

**Submission  
No 10**

**INQUIRY INTO ENVIRONMENTAL PLANNING AND  
ASSESSMENT AMENDMENT (HOUSING AND  
PRODUCTIVITY CONTRIBUTIONS) BILL 2023**

**Organisation:** Canterbury Bankstown Council

**Date Received:** 7 June 2023

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7 June 2023

The Hon Sue Higginson MLC, Chair  
Portfolio Committee No. 7 – Planning and Environment  
NSW Parliament House  
6 Macquarie Street  
Sydney NSW 2000

Dear Ms Sue Higginson MLC,

**Canterbury-Bankstown Council Submission – Inquiry into Environmental Planning and Assessment Amendment (Housing and Productivity Contributions) Bill 2023**

I would like to express my gratitude for providing us with the opportunity to comment on the Environmental Planning and Assessment Amendment (Housing and Productivity Contributions) Bill 2023. As a representative of Canterbury-Bankstown Council, I am writing to present our concerns regarding the proposed bill and its potential implications for our local community.

Canterbury-Bankstown, the second largest local government area in NSW, is home to approximately 394,000 residents. We are currently experiencing significant population growth, with strategic centres such as Bankstown and Campsie projected to accommodate an additional 45,000 residents and 44,000 workers by 2036. In anticipation of this growth, Council has developed a comprehensive contributions plan that will fund over \$935 million in capital works over a 15-year period to meet the residential and employment demands of our expanding City.

Having a robust, efficient, and equitable development contributions system is of utmost importance to ensure the well-being of our community, encourage continued investment, and align with the growth objectives set forth by the NSW Government.

After careful consideration of the provisions outlined in the Draft Bill, Canterbury-Bankstown Council opposes the proposed Housing and Infrastructure Contribution (HPC) and the associated processes for allocating contributions for the following reasons:

- 1. Disproportionate impact on economically disadvantaged communities:**  
The HPC, being a regressive flat-rate tax, would unfairly burden economically disadvantaged communities like Canterbury-Bankstown, subjecting them to the same rate as more advantaged local government areas in NSW.
- 2. Failure to achieve consistency in infrastructure funding:**  
The HPC fails to adhere to the principles outlined in the 2020 Productivity Commission's infrastructure funding report, which aims to establish a more consistent contributions system. This lack of consistency creates a disparity between the requirements imposed on councils and those applied at the state level.



**3. Lack of local allocation of the HPC fund:**

One of our major concerns with the Draft Bill is its failure to specify that the HPC fund should be spent within the local government area where it is collected. This would result in the community making these contributions not directly benefiting from their payments. Instead, the funds are likely to be directed towards developing urban release areas on the outskirts of Sydney, neglecting the need for investment in regional facilities within Canterbury-Bankstown.

**4. Reactive annual process for determining infrastructure works schedule:**

The Draft Bill outlines a reactive annual process for determining the HPC infrastructure works schedule, rather than a long-term impartial strategy. This approach does not provide the necessary foresight and planning required for effective infrastructure development.

**5. Limited council influence on expenditure:**

Under the proposed bill, councils within various regions lack the authority to guide and influence the expenditure of HPC funds. Given their local knowledge and understanding of community infrastructure needs, councils should have a significant role in decision-making processes regarding the allocation of contributions.

**6. Inadequate exemption of large-scale affordable residential development:**

The HPC appears to exempt large-scale affordable residential developments, such as build-to-rent housing, which can place significant pressure on regional infrastructure. It is essential to consider a more comprehensive approach to the treatment of affordable housing to ensure equitable development.

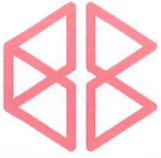
**7. Lack of exemption for critical council works:**

Critical council works, including administration offices and works depots, which are essential for meeting community needs and complying with state legislation, should be exempted from the HPC.

We have attached a detailed document that provides further elaboration on the concerns mentioned above.

Moreover, it is worth noting that the HPC and its implications resemble the Regional Infrastructure Contributions (RIC) outlined in the previous Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021. Council had previously raised objections to the draft bill and proposed alternative options to the Parliamentary Inquiry, as well as to the Minister for Planning and the Department of Planning and Environment.

Given the similarities between the previous RIC and the proposed HPC provisions, this submission reaffirms the concerns previously expressed by Canterbury-Bankstown Council during the planning reform discussions.



Please note that this submission has been prepared by Council officers and may not necessarily reflect the views of the Councillors. If you require any further information or have any inquiries, please do not hesitate to contact Anthony Milanoli, Council Officer, at or

Thank you for your attention to this matter. We trust that our concerns will be thoroughly considered in the parliamentary inquiry.

Yours sincerely,

  
  
Matthew Stewart  
**CHIEF EXECUTIVE OFFICER**



## **ATTACHMENT – Canterbury-Bankstown Council’s Submission to the Inquiry into the Environmental Planning and Assessment Amendment (Housing and Productivity Contributions) Bill 2023**

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Canterbury-Bankstown Council raises several concerns regarding the proposed Environmental Planning and Assessment Amendment (Housing and Productivity Contributions) Bill 2023. This submission outlines the issues and presents alternative recommendations for consideration

### **Issue 1: Opposition to the proposed Housing and Productivity Contribution (HPC).**

The Draft Bill proposes the levying of a Housing and Productivity Contribution (HPC) to fund regional infrastructure. The Draft Bill locates Canterbury-Bankstown within the Greater Sydney Region, and would permit contributions collected to be allocated anywhere within the region they are collected.

Council does not support this proposal for the following reasons:

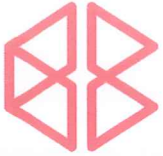
- The HPC is a regressive, flat rate tax, which would have a disproportionate and unfair impact on economically disadvantaged communities such as Canterbury-Bankstown

Canterbury-Bankstown is in the lowest 17 per cent of Australian communities identified in the SEIFA index of relative social and economic disadvantage and several of our suburbs are within the lowest 5 per cent. The introduction of a flat rate tax would have a disproportionate and unfair impact on economically disadvantaged communities such as Canterbury-Bankstown as:

- It would impact on the financial capacity of the community to add a dual occupancy to their older, smaller housing or new floor space to their business to meet their changing needs, while receiving no tangible benefits if expenditure of the HPC levied occurs outside the City.
- It does not respond to local “capacity to pay” variations within the Sydney region. The same \$10k - \$12k levy would apply to lower cost development in Canterbury-Bankstown as would apply in more affluent and more cost-resilient housing developments in local governments such as Woollahra, Mosman or North Sydney. The HPC would therefore further entrench the inequality gap in Sydney and stifle investment in low scale, family-lead urban renewal.

- The HPC fails the 2020 Productivity Commission’s infrastructure funding report principles of making the contributions system ‘more consistent’

The HPC is proposed to be levied without satisfying the nexus, apportionment or reasonableness principles which apply to Council’s section 7.11 contributions plans. The proposal represents a double standard, with one rule for councils in applying section 7.11 contributions and another for the NSW Government with regional infrastructure contributions. In this regard, the proposal fails the Productivity Commission’s principles of making the contributions system ‘more consistent’.



- The HPC fund is not proposed to be spent in the local government area where it is collected

The Draft Bill does not propose to spend the HPC fund in the local government area in which the contributions are collected, it may be allocated anywhere within the region. As a result, the community who pay the contributions may not benefit from their payments. It seems most likely it will be directed to urban release areas on the fringe of Sydney, where critical infrastructure is yet to be developed.

The Draft Bill also does not propose to spend the HPC fund on council facilities that perform a regional function, unless they appear in strategies determined by Infrastructure NSW and state agencies. In Canterbury-Bankstown's case, these regional facilities include the Mirambeena Regional Reserve, Wolli Creek Reserve, Salt Pan Creek Masterplan, Bankstown Basketball Stadium and the Dunc Gray Velodrome.

An alternative to allocating the HPC to the NSW Government would be to add the value of the HPC to the cap on residential development contributions and permit the funds raised to be spent in the council area where it is levied. This additional funding would enable councils like Canterbury-Bankstown to fund the libraries, pools, cultural facilities and community centres demanded by the significant growth in our City, which will accommodate 500,000 residents by 2036.

## **Issue 2: Council does not support the proposed processes for allocating any funds levied through the Housing and Productivity Contributions.**

- The HPC infrastructure works schedule is determined through a reactive annual process, rather than a long term impartial strategy

Councils with sections 7.11 and 7.12 works schedules are required to strategically identify, cost and map works to be funded over long time horizons and to review these works schedules every four years.

The allocation of HPC funding will be a more reactive annual process, even if guided by agency strategies. Council's recent experience with WestInvest funding, where our funding per capita was the second lowest in Western Sydney, despite the merits of our projects and our community's needs, demonstrates the inequities which can arise when local funds are allocated at State level.

- The HPC does not enable councils within the various regions to guide expenditure

Councils within the Greater Sydney Region are best informed and attuned to community infrastructure needs and should help guide how contributions within their region are spent. Works might include a mix of State infrastructure and local facilities that perform a regional function for example in Canterbury-Bankstown's case, the Mirambeena Regional Reserve, Wolli Creek Reserve, Salt Pan Creek Masterplan, Bankstown Basketball Stadium and the Dunc Gray Velodrome.

- The HPC appears to exempt large scale affordable, residential development (such as build-to-rent), which may place pressure on regional infrastructure



The HPC appears to exempt large scale affordable residential development, such as build-to-rent housing. This large scale housing, especially its cumulative impact, may place pressure on regional infrastructure. In addition, the definition of excluded affordable housing may not prevent applicants creating a “shell” entity to circumvent the requirement to pay a HPC levy, even though they have no demonstrated record of delivering and managing such housing. There needs to be a more considered approach to affordable housing.

- The HPC does not exempt critical Council works such as administration offices or works depots

Council works are delivered on behalf of the community to meet their needs and comply with State legislation. The HPC should exempt these works, which include commercial and industrial facilities such as Council administration offices and works depots.

### **Recommended Actions**

Disapproval of the Environmental Planning and Assessment Amendment (Housing and Productivity Contributions) Bill 2023:

- 1. The Parliamentary Inquiry should not support the proposed bill based on the concerns raised in this submission.**

The disproportionate impact on economically disadvantaged communities and the lack of consistency in infrastructure funding principles are strong reasons to reject the bill.

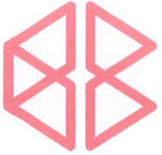
- 2. Alternative approach: Integration of HPC with residential development contributions cap:**

As an alternative mechanism, the Draft Bill should consider adding the value of the Housing and Productivity Contributions to the cap on residential development contributions. This approach should address the following conditions:

- Contribution rates must be responsive to local needs and characteristics to avoid undue burden on economically disadvantaged communities like Canterbury-Bankstown.
- The funds raised should be spent in the local government areas where the contributions are collected, ensuring that the community directly benefits from their payments.
- Councils should have the authority to guide and influence the expenditure, ensuring that the funds are allocated to local infrastructure that serves a regional purpose and supports the growth and development of the area.

- 3. Exemptions from the HPC levy:**

- The following entities should be exempted from the Housing and Productivity Contributions levy or alternative mechanism:
- Affordable housing developments delivered by community housing providers, subject to the criteria outlined in this submission. However, exemptions should not extend to large-scale residential developments like build-to-rent housing, which could exert significant pressure on regional infrastructure.



- Council infrastructure and works, including administration offices and works depots, which are vital for meeting community needs and complying with state legislation.

**4. Empowering local government in decision-making:**

Local governments should be empowered to actively participate in the decision-making process regarding the allocation of Housing and Productivity Contributions. Moreover, minimum criteria should be established to ensure that contributions are spent in a manner that supports growth in the areas where they are collected, taking into account regional infrastructure requirements as well as local needs.

**Conclusion:**

Canterbury-Bankstown Council urges the Parliamentary Inquiry to thoroughly consider the issues raised in this submission. The proposed alternative mechanisms would address the concerns regarding the Environmental Planning and Assessment Amendment (Housing and Productivity Contributions) Bill 2023 and promote a more equitable and effective approach to infrastructure funding and development. By adopting these recommendations, the government can ensure a fair and consistent contributions system that benefits all communities.