

I thank Committee members for the opportunity to discuss with you the Urban Taskforce submission to the proposed amendment to the EP&A Act through the Infrastructure Contributions Bill 2021.

I am joined by my colleague, Aaron Gadiel, Partner at Mills Oakley and a highly regarded planning law specialist.

At the outset I would like to acknowledge our support for the work undertaken by the NSW Productivity Commission and its thorough examination of the efficacy of the NSW system of fees and charges for the delivery of State and Local infrastructure.

The Urban Taskforce has consistently noted the comparably high cumulative impact of fees, taxes and charges at local, state and federal level applied to developments in this NSW compared to others on the eastern seaboard.

The Bill needs to be considered in the context of the unprecedented COVID-19 pandemic and the current reality of a housing supply and the affordability crisis in both Greater Sydney and across regional NSW.

The outcomes from the Productivity Commission Review are not perfect for industry.

We do not like aspects of the change.

But, to the extent that infrastructure fees actually result in increased delivery of infrastructure and the result is a substantial shift in planning approvals and housing supply; the Bill, seen as a package of changes, has the qualified support of the Urban Taskforce.

The outcomes are not perfect for industry. We do not like aspects of the change. But seen as a package, we offer industry's qualified support for the changes proposed in the Bill.

The qualification arises from the missing detail which is yet to be developed in the form of regulation and through Ministerial Directions and Practice Notes. We are being asked to comment on a Bill before this place without knowledge on most of the detail.

We note the recommendation to postpone the payment of Infrastructure fees and charges from "CC" stage (before construction commences) till "OC" stage (end of construction but before occupation of a development is allowed).

This is significant in the context of the decline in off-the-plan sales – particularly for apartments – and can often make the difference between a project progressing or stalling.

This is critical to making the feasibility of funding acceptable to primary and secondary lenders. It is a vital offset to the increase in taxes and charges proposed elsewhere in the Bill. Worryingly, the bill does not lock this change in. It only provides a power for the Minister to make this change later on. We think the bill should actually mandate that this reform be made.

We have real concerns that the Regional Infrastructure charge as it is currently proposed, will simply be an opportunity to raise revenue – but the purpose of funding infrastructure within that region.

There are only 3 Regions and they are vast.

- Sydney
- Newcastle/Hunter/Central Coast
- Illawarra and Shoalhaven

There is no requirement in the Bill that this infrastructure must be used to fund projects which will directly support the up-zoning of land – and in so doing, generate housing supply and thus a downward pressure on home prices.

There are no apparent limits in the Bill on Councils' capacity to raise revenue through the "Land Value Contributions".

We have been assured that these will be limited to the land components of section 7.11 contributions and no double dipping will be permitted – however, the bill leaves open the possibility that both a land value contribution may have to be paid for land, as well as a fixed development levy. This means that a given site may end up paying twice.

We suggest that IPART be tasked with reviewing all proposed Land Value Contribution schemes to ensure that land requirements are consistent with government policy and guidelines (once developed)

...

... that the prices for land which are set are reasonable, that the scope is reasonable.

In any event, **the existing appeal mechanism to the Land and Environment Court must be retained.**

IPART reviews are no substitute for the existing right of individual landowners to challenge the reasonableness of levies, including any land value contribution, in their particular circumstances.

In good faith, we have also suggested a range of amendments that will improve the operation of the Act within the broad policy intent of the Bill.

These are attached to our submission and would, at the least, encourage support for these changes.

Our industry is concerned to drive additional supply of new homes which meet the full spectrum of needs across our State.

We support the Productivity Commissions work towards achieving this

... but we are keen to secure a nexus between the proposed increased tax take (particularly through the RIC) and a requirement for the delivery of infrastructure to support increased housing supply ...

... AND enforceable targets for all those involved in meeting that housing supply.