

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

**Organisation:** Hunters Hill Council  
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# HUNTER'S HILL COUNCIL

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Reference: NT

Portfolio Committee No. 7 - Planning and Environment for inquiry and report.  
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14 July 2021

## **Hunters Hill Submission to the Inquiry into the Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021**

Hunters Hill Council submits this submission on behalf of its residents and in support of the extensive submission lodged by the NSW Local Government Association and the Northern Sydney Regional Organisation of Councils (NSROC).

Development infrastructure contributions help deliver the infrastructure needed as communities grow and change. They are a means of financing a portion of the public infrastructure and increased service provision required as a direct or indirect result of new dwellings, alterations/additions and knockdown rebuilds, and new non-residential developments such as office and retail places.

Councils require contributions from all types of development to deliver the high quality infrastructure, open spaces, services and the place making activities that communities and in particular new communities demand and the NSW Governments expect. Rate revenue is required to fund the on-going delivery and maintenance of existing services and assets.

**Councils' social licence for increased density/development comes from the associated improvements to community infrastructure and services.** Any proposals that shifts the burden of funding new infrastructure from developers, or the State government, to residents fractures this licence.

**Reduced revenue from development infrastructure contributions will drive the cost of meeting increased infrastructure demand generated by development from developers to existing community members.** Councils burdened by rate pegging will need to respond by scaling back improving and expanding community infrastructure and service levels, or not deliver some at all.

**Reduced spend on the public realm will have significant economic impacts.** Investors wish to do so in areas of high quality public realm. Any reductions in infrastructure projects will reduce employment of planners, architects, designers, builders, surveyors and other trades. This will impact local retail outlets.

**Reduced spending on social infrastructure will have significant impacts on community well-being.** Reducing the level of service available through; smaller libraries, fewer playing fields, parks and recreation centres; impacting on the community's health.

## Implications

Although the details of the infrastructure contributions reforms are not available, modelling based on the information available indicates significantly reduced income for NSROC councils. Declines are likely to occur to both the s7.11 contributions and s7.12 fixed-rate levy projected income levels depending on the details – as yet unsighted and not consulted upon.

Under the proposed reforms NSROC councils face losses of \$171 million in the first five years, \$325 million over 10 years and \$461 million over 15 years and for Hunters Hill Council the impact on Council's revenue as a result of the reforms to infrastructure contributions will be \$4.5M over 15 years.

This is significant to Hunters Hill Council given the size of its annual budget.

Although all the details of the contributions' reforms are not yet available, modelling of what is known about the reforms suggests significantly reduced contributions income for most metropolitan councils. Declines are likely to occur to both the s7.11 contributions and s7.12 fixed-rate levy projected income levels depending on the finer details of how the reforms are implemented. This will drive the cost of meeting increased infrastructure demand generated by developers to existing community members, or stifle growth altogether.

Raising the s7.12 levy from 1% to 3% will not result in the anticipated increase in income for Hunters Hill Council as the thresholds proposed (\$10,000 on houses, \$8,000 on apartments) and other limits for all forms of non-residential development will cap income. This is further compounded by S7.12 income losses by the proposal to exempt non-demand based development (essentially, alterations and additions, changes of use and fit outs) and instead only apply the levy to net additional floor area. Hunter's Hill heavily rely on this form of s7.12 income, this proposed change alone would remove the majority of our contributions revenues.

Hunters Hill Council is firmly of the view that:

- Councils require sustainable ongoing funding to deliver the NSW government priorities for open spaces and community place making;
- The reforms must not shift the cost of additional community infrastructure from development to the existing community;
- Rate reform must be considered separately from infrastructure contribution reform;
- Government must undertake further detailed modelling to ensure that local settings, historical data and robust projections inform the reforms
- Government must undertake meaningful consultation prior to implementing the reforms;\The reform must include a mechanism to ensure that no council is worse off
- The essential works list should not apply to developer contribution (s7.11) plans
- Alteration/additions and knock down rebuilds should remain eligible for s7.12 levies
- Further consideration of non-residential levies per square metre is required given the demand for services generated

- Developer contributions should revert from COVID-19 measures and be paid prior to the construction certificate stage in order to ensure services are provided when residents and employees move in.

I trust the committee will make appropriate recommendations to the NSW Parliament.

Yours sincerely

Nick Tobin  
Acting GENERAL MANAGER