

Submission
No 84

**INQUIRY INTO ENVIRONMENTAL PLANNING AND
ASSESSMENT AMENDMENT (INFRASTRUCTURE
CONTRIBUTIONS) BILL 2021**

Organisation: Campbelltown City Council

Date Received: 9 July 2021

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The Director – Portfolio Committee No. 7
Parliament House
Macquarie Street,
Sydney NSW 2000

Dear Sir/Madam,

Inquiry into the Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021

Thank you for the opportunity to make a submission to the parliamentary committee inquiry and report on the Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021.

Council has previously provided formal feedback on the Productivity Commissioner's Issues Paper titled *Review of Infrastructure Contributions in New South Wales*, and are alarmed that elements of the Bill may be progressed, separate to other essential matters that are relevant to the funding of community infrastructure by local government.

Due to the limited timeframe to make a submission on this fundamental reform, I would like focus on the proposed creation of a regional infrastructure contributions system to collect levies on development in Greater Sydney, Central Coast, Hunter and the Illawarra Shoalhaven.

The Centre for International Economics (CIE) prepared an evaluation of the reforms for the Productivity Commissioner, which detailed an annual benefit to the NSW Government of \$792.8 million per annum, versus a \$117 million loss per annum to NSW councils. However, the reform was based on offsetting the loss of developer levies to local government by charging ratepayers a further \$925 million per annum.

Recommendation 3.3 of the Productivity Commissioners review recommended that councils' be allowed to increase general income with population subject to review by the Independent Pricing and Regulatory Tribunal (IPART). This recommendation was subsequently accepted by the NSW Government in March 2021.

In June 2021, the IPART released its draft methodology to incorporate a population growth factor into the existing rate peg. When applied to our city, retrospective calculations would assume around a 0.5% (half a percent) on average resulting in an increase to revenue of between \$200k-\$500k annually or \$3-\$8 per ratepayer per annum. Whilst the proposal for population growth reform to the rate peg seems logical and assists with servicing, it remains short in addressing increased density due to secondary dwellings that is not captured through rates growth. This is an important point and works to diminish the ability of a council to collect contributions/rates at a level commensurate with the actual background population growth. For this reason, Council is opposed to any reform that would reduce local developer contributions in favour of increasing land rates.

Details missing from the Bill relate to the Productivity Commissioners recommendation (4.6(i)) to apply the essential works list to all section 7.11 contributions plans.

Council is committed to providing community infrastructure for its new and existing residents and considers indoor recreation centres and community facility buildings such as multi-purpose centres, libraries and aquatic facilities as essential. However, the current contributions framework would deem these works non-essential, and now proposes a framework, based on flawed financial modelling to remove these facilities from local infrastructure plans altogether.

If this legislative reform is enacted, the potential impact to Campbelltown would be a loss of approximately \$7.7 million per annum (\$116 million or 55% of the entire works programme over 15 years) to fund these facilities in response to new population demand. The estimated rates revenue increase of between \$200-\$500k per annum falls well short of bridging the significant funding shortfall of \$7.7 million per annum should the reforms proceed as currently put.

Therefore, it is recommended the Bill not proceed until all elements of the reform agenda have been formally considered, and financial modelling of their impacts are known. For this reason, Council is opposed to the current regional infrastructure contribution, until such time the NSW Government can demonstrate that community infrastructure will continue to be funded by developer levies for the benefit of new residents.

If you require any further information, please contact Council's Director City Development, on

Yours sincerely

Phu Nguyen
Acting General Manager