



NEWS RELEASE
The Hon. Kristina Keneally MP
Member for Heffron
Minister for Planning
Minister for Redfern Waterloo

Wednesday 3 June, 2009

LOCAL COUNCIL INFRASTRUCTURE CONTRIBUTIONS UNDER THE MICROSCOPE

Planning Minister, Kristina Keneally, today announced the first results of a review into local council infrastructure contributions plans.

The review began following the December 2008 announcement that the NSW Government would reduce State levies by up to \$27,000 and introduce a \$20,000 per lot threshold for council levies.

In line with the announcement in December, councils can only charge above the \$20,000 levy threshold with the approval of the Minister for Planning.

The Government appointed a contributions review panel, including independent experts, to review plans of councils applying to exceed the threshold and provide recommendations to the Minister.

Applications to exceed the levy threshold were received from 28 councils across New South Wales to review 92 separate Section 94 (local contributions) plans above \$20,000.

“Reducing our levies and introducing a threshold for council levies are measures designed to boost the home construction industry and lower the cost of development,” Ms Keneally said.

“This has been the first time Section 94 local infrastructure contributions plans have been put under the microscope like this.

“The review highlighted inconsistencies and complexities of both local infrastructure funding and planning across NSW. No two councils use the same approach to determine contributions.”

Ms Keneally said that of 152 councils in NSW, 34 had plans over \$20,000 per lot. Of these:

- Only 28 applied to charge above the \$20,000 per lot threshold;
- A further five councils voluntarily reduced their contributions below \$20,000 per lot; and
- One council’s plan is only at draft stage.

“Following the first round of the review, which included eleven councils, I have decided to apply the \$20,000 threshold to one council,” Ms Keneally said.

“Four more councils, Camden, Wyong, Liverpool and Penrith Councils have, via the review process, identified savings of between \$2,000 and \$18,000 per lot for relevant plans.

“The remaining six councils have been given an exemption to reducing their levies, in nearly all cases on the condition that additional further reviews are undertaken to look into how savings can be made.

“Including the five councils which voluntarily dropped their levies below the threshold, so far six councils now have levy plans under \$20,000 per block, which did not before.”



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Ms Keneally said that the levy review has been a good opportunity to work with councils and the development industry to address issues of infrastructure provision and housing affordability.

“In a number of cases the review highlighted a move away from councils using levies to fund facilities required as a result of new homes in the area,” Ms Keneally said.

“The review panel has, for example, recommended councils fund items such as library books or animal management services out of its general revenue stream instead of S94 levies.

“And funding larger items such as council administration buildings through S94 levy plans, as opposed to other revenue streams, needs to be justified through business planning principles.”

Ms Keneally said that the next stages of the levy review process will be announced shortly, and will again seek to balance the needs of local government and the housing construction industry.

“Finding a solution that suits everyone isn’t easy, but the process is being assisted by the State Government’s own actions to reduce state infrastructure contributions,” Ms Keneally said.

“We all have a part to play in developing sustainable, healthy communities fully supported by infrastructure.

“The State Government is doing its bit, and we look forward to continuing our work with local councils and the development industry to strike this balance.”

Ms Keneally said that the formal legal directions relating to the first tranche of reviewed plans have been delivered to councils, meaning the changes will take effect within 7 days.

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(Fact sheet follows)



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FACT SHEET: KEY OUTCOMES FROM TRANCHE 1 OF LOCAL CONTRIBUTIONS REVIEW

Liverpool

Liverpool City Council sought an exemption for two plans to go above the \$20,000 threshold.

The Review Panel recommended that Liverpool Contributions Plan - Edmondson Park (2008) can continue as it is as the plan was considered to be reasonable, appropriate and consistent with an earlier direction from the Minister to Growth Centres councils.

It recommended that the Liverpool Contributions Plan (2001) can be exempted from the threshold so long as:

- Council's identified savings of around \$18,000 per lot in the Middleton Grange area are incorporated immediately, bringing the average contribution down from around \$49,000 to around \$31,000 per lot
- Infrastructure contributions are no longer used to fund street trees which should be provided by way of development consent conditions on subdivision approvals.
- Council provides a business plan to justify the use of infrastructure contributions to fund regional cultural facilities such as the Powerhouse, Whitlam Centre and Central Library.

Wyang

The Review Panel recommended that council continue with its review of the contributions plan for the Warnervale District but that in the interim, Council's identified savings of between \$8,000 and \$10,000 per lot should be incorporated immediately into the existing plan.

The Review Panel recommended that the Wyong Shire Wide Contributions Plan (1998) can be exempted from the threshold so long as:

- Council provides a business case to justify the partial funding for a performing arts centre through local infrastructure contributions.
- Infrastructure contributions are no longer used to fund library books which will be required regardless of whether a new development is built or not.

Maitland

Maitland City Council sought an exemption for the two plans that applied to the Thornton North area to go above the \$20,000 threshold. The Review Panel has recommended both plans can go above the threshold.

Exemption for the Thornton North Section 94 Contribution Plan 2008 is subject to an independent review of the specifications and costings of road works for Raymond Terrace Road, where the Review Panel believes significant savings could be made. This matter will be reviewed by the end of 2009.

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Hawkesbury

Hawkesbury City Council sought exemption for the Hawkesbury City Council Section 94 Contributions Plan (2008) to go above the \$20,000 threshold.

The Review Panel recommends the plan can remain above the threshold. The plan has been formed from existing planning agreements between Council, the State Government and a number of developers.

The Panel recommended the Department of Planning review the plan in partnership with Council and relevant proponents to incorporate recent changes to State infrastructure contributions.

Penrith

Penrith City Council sought an exemption for 7 plans to go above the \$20,000 threshold. The Review Panel supported Council's ongoing comprehensive review of all contributions plans. The review is to be completed by the end of 2009 with a progress report to the Department of Planning in three months.

The Review Panel recommends plans for Glenmore Park 1, Glenmore Park 2, WELL Precinct and Claremont Meadows can be exempted from the threshold subject to the ongoing review. The Glenmore Park 2 plan should incorporate Council's identified savings of \$2,000 per lot.

The remainder of the contributions plans can remain unchanged, subject to the following conditions:

- That Council provide justification for the continued use of contributions to fund additional community infrastructure such as regional open space and regional cultural facilities
- That Council no longer levy contributions to pay for library books which will be required regardless of whether a new development is built or not.

Lane Cove

Lane Cove Council sought an exemption for Lane Cove Section 94 Contributions Plan 1996 to go above the \$20,000 threshold.

Nearly 90 per cent of the contribution being levied is based on recouping the costs of providing public amenities and services dating back 90 years. This equates to nearly \$6,000 for each new resident.

New developments are retrospectively charged for infrastructure provided from early last century, including land acquisition for the Lane Cove library dating back to 1919, along with the construction of the 1st Longueville Scout Hall in 1928 and the Lane Cove Bowling Club in 1930.

This is an inappropriate use of infrastructure contributions and may stifle development in the area. Contributions have been capped at \$20,000 per lot.



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Camden

Camden Council sought an exemption for five plans to go above the \$20,000 threshold, The Review Panel decided the Oran Park and Turner Road Precinct Section 94 Contributions Plan continue as the plan was considered to be reasonable, appropriate and consistent with an earlier direction from the Minister to Growth Centres councils.

The remaining plans, but most notably the Camden Contributions Plan 2004, are currently being reviewed by Council. The review illustrates Council's significant efforts to reduce the impact of contributions in Camden's new release areas and has already identified the following savings which will be incorporated immediately:

- \$3,500 per lot in Elderslie
- \$6,700 per lot in Spring Farm and
- \$3,700 per lot in other urban areas.

The Review Panel has requested the review be completed by the end of 2009 with a progress report to the Department of Planning in three months. The review should examine:

- The valuations that are used for purchases of land in the plan in light of the recent changes in land values
- Any potential to make minor adjustments to the development footprint of the Elderslie and Spring Farm development areas to reduce the amount of land needed for riparian and other environmental corridors
- The need to more fairly allocate the cost of purchases of riverfront land across the broader community and not just the Elderslie and Spring Farm areas in recognition of its use by residents of the broader Camden district.

Lake Macquarie

Lake Macquarie Council sought an exemption for three plans to go above the \$20,000 threshold. One draft plan was not reviewed by the Panel.

The Review Panel has recommended the remaining two plans can continue as is, subject to the following conditions:

- Council continue its review process for the City-wide Contributions Plan
- Council provide a business plan to justify continued contributions for additional community infrastructure such as regional open space
- Council obtain an independent assessment and advice on the area's open space needs.



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Blacktown

Blacktown City Council applied for an exemption to four plans. An exemption has been provided to three of the four plans as they were considered appropriate and reasonable in terms of the cost and nature of the facilities provided and the extent to which the development areas are complete. The Review Panel has indicated that Council should continue to apply these principles to current draft plans for new development areas in the North West Growth Centre.

The Review Panel decided that infrastructure contributions should not be used to fund street trees which can be provided by way of development consent conditions on subdivision approvals. As such Council's contributions plan for street trees should not receive an exemption.

City of Sydney

The City of Sydney applied for an exemption for the City of Sydney Development Contributions Plan 2006 to go above the \$20,000 threshold. The Review Panel decided the plan is exempted, so long as:

- Council no longer levies for Council administration buildings, library additions and library resources
- Council justifies and procures an independent review of its land acquisition processes and costs.
- Council continues its current review of the plan.

Ku-ring-gai

Ku-ring-gai Municipal Council sought exemption for two plans to go over the \$20,000 threshold. The Review Panel has recommended both plans be exempted to allow Council to continue its work to consolidate the two plans into one.

The Review Panel recommends that Council, in consultation with the Ku-ring-gai Planning Panel and, as part of the work to develop the draft Town Centres LEP, undertake:

- An assessment of existing and proposed levels of open space as well as the apportionment to new development.
- A review of the apportionment of public domain works within the Town Centres
- The development of a business plan to justify continued contributions for additional community infrastructure.