

## MEDIA RELEASE

5<sup>th</sup> March 2021

### NSW Government puts the economy first

Urban Taskforce welcomes today's announcement that the Government will adopt all 29 of the NSW Productivity Commission's recommendations into infrastructure contributions (full list of the recommendations is over leaf).

This decision announced by Treasurer Dominic Perrottet and Minister for Planning Rob Stokes is very welcome news. With JobKeeper about to end, the changes recommended by the NSW Productivity Commission will help stimulate investment in jobs in the property development and construction sector. The Government, through the NSW Productivity Commission, has consulted with all stakeholders, developed a plan and has now committed to its implementation *in full*.

This is a clear sign that the NSW Government has been listening to the concerns raised by the Urban Taskforce and our members regarding fees taxes and charges associated with local and state infrastructure. There is much more to be done in planning reform, as the Productivity Commission's Green Paper (a separate Review) makes clear, but today's announcement represents strong progress.

- Councils rate pegs will now be adjusted to take into account population growth – meaning Councils won't be punished for approving the construction of new homes anymore.
- Councils and State Government agencies will be banned from gold-plating infrastructure at the expense of new home buyers by allowing IPART to set benchmark costs for infrastructure. Contribution plans will be set prior to the rezoning of land. This will be a major change and will limit windfall profits from speculative landowners as all the fees and charges will be able to be factored into the purchase price.
- Infrastructure Contributions will not be paid until the new building is completed and ready for occupation. This is a major change from the current requirement to pay s.7.11 fees up front. This will free up cash-flow to get projects going.
- Broadening the tax base for "SIC" infrastructure levies which will apply to State Government (s.7.24) infrastructure so the burden is shifted away, to some extent, from new home buyers.
- Reducing the cost of water connections to new properties by restricting Water Service providers to charge only the actual cost of the connection.
- Improving the digital tools to allow for user friendly calculations for all Government fees and charges.
- Hold Councils accountable for the levies they collect and their expenditure on infrastructure.
- Value capture will be actively curtailed and planning agreements will be limited to the recovery of infrastructure development costs that are directly associated with the proposed development.

There is more to be done to boost the number of approvals and relieve the current boom in new home prices – but this is a tremendous step in the right direction and just what the economy needed as we move out of the COVID-19 recession.

The comments above can be attributed to Tom Forrest, CEO, Urban Taskforce

The **Urban Taskforce Australia** is a property development industry group, representing Australia's most prominent property developers and equity financiers.

# The 29 Productivity Commission Recommendations on Infrastructure Contributions

## Summary recommendation – Principles

1. Enhance efficiency of the infrastructure contributions system

## Summary recommendation – Local government rate reform

2. Allow councils' general income to increase with population

## Summary recommendation – Early identification of infrastructure needs

3. Develop infrastructure contribution plans upfront as part of the zoning process

## Summary recommendations – High and rising land values

4. Introduce a direct land contribution mechanism to improve both efficiency and certainty for funding land acquisition
5. Issue advice for land valuation to improve consistency and accuracy
6. Index land contribution amounts to changing land values

## Summary recommendations – Section 7.11 contributions

7. Section 7.11 contributions plans use benchmark costs
8. Contributions plans reflect development-contingent costs only
9. Independent Pricing and Regulatory Tribunal review of contributions plans be 'by exception' and based on efficient costs
10. Contributions plans are prepared using standard online templates and digital tools
11. Encourage councils to forward fund infrastructure, through borrowing and pooling of funds
12. Defer payment of contributions to the occupation certificate stage

## Summary recommendation – Section 7.12 contributions

13. Increase the maximum rate for section 7.12 fixed development consent levies

## Summary recommendations – Local planning agreements

14. Planning agreements consistent with the principles-based approach
15. Publish guidelines for planning agreements for mining and energy related projects consistent with the principles-based approach

## Summary recommendation – Affordable housing

16. Improve accountability for affordable housing contributions

## Summary recommendations – State and regional contributions

17. Adopt regional infrastructure contributions
18. Improve guidance for state planning agreements
19. Adopt transport contributions for major projects

## Recommendation – Biodiversity

20. Create a new category of contributions specific to biodiversity

## Recommendation – Metropolitan water

21. Phase in metropolitan water contributions for more efficient delivery of water infrastructure

## Recommendations – Making the system more consistent, transparent, and easy to navigate

22. Develop and implement a centralised contributions digital tool
23. Promote consistency and transparency in works-in-kind agreements
24. Build the capability and expertise of the planning sector
25. Introduce a simple, clear, standardised exemptions policy

## Recommendations – Better align infrastructure contributions and strategic planning and delivery

26. Better synchronise state and local strategic planning frameworks
27. Incorporate the local infrastructure contributions system into the Integrated and Performance Reporting framework
28. Strategic planning to maximise the efficient use of land

## Recommendation – Governance

Strong governance to guide implementation