (residential flat buildings and units)	**$10,000** per dwelling
Industrial	**$15** per m² of new GFA
Commercial	**$30** per m² of new GFA
Retail	**$30** per m² of new GFA

Illawarra-Shoalhaven, Central Coast and Lower Hunter Regions

Land use	Contribution rate
Houses (detached, semi-detached and townhouses)	**$8,000** per dwelling **$8,000** per lot for greenfield residential subdivision
All other residential accommodation (residential flat buildings and units)	**$6,000** per dwelling
Industrial	**$15** per m² of new GFA
Commercial	**$30** per m² of new GFA
Retail	**$30** per m² of new GFA

Figure 4 RIC (base contribution) rates

The contribution rates for the **transport project component** (TPC) will be determined for each applicable transport project considering the project objectives, the level of nexus between the project and the development, and the 'capacity to pay' a contribution.

The contribution rate for the **strategic biodiversity component** (SBC) will be determined as part of the strategic biodiversity certification process. An SBC is proposed to apply to land covered by the Cumberland Plain Conservation Plan. The proposed SBC rates are outlined in Figure 5.

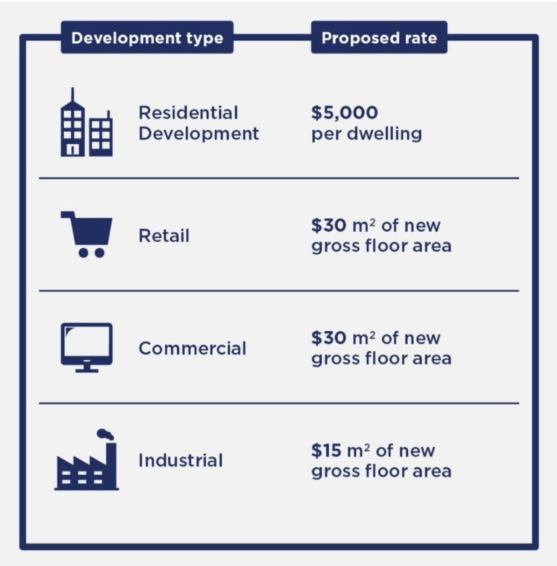

Figure 5 Proposed SBC rates for Cumberland Plain Conservation Area

What does the RIC pay for?

Contributions will be made to the RIC Fund, which will provide funding to plan and deliver infrastructure in the regions where revenue is collected. Contributions will go towards growth enabling state and regional infrastructure, including:

- Education facilities
- Community health facilities
- Regional open space
- Emergency services
- Transport infrastructure
- State or regional roads
- Measures to conserve or enhance the natural environment

The process for prioritising and allocating RIC funding to state agencies and councils will be subject to a rigorous prioritisation process. The process will involve three key stages including a growth needs assessment, capital planning integration and project evaluation and approvals process.

Further information on the prioritisation process and governance of the RIC Fund is provided in the Guidelines for RIC Fund Investment Prioritisation.

When does the RIC need to be paid?

The development consent will specify when the RIC must be paid. The RIC must be paid before the first occupation certificate relating to the development is issued, except where greenfield residential subdivision is involved. In that case, it will need to be paid before the issue of the subdivision certificate.

Development for the purposes of a new dwelling in greenfield residential areas will not pay a RIC if it has already been paid as part of the subdivision.

What are the ways of making a contribution?

A RIC is generally made as a monetary contribution via a condition of development consent. Developers can also seek to partner with the Government to deliver State or regional infrastructure and/or dedicate land to support new development through an Infrastructure Delivery Agreement (IDA). IDAs are the method by which a developer and the Minister for Planning and Public Spaces will confirm the arrangements, obligations and entitlements in these situations.

Further information is provided in the Guidelines for Infrastructure Delivery Agreements.

Will areas outside the RIC regions be affected?

Development outside a RIC region will not be affected by the proposed regional infrastructure contribution reforms as no changes are proposed to infrastructure funding sources outside of those regions.

Transitional arrangements

Will existing special infrastructure contribution areas be impacted?

The RIC will not apply where an implemented Special Infrastructure Contribution (SIC) determination is in place. However, to realise the benefits of a simple and consistent system, existing SIC determinations will be transitioned into the new RIC framework over time.

The timing of transition for each SIC determination is currently being considered. The key principles underlying the proposed transitional arrangements are to:

- minimise impact on existing infrastructure commitments
- manage the transfer of existing credits
- minimise impact on development feasibility and stakeholder expectations.

Will existing state infrastructure agreements be affected?

It is proposed that SIC works-in-kind agreements and state planning agreements executed prior to 1 July 2022 will continue to operate as per the entitlements granted under the agreement. This means:

- a RIC is not applied to development that has already made state infrastructure contributions under existing SPAs. Similarly, where an existing SPA remains in place when the proposed RIC SEPP is implemented, a RIC charge will not be imposed on development subject to the SPA.
- where work or the dedication of land is yet to be completed, the terms of that works-in-kind agreement will be honoured, including works completed or land dedicated after 1 July 2022
- where an agreement permits, the ability to generate, draw down on or transfer accumulated offset credits will continue, with established offset credits to be carried over into the RIC framework.

To ensure there is no double-charging, development subject to an existing agreement will not be charged a RIC.

Can I transfer credit offsets to the new RIC framework?

It is proposed that offsets accrued through Special Infrastructure Contribution works-in-kind agreements will be recognised and transferred to the RIC Framework. Offset holders will be able to satisfy RIC obligations through a drawdown of these credits.

When does the new RIC framework commence?

The RIC SEPP is proposed to commence on 1 July 2022. To minimise the potential for adverse impacts on current development supply, and in light of ongoing impacts of the COVID-19 pandemic, we propose to phase-in the RIC to allow industry stakeholders, councils and consent authorities to adapt to the new charge.

A discount to the base contribution rate will be available for the first two years after the SEPP is introduced. From the third year, no discount will be applied, and the full RIC will come into effect (see Figure 6).

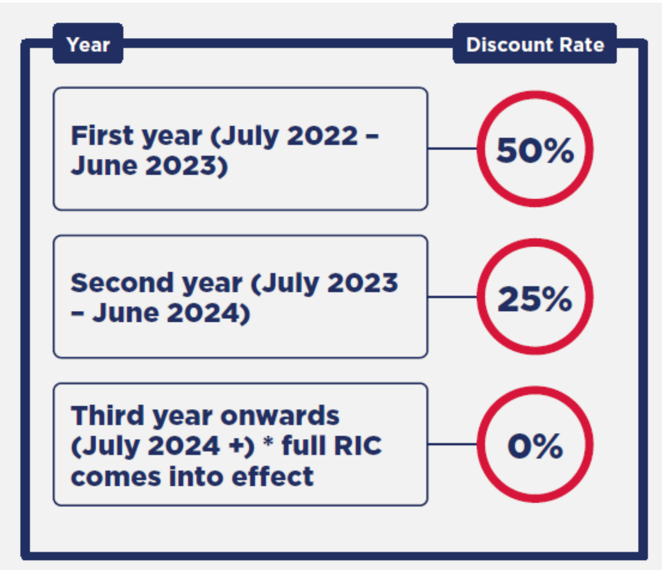

Figure 5 Phasing-in discounts