

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

**Organisation:** Woollahra Municipal Council

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16 July 2021

The Director  
Portfolio Committee No. 7 - Planning and Environment  
Parliament House  
6 Macquarie Street  
SYDNEY NSW 2000

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Dear Sir/Madam

**Submission to the Environmental Planning and Assessment Amendment  
(Infrastructure Contributions) Bill 2021**

Woollahra Council thanks you for the opportunity to comment on this important, albeit a very limited time, into the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021 (Draft Bill)*. Our detailed submission in response to the exhibition is attached.

In summary, given the importance and ramifications of this Draft Bill, I strongly request that the Draft Bill is withdrawn and deferred to allow a proper, robust and complete exhibition to occur. Without this, the community cannot fully understand the financial and administrative implications of the proposed reforms.

Yours sincerely

Cr Susan Wynne  
Mayor

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## Submission to the Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021

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Woollahra Council staff support a review of the infrastructure contributions process. We support an efficient and effective infrastructure funding system which appropriately leverages monies, whilst giving Council sufficient flexibility to apply these. However, we have identified the following key concerns with the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021* (Draft Bill) and the manner in which it has been placed on public exhibition.

### 1. Exhibition

The timeframe provided to digest and understand the implications of the information on exhibition is inadequate. Furthermore, the information on exhibition is not sufficient for us to make a proper and informed assessment. The full suite of supporting regulations, ministerial directions and draft legislation have not been included in the public exhibition material. Accordingly, it is impossible to understand the full financial and operational impacts of the proposal. Indeed, it may be that for Woollahra Council, the proposed reforms will lead to a reduction in contributions and this will have a consequential impact on our ability to service our community.

**We recommend that the Draft Bill is withdrawn and deferred to allow a proper, robust and complete exhibition to occur, to allow the community to fully understand the financial and administrative implications of the proposed reforms.**

### 2. Reforms to 7.12 Contributions

The Draft Bill proposes to amend the way that Section 7.12 Contributions are levied on development. Currently, we authorise conditions on development consents under Section 7.12 requiring the applicant to pay Council a maximum levy of 1% of the proposed cost of carrying out the development. This system has been in operation for a number of years. It is efficient, easily understood and easy to administer. Over the past 5 years, Section 7.12 Contributions have funded approximately 20% of capital works in the Woollahra LGA.

The Draft Bill proposes a “local levy condition”. This will comprise a capped monetary levy based on the number of additional dwellings in a development or gross floor area.

What this proposed “local levy condition” appears to ignore is development that comprises alterations and additions. An amendment of this type could have significant financial implication to Woollahra Council, where the majority of development comprises alterations and additions.

Further information is required on this proposal before we can fully understand the financial and administrative implications.

**We recommend that the Draft Bill is re-exhibited with additional information to identify how the “local levy condition” will operate, and its financial implications.**

### 3. Land Value Contributions

The Draft Bill introduces a new “land value contribution” charge to enable value capture resulting from rezonings or development.

This charge would be imposed when the land is rezoned, and collected when the land is sold. In terms of administration, this new framework would require the vendor or purchaser to apply for a “land value contribution certificate” from Council. Council would then determine the contribution in accordance with the regulations and the contributions plan concerned.

We support the proposed new mechanism for value capture. It simplifies and addresses the issue of capturing a portion of the windfall gain resulting from increased development potential or rezoning's which we would otherwise collect via a voluntary planning agreement. Value sharing is a reasonable and equitable approach. A simple and consistent approach is greatly supported by Council staff to avoid the requirement to negotiate voluntary planning agreements on a site by site basis.

However, the mechanism to apply and administer this new charge are unclear. What administrative burden and additional internal resources will be required to implement these changes? For example, who can issue land value certificates? Once the monies are received, what types of infrastructure can this be spent on? Monies received should be spent on new infrastructure projects or upgrading existing facilities and Council should have the flexibility to determine the priorities.

**We recommend that the Draft Bill is re-exhibited with additional information to identify how the “land value contributions” will operate.**

### 4. Regional Infrastructure Contributions (RIC)

The Draft Bill proposes to repeal the special infrastructure contributions (SICs) and replace them with provisions for a new *regional infrastructure contributions* (RICs). RICs are contributions required in respect of development for public amenities or public services (including infrastructure that enhances public open space or the public domain), affordable housing, transport infrastructure, regional or State roads, and measures to conserve or enhance the natural environment. The contributions may be applied to a region or parts of a region, with funds collected in the region to be spent on infrastructure within the region.

However, will these new RICs be applied in addition to local development contribution levies? In the Woollahra LGA, where the majority of development is for alterations and additions, we question the value of this additional levy which could undermine the contributions levied and then spent at the local scale.

We do not support two tiers of contributions that will add to the complexity and administrative burden of development contributions. At all times, the local development contributions should be prioritised over the RICs to ensure that Councils have sufficient funding to augment and improve infrastructure in the local area.

**We do not support two tiers of contributions. We recommend that the Draft Bill is re-exhibited with additional information to identify how the RICs will apply and operate**

## **5. Deferral of Contribution Payments**

The deferral of contribution payments to occupation certificate was a temporary measure due to the impacts of COVID-19. The Draft Bill proposes to formalise this temporary arrangement. We are concerned that by delaying the payment of contributions, this will delay the delivery of infrastructure. Council's will then have less scope to plan for infrastructure delivery and infrastructure will fall behind. Greater flexibility is required to ensure Council's can adequately align income streams.

**We do not support deferring contribution payments to the occupation certificate stage.**

## **6. Review of local strategic planning statements (LSPS)**

The Draft Bill seeks to amend the timing for the review of the LSPS from 7 years to at least every 5 years. However, the current provisions allow councils to undertake reviews as required which could be 7 years or sooner. We see no reason or justification to change this. The proposed two year reduction in time frame will undoubtedly have resource implications to councils.

**Unless a clear justification is provided, no change should be made to the review period for an LSPS.**