

**Submission
No 155**

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

Name: Mr Philip and Mrs Mary Powell

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Environmental Planning and Assessment Amendment (Infrastructure Contributions)
Bill 2021

This submission is focused on the adverse effects on landowners of the proposed Bill:-

1) The Bill proposes land value contributions by OWNERS OF LAND whose land has been rezoned, payable on sale of their land to be acquired for public infrastructure.

This is unjust. If landowners have not sought or even wanted a rezoning, but need to sell, or are forced to sell, they face a "Vendor Tax". This land value contribution is not quantified in the Bill, but the NSW Productivity Commissioner in the "Review of Infrastructure Contributions" has recommended \$12,000 per dwelling, or \$10-\$40 per square metre for industrial/commercial/mixed uses in the Greater Sydney Region, and slightly lower or similar in the Central Coast, Hunter and Illawarra-Shoalhaven regions. The DEVELOPER, not landowner, should be solely liable for State and Council infrastructure contributions. It is the DEVELOPER who financially benefits from the development of the land to individual housing/residential accommodation/industrial or commercial or mixed use development – for which public infrastructure is needed.

2) Both the NSW Government and local Councils will be able to levy Infrastructure contributions on the same development for affordable housing. So does this mean LANDOWNERS will have to pay TWICE – one levy to the State Government, and another to the local Council—just because that Landowner needs or wants to sell?

3) The Bill proposes implementation on 1 July 2022. But it does not specify the land value date, where a change in zoning occurs, as being the date the new zoning is ANNOUNCED or released, or the date the new zoning is valued by the NSW Valuer General and therefore council rates are increased accordingly. This is especially pertinent to The Western Sydney Aerotropolis, near Sydney's Second Airport, where new Zonings were announced late 2020, but the Valuer General will not "value" the land based on the new Zonings in Liverpool Council until July 2023, but has already revalued properties in the northern parts of the Aerotropolis in Penrith Council.

4) There is no indication in the proposed Bill as to who pays for a new valuation, or if a new valuation is necessary during the usual three year interval between land valuations across the State.

5) The Bill does not mention indexing, or how the NSW Government will allow for higher levies on a dollar per square metre basis or \$X per single dwelling over time, to allow for inflation. Will the charges be raised on a quarterly or annual basis, for inflation, or would Landowners pay a rate/figure which does NOT rise over time? Indexing is mentioned in the NSW Productivity Commissioner's "Review of Infrastructure Contributions in NSW" Final Report, in Recommendation 4.4. If Land Value Indices are adopted yearly or quarterly, instead of 3 year revaluations by the Valuer General, this will be a very significant impost on Landowners and Developers.

6) The proposed Bill has not been widely publicised nor understood by the public. During the coronavirus pandemic, with recent and continuing lockdowns, plus lack of any publicity about the proposed tax payable by vendors, more pressing health and financial issues have seemingly paved the way for a vendor tax to be introduced with little public knowledge or understanding of its implications. The media have focused on health issues, and pandemic pressures on business, and have not publicised this Bill.

7) Schedule 1[22] Subdivision 3A Point 7.16C requires a Landowner to "satisfy the requirement for the land value contribution on or before the completion of the sale". This is unfair. The Landowner should not have to outlay any money for this purpose. The Purchaser (developer) should pay.

What if the purchaser makes a speculative purchase, intending to resell the land at a substantial profit without developing or improving the land? Does this mean the original Landowner has had to pay the “Vendor tax” but not the speculative buyer?

8) If the proposed “ Vendor Tax” is payable by the Landowner, this tax cannot be added to the sale price as it results in a higher sale price , deterring buyers, and depressing demand for that land.

9) Regional Infrastructure Contributions

The proposed Bill covers an enormous geographical area, for R.I.C.’s, i.e. Greater Sydney, Central Coast, Hunter and Illawarra –Shoalhaven regions. Potentially, millions of landowners are affected. Of course, not all landowners attempting to sell will be impacted by the land value contributions. It will be for land rezoned to new uses. But, looking ahead, urbanisation across these regions on or close to the Eastern Seaboard, is a continual process, which will possibly affect a majority of landowners from July 2022 to the rest of this century and beyond. Economic growth, increasing density of land use with resulting commercial, industrial and mixed use developments , plus more housing, will push demand for rural and semi-rural landholdings to be rezoned.

Landowners wanting to sell their “rezoned” land should not potentially have to pay TWO taxes- one to the State Government, and another to their local Council. The Developer should pay for whatever State and Council contributions are required to fund Infrastructure.

10) Suburban Blocks and Rural Acreage

(The following figures are based on the NSW Productivity Commissioner’s Recommendations for the Greater Sydney area. They are for Regional Infrastructure Contributions, but no estimation of Direct Land Contribution is evident in that Report in November 2020).

a) Landowners of a suburban size block of, say, 500 square metres, may have to pay a minimum of $500 \times \$10/\text{sq. metre}$, totalling \$5,000—to two levels of government—so potentially twice \$5,000 equalling \$10,000, for land rezoned to Industrial.

b) For rezoning for an individual house or detached dwelling, cost would be \$12,000, potentially twice to 2 authorities, totalling \$24,000.

c) For larger blocks, say 1 acre blocks (4046.9 sq. m) on the urban fringe, rezoned to Industrial, at \$10-\$15/sq.m., the land value contribution would be \$40,469 - \$60,704. Multiplied by 2 for 2 authorities, totalling \$80,938 - \$121,408.

d) For a 5 acre rural block, rezoned to industrial, the land value contribution would be $4046.9\text{sq.m.} \times 5$, equals 20,234.5 sq.m. at \$10-15/sq.m. equals \$202,345 - \$303,518 – a huge impost. Then multiplied by 2 for 2 authorities, totalling \$404,690 - \$ 607,036.

e) For a 7 and a half acre rural block, rezoned to industrial, $4046.9 \text{ sq.m.} \times 7.5$ acres equals 30,351.8sq.m. at \$10-\$15/sq.m. equals \$303,518 - \$455,277 – an enormous impost. Then multiplied by 2 for 2 authorities, totalling \$607,036 - \$910,554.

From the above figures, for proposed RIC’s, we fear that Land Contribution rates, even if 1% or 10% of figures quoted above, will be unjust and extremely financially injurious for Landowners.

11) Western Sydney Aerotropolis

The rural landholdings in the Aerotropolis (near the Badgerys Creek Airport under construction) are located at Badgery’s Creek, Bringelly, Kelvin Park, Rossmore, Kemps Creek, and Luddenham . These landholdings comprise 5 acres, 7 and a half acres, and 10 acre rural blocks. These acreages

have been rezoned Enterprise (Industrial), Mixed Use, Urban Land, Agribusiness, Environment & Recreation etc.

Should these landowners, if their land (or part of their land) is compulsorily acquired by the State Government for Infrastructure -- rail access, roads, services , open space etc. -- be charged by the NSW Government if forced to sell to them? That would be grossly unfair! There is no provision in this Bill for any Landowner in this difficult position. Nor is the timing of such a compulsory sale their decision or prerogative. Surely, in the case of compulsory acquisition by the NSW Government, these proposed land value contributions to NSW and local Council should be totally removed.

Landowners in the Aerotropolis who will have to sell at some stage because of spiralling Council rates, construction noise and dust from the airport, polluting/noisy adjoining land use, or just advancing age, are the victims of federal, state and local council policy. Some landowners may have bought recently for speculative reasons, but the bulk of the local population has lived in this area for many years, and farmed on this land. So imposing a Land Contribution or "Vendor Tax" by State and Council is unfair, as governments (all 3 levels) have been the impetus behind the Land Use changes.

For those who have lived in the Aerotropolis for decades, if selling their land voluntarily, it is most unfair to tax them. For developers, paying Infrastructure contributions would form a valid business expense.

12) Regional Infrastructure Contributions & Western Sydney Aerotropolis

The NSW Government has already released proposed Special Infrastructure Contributions for the Western Sydney Aerotropolis. Under Schedule 4 [34], these transitional arrangements will continue. That is, that developers of land in the Aerotropolis would pay Regional Infrastructure Contributions (RIC's). But this Bill is proposing an EXTRA charge, a land value contribution, payable by Landowners on sale, after rezoning, which should solely be the DEVELOPER'S COST. And, as previously mentioned, the Bill provides for Landowners to potentially have to pay a Land Contribution AND Infrastructure Contribution.

Mr and Mrs M. & P. Powell