MEDIA RELEASE

6th November 2026

Minns boosts housing supply with deferral of Local Infrastructure contribution payments

CEO of the Urban Taskforce Australia, Tom Forrest, said today's Bradfield Oration announcement by Premier Chris Minns and Paul Scully to defer the payment of local infrastructure charges from the start of construction (known as the CC stage) till the completion of construction (known as the OC stage) is tremendous news for the property sector which is very much looking for signs of help from governments.

This change to the timing of payments has been long in the making with Urban Taskforce having first successfully lobbied the NSW Productivity Commission on this matter in 2020. The Productivity Commission recommended the deferral of these payments, but the former government failed to implement the change.

Urban Taskforce has been a lonely voice in repeatedly calling for this change and it is great to see that the day of the Bradfield Oration where Chris Minns announced the ground-breaking Housing Delivery Authority in 2024, has once again produced great news for our sector and for new home buyers.

The feasibility of housing supply is currently on a knife edge with construction inflation well above the CPI and interest rates impacting on the cost of borrowings for development as well as the capacity of new home buyers to cover the costs of construction.

Today's decision to defer the payment of local infrastructure fees from CC to OC means the development community will not need to borrow from financiers to pay for these fees and pay interest on those borrowings for the entire period of construction. Instead, they'll be paid once the building is complete and home buyers are making settlement payments. It is common sense.

It is also great to see that local councils will have access to a low interest NSW Government finance facility to cover any interim shortfalls in infrastructure revenue.

Today's announcement also seeks to deal with a long standing problem with unspent developer funds which have accumulated in council bank accounts.

This has happened as a result of some councils being either confused, lazy or inept with their management of infrastructure funds and the project management of the delivery of critical projects. $900 million in accumulated funds will be quickly unlocked with the Minister for Planning set to issue Ministerial Directions to free up any real or perceived constraints. That is huge. Councils will suddenly be flush with available funds to spend on local infrastructure.

Even better, $4.6 in accumulated developer funds will be unleashed through a complete re-drafting of the rules that cover their expenditure.

While this will take time to develop, the rewards of unlocking this volume of local infrastructure funding will underpin a massive boost for housing supply and community support for that supply. This should eliminate the poor experience of local communities where they are promised locals road upgrades, local parks, amenity upgrades, and community facilities when developers have paid the funds to councils, but they have left those funds sitting in their bank accounts.

The NSW Opposition have also been calling for this very change and this has made a difference, but it is fair to say that they had plenty of time to implement it when they were in government.

Urban Taskforce members would like to see all fees and charges, including state infrastructure charges (the HPC) and affordable housing levies made payable at the OC rather than CC stages, but this is a massive step in the right direction.

End

*The comments and analysis above can be attributed to **Tom Forrest**, CEO, Urban Taskforce.*

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