

7.2 MAYORAL MINUTE 06/2021 - INFRASTRUCTURE CONTRIBUTION REFORM

MEETING DATE: 12 JULY 2021

1. PURPOSE OF REPORT

I am calling on Council to actively respond to legislation currently before the NSW Parliament by advocating for additional modelling, consultation and a mechanism to ensure no council is worse off under the proposed reforms to infrastructure contributions. A further Chief Executive Officer's Late Report on NSW Infrastructure Contributions Reforms (item 8.1) has been prepared for consideration at the meeting on this matter.

2. DISCUSSION

Development infrastructure contributions help deliver the infrastructure needed as communities grow and change. They are a means of financing the public infrastructure and increased service provision that is 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 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 and development comes from the associated improvements to community infrastructure and services. Any proposals that shift 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. Council will need to respond by scaling back community infrastructure and service levels or not deliver some at all.

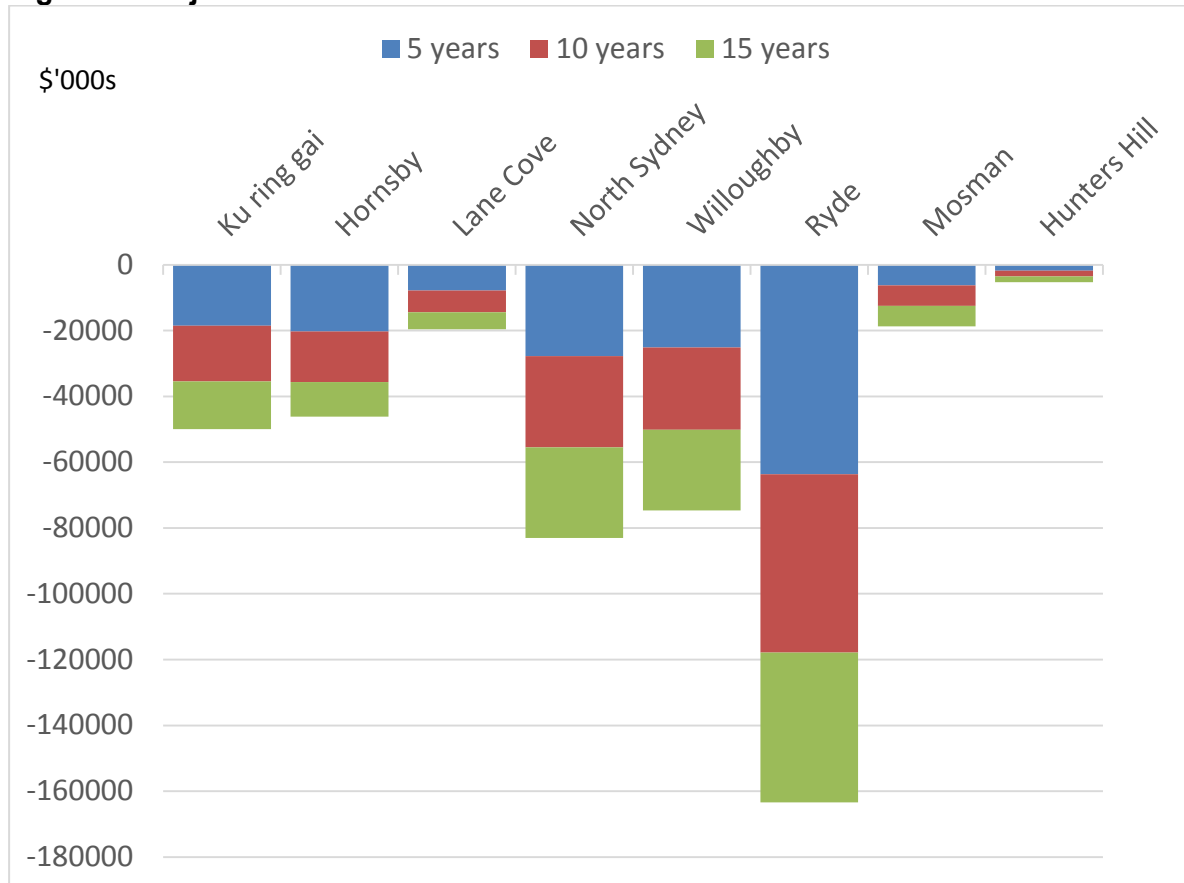
Reduced spend on the public realm will have significant economic impacts. Investors wish to secure their investments in areas of high quality public realm. Any reductions in infrastructure projects will reduce employment of planners, architects, designers, builders, surveyors and other trades. This will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

Implications

Although the details of the infrastructure contributions reforms are not available, modelling based on the information available indicates significantly reduced income for Northern Sydney Regional Organisation of Councils (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 undetailed 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.

Figure 1: Projected revenue losses for NSROC



Note: Scenario assumes community and indoor recreation facilities are excluded from the 7.11 essential works list, there is no s7.12 levy for alterations/additions and a consistent annual average development yield applies.

Even with potentially increased rates revenue due to the inclusion of a population growth factor, the impact of the reforms for Willoughby City Council are significant.

CONCLUSION

This issue is currently before NSW Parliament and has the potential to impact on the operations of Willoughby City Council for decades to come. It is critical that all councils proactively advocate for meaningful modelling, consultation and a mechanism to ensure that no council is worse off.

3. MOTION

That Council:

1. **Notes the significant impact on revenue of the NSW Government's proposed reforms to infrastructure contributions and that Willoughby City Council could lose \$100 million over 20 years.**
2. **Supports Local Government NSW and North Shore Region of Councils (NSROC) advocacy efforts including submissions to the Parliamentary Inquiry into the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021*.**

3. Writes to the:

- a. Premier, The Hon Gladys Berejiklian**
- b. Treasurer, The Hon Dominic Perrottet**
- c. Minister for Planning and Open Space, The Hon Robert Stokes**
- d. Minister for Local Government, The Hon Shelley Hancock**
- e. Opposition Leader Mr Chris Minns and**
- f. local Members of Parliament The Hon. Gladys Berejiklian MP (Member for Willoughby), The Hon. Honathoan O’Dea MP (Member for Davidson) and The Hon. Anthony Roberts MP (Member for Lane Cove)**

to advocate for additional modelling, consultation and a mechanism to ensure that contributions are paid in a timely way and that no council is worse off under the proposed reforms.

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