



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

Monday 13 July, 2009

FINAL RESULTS OF REVIEW OF LOCAL INFRASTRUCTURE CONTRIBUTIONS

Planning Minister, Kristina Keneally, today announced the final results of a review into levies which are charged by local councils on housing development.

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.

The Government appointed a contributions review panel, including independent experts, to review section 94 (local contributions) plans of councils wanting to exceed the \$20,000 threshold.

A total of 34 councils had levies above the \$20,000 per block threshold. The first round of the review, announced in June, considered plans from 11 councils.

“In total, the review has resulted in six councils being directed to, and six volunteering to, reduce one or more of their plans to below the \$20,000 threshold,” Ms Keneally said.

“The six councils directed to reduce levies to below the threshold are Lane Cove (announced in round one), Hunters Hill, North Sydney, Manly, Coffs Harbour and Tweed.

“Ryde, Rockdale, Canada Bay, Botany Bay, Burwood and Port Macquarie-Hastings also voluntarily agreed to reduce their plans below the threshold, while Great Lakes is currently reviewing its plan to come under the threshold.”

Ms Keneally said that as a result of this review process:

- There are now 12 councils which have levies below \$20,000 per block which previously did not – and a reduction to \$20,000 in a 13th council appears likely;
- A further 10 councils have been allowed to continue levying above the threshold, however savings of up to \$18,000 have been found in those plans;
- Another 10 councils have been allowed to continue levying at their current above-threshold rates, in almost all cases on the condition that further reviews are undertaken; and
- One remaining council, Byron Shire, has submitted a draft plan, which is still under review.

Ms Keneally gave further details on the second round of the review, which highlighted inconsistencies and complexities across New South Wales councils.

“For this final stage of the review, I have decided to apply the \$20,000 threshold across four entire council areas: Hunters Hill, North Sydney, Manly and Coffs Harbour,” Ms Keneally said.

“In addition, the majority of a fifth council area, Tweed council with the exception of Seaside City, will be limited to the \$20,000 threshold.

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“Further, plans for Port Macquarie-Hastings will be limited to \$20,000 after Council withdrew its application to go above the threshold.

“And Great Lakes Council has advised it is reviewing its plan to come under the \$20,000 threshold. As the Planning Department is working with that Council, it is not subject to the outcomes I report on today.

“Ten other councils have been given an exemption to the threshold provided that, in nearly all cases, additional reviews are undertaken into how further savings can be made.

“Depending on the circumstances, I have directed councils to have these reviews completed between September and December 2009.”

Ms Keneally said that in most cases, the decision to reduce a council’s levies was based on the fact that those councils were charging for services or infrastructure not directly related to new development.

“There were several cases where councils were applying levies to new blocks of land, for services which benefited entire communities,” Ms Keneally said.

“Examples include levies being charged on new blocks of land to cover the costs associated with providing library books, internet kiosks, public art, and animal management facilities.”

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.

“We want a levy system which does not hinder housing construction, but does ensure funds are available to provide supporting services and infrastructure for new homes,” Ms Keneally said.

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

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(Fact sheet follows)



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FACT SHEET: OUTCOMES FROM LEVY REVIEW

Council	Outcome
Pittwater Council	<p>The contributions imposed under the Warriewood Contributions Plan are clearly connected to the council's financing strategy and reflect council's previous issues with management of debt. It is therefore not appropriate to make major changes to the plan without a sound understanding of the implications for council. An independent review of the Warriewood Contributions Plan will be undertaken to better understand the financial implications, particularly the valuation of future infrastructure obligations.</p> <p>Until the review is complete an exemption to the \$20,000 threshold is granted to the Warriewood Valley Section 94 Contributions Plan subject to:</p> <ul style="list-style-type: none">- Council no longer being able to levy for library book stock- Council reducing administration costs by \$1,000 per dwelling- Council obtaining an independent review of the Contributions Plan by September 2009.
Campbelltown City Council	<p>An exemption to the \$20,000 threshold is provided to the Glenfield Road Urban Release Area Contributions Plan as Council has recently reviewed the plan to reduce the quantum of the contributions. The exemption is conditional on:</p> <ul style="list-style-type: none">- Council no longer being able to levy for street tree planting- Council undertaking a review focusing on land values for drainage/corridor land by September 2009, which may see a further reduction in contributions to reflect reduced land costs.
Tweed Shire Council	<p>Tweed Shire Council has received a partial exemption for the 'paper' subdivision area of Seaside City, although the \$20,000 threshold has been imposed for the remainder of the area as council did not adequately justify why it needed to take contributions for infrastructure such as library books, street trees, cemeteries, a council administration building and the works depot. The exemption granted to the \$20,000 threshold for Plan No. 28 - Seaside City, recognised the unique circumstances of the development area and that the contributions plan was a direct outcome of a Land and Environment Court decision.</p> <p>Council must undertake a review of its Contributions Plan by the end of 2009, including the removal of additional community infrastructure such as library books and street trees, a reduction in plan administration charges and to provide a justification for continued levying to repay loans for cemeteries, a council administration building and the works depot.</p>

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Shoalhaven City Council	<p>An exemption to the \$20,000 threshold is granted to Shoalhaven City Council Contributions Plan 1993 subject to a review to be undertaken by end of 2009 to improve transparency of the plan.</p> <p>The contributions in Shoalhaven exceeded the \$20,000 threshold due to the need for rural residential development to have appropriate access roads.</p>
Coffs Harbour City Council	<p>The council did not adequately justify why it needed to take contributions for infrastructure such as library books, stormwater education and beach restoration works. These are more appropriately funded through recurrent expenditure.</p> <p>As a result, no exemption is granted to the \$20,000 threshold. Further reviews must take into consideration the accountability, reasonableness and affordability objectives of the forthcoming amendments to the Environmental Planning and Assessment Act in regard to development contributions.</p>
Port Macquarie-Hastings Council	<p>Council voluntarily withdrew the application for exemption and will be limited to a maximum of \$20,000.</p>
Leichhardt Municipal Council	<p>Given the nature of development in Leichhardt, a very limited number of developments attract a contribution above the \$20,000 threshold. However, the council has justified the need for the infrastructure funded by its contributions plans, and the nexus between that infrastructure and new development, although in the longer term a percentage levy has been encouraged as a more appropriate process.</p> <p>An exemption to the \$20,000 threshold is granted to existing plans subject to a review to be completed by the end of 2009 including the consideration of a section 94A approach (where a contribution is based on a percentage of the costs of construction).</p>
Palerang Council	<p>The contributions in Palerang exceeded the \$20,000 threshold due to the need for rural residential development to have appropriate access roads.</p> <p>An exemption to the \$20,000 threshold is granted on condition that a review is completed by the end of 2009.</p>



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Holroyd City Council	<p>Only the Neil Street re-development area has contributions over the \$20,000 threshold. The NSW Government has been closely involved in the planning for this area, which requires new infrastructure to resolve drainage and traffic issues. An exemption to the \$20,000 threshold is granted for the plans applying within the Neil Street Precinct, although the council needs to review the drainage and traffic management issues, as well as look to reviewing two old and out dated plans that continue to apply to Holroyd.</p>
Bathurst Regional Council	<p>The contributions in Bathurst exceeded the \$20,000 threshold due to the need for rural residential development to have appropriate access roads.</p> <p>As a result, an exemption to the \$20,000 threshold is granted to Robin Hill Road and Drainage Construction Contribution Plan 1989 to ensure the essential provision of access roads to the rural residential development.</p>
Manly Council	<p>No exemption granted to the \$20,000 threshold.</p> <p>Manly Council was found to be using development levies to recover the cost of a carparking station built in the 1970s in the Manly CBD.</p> <p>The council also did not adequately justify why it needed to levy development contributions for the full cost of all infrastructure works listed in its plan, including \$25 million in spending on coastal hazard management works such as seawalls and various Manly and neighbourhood shopping centre upgrades.</p> <p>Council must undertake a review of its Contributions Plan to be completed by the end of 2009.</p>
The Council of the Municipality of Hunters Hill	<p>The current high contributions rates for the Gladesville Town Centre result from significant public domain works the cost of which is apportioned to just 50 dwellings despite providing benefit to the broader population. This is not considered reasonable and the council has been asked to look at broader apportionment to existing populations or potential future development. As a consequence no exemption is granted to the \$20,000 threshold.</p>



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Wollondilly Shire Council	<p>An exemption to the \$20,000 threshold is granted to Wollondilly Shire Contributions Plan 2005 subject to:</p> <ul style="list-style-type: none">- Council not continuing to levy contributions for library book stock, library information technology equipment, the replacement mobile library vehicle, internet kiosks, civic administration and customer service buildings, the museum, the works depot, animal management facilities and bushfire facilities. These items are required by new and existing communities regardless of whether development occurs and are more appropriately funded through recurrent expenditure.- Council undertaking a review of the contributions plan by December 2009.
North Sydney Council	<p>Given the nature of development in North Sydney, only a limited number of developments will attract a contribution above the \$20,000 threshold. However, Council did not justify the need for the high contribution to fund its infrastructure and no exemption was granted. In the longer term a percentage levy has been encouraged as a more appropriate process for development contributions in an established area such as North Sydney.</p>
Yass Valley Council	<p>The contributions in Yass Valley exceeded the \$20,000 threshold due to the need for rural residential development to have appropriate access roads.</p> <p>An exemption to the \$20,000 threshold is granted on condition that greater transparency and consistency is applied to the plans by way of a review to be completed by the end of 2009.</p>
The Hills Shire Council	<p>The Hills Shire Council submitted a number of contributions plans to the review. Some of the plans are for development areas that are now almost complete, while others were for areas at the beginning of the development process.</p> <p>Of the five plans put before the Review Panel:</p> <ul style="list-style-type: none">• Exemptions are granted to Contributions Plan No. 2 West Pennant Hills Valley and Contributions Plan No.3 Crestwood as these areas were almost complete and only a handful of undeveloped lots remain. The exemption was on the condition that these plans are considered for incorporation into contributions plan rate for established areas.• An exemption is granted to Contributions Plan No. 8 Kellyville-Rouse Hill. This contributions plan has a significant financial deficit arising from the application and administration of the plan,

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	<p>which Council is working to make up from its own funds. A significant Planning Agreement applies to this land. Given these financial circumstances it was considered prudent to retain levies as they are.</p> <ul style="list-style-type: none">• Contributions Plan No. 10 Bannerman Road should be repealed as the very small number of rural residential lots subject to this Plan are unlikely to occur and the road upgrade has already been completed.• An interim exemption is granted for Contributions Plan No. 12 Balmoral Road. The contributions imposed under Contributions Plan No.12 are clearly connected to Council's financing strategy and it is not appropriate to make major changes to the plan without a sound understanding of the implications for Council. The interim exemption is therefore on the condition that a review is completed by December 2009, with a funding model presented to the Department by August 2009. This model must factor in an appropriate apportionment of costs to commercial development and the potential to incorporate some Sydney Water drainage land into open space.
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