

19 February 2024

Ms Gail Connolly PSM  
CEO  
City of Parramatta Council  
PO Box 32  
PARRAMATTA NSW 2124

*Electronic submission*

**Re: Draft Parramatta City Centre Local Infrastructure Contributions Plan 2022  
Amendment No. 2**

Dear Ms Connolly

I write in relation to the proposed amendments to the Parramatta City Centre Local Infrastructure Contributions Plan 2022.

Urban Taskforce and our membership do not support the proposal contained in the Amendment to the Local Contributions Plan to bring forward the payment of developer contributions from the time of the issuing of the Occupation Certificate (OC) at the completion of construction rather than payments being required at the time of the issuing of the Construction Certificate (CC), before construction starts.

There is a nationally recognised housing supply crisis which is unprecedented in its scale and impact. It is incumbent on all levels of Government that everything possible is done to ensure that their policies do not impede the delivery of new housing.

Unfortunately, at the very time where the cost of construction has risen such that we now face record levels of building and construction related bankruptcies, and interest rates also now at high levels, this is not the time to be threatening the feasibility of significant housing development within the City of Parramatta LGA.

Shifting the payment of infrastructure contributions from Occupation Certificate to Construction Certificate effectively imposes a tax on construction of new homes. Further, with banks already concerned about the feasibility of construction, in most cases, they are unwilling to increase loans to cover this increased cost, forcing developers to seek finance from secondary or non-bank lenders (interest rate over 15%).

The NSW Productivity Commission's review of Infrastructure Contributions concluded that payments should be at the Occupation Certificate stage:

Summary recommendations – Section 7.11 contributions

**4.5: Section 7.11 contributions plans use benchmark costs**

**4.6: Contributions plans reflect development-contingent costs only**

**4.7: Independent Pricing and Regulatory Tribunal review of contributions plans be 'by exception' and based on efficient costs**

**4.8: Contributions plans are prepared using standard online templates and digital tools**

**4.9: Encourage councils to forward fund infrastructure, through borrowing and pooling of funds**

**4.10: Defer payment of contributions to the occupation certificate stage**

NSW Productivity Commission, Review of Infrastructure Contributions in NSW (2020) p.8

Whilst at the time this was a response to the impact of COVID on the property construction sector, Urban Taskforce contends the severity and breadth of the housing supply crisis means that the ongoing deferral of payment of infrastructure contributions until OC in Parramatta is more important than ever.

For Council to seek to move the payment forward fails to recognise the deteriorating circumstances of developer finance currently confronting the development and construction sector noted above.

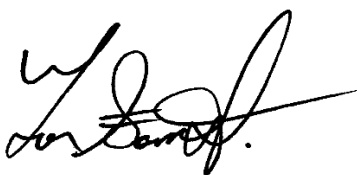
Cashflow is at its lowest point at CC. It is the wrong time to be levying infrastructure contributions. Once the development has progressed to OC stage, full settlements are due on the built product and any bridging finance required to pay the infrastructure contributions comes at a low cost for only a short time.

While we understand this proposed change may see income flow into Council coffers earlier, this prospect needs to be countered by the risk of developments not proceeding at all and therefore Council receiving significantly less income from developer contributions and exacerbating the housing supply crisis.

**Recommendation 1: that the City of Parramatta Council retains its existing policy as set out in the Parramatta City Centre Local Infrastructure Contributions Plan 2022 of requiring the payment of developer contributions prior to the issuing of an Occupation Certificate**

Should you wish to discuss this matter further, please call our Head of Policy, Planning and Research, Stephen Fenn on 9238 3969 or via email [stephen@urbantaskforce.com.au](mailto:stephen@urbantaskforce.com.au).

Yours sincerely



**Tom Forrest**  
Chief Executive Officer