

## Infrastructure Contributions Reform

- Infrastructure contributions are made by developers to help deliver the infrastructure needed as communities grow. They are a means of financing public infrastructure that is required as a direct or indirect result of new development.
- This is based on a long-standing impactor/beneficiary pays principle of the existing planning system i.e. new development makes a contribution towards the cost of infrastructure that will meet the additional demand it generates and benefits from.
- This local infrastructure ranges from critical infrastructure components such as roads, footpaths, street lighting, stormwater and drainage facilities, to community facilities that improve amenity, such as parks, playgrounds, playing fields, skate parks, basketball courts, libraries, childcare centres and public pools.
- The NSW Planning and Public Spaces Minister Rob Stokes is proposing to amend a number of planning rules, including the rules governing developer contributions, through the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill*. The Bill, and regulations associated with it, could:
  - Reduce the type of community infrastructure that could be funded by developer contributions; and
  - Pour developer contributions into four regional funds, with no guarantees that the money would be funnelled back into projects in the local areas where the levies had been collected.
- Essentially the reforms remove the right of local communities to ensure the development in their area is matched by the community infrastructure they want and need. Without developer contributions, councils will be forced to either forgo the infrastructure or raise rates.
- They take funding from the areas of greatest need and put it into a pot that can be dispersed anywhere by the State Government with no accountability on where or on what it is spent.
- Communities will still expect councils to provide the same infrastructure and facilities but without the funding to do so. Councils' contributions revenue will decrease while rates will need to increase, cost-shifting the delivery of infrastructure to ratepayers.
- A survey of councils has found that a reduction in developer contributions would have a significant financial impact on any council's ability to deliver community infrastructure. For example, a 50% reduction in developer contributions over a 10-year period would cost:
  - About \$3 million for a small local government area
  - More than \$1 billion for a large local government area

### BACKGROUND

- The NSW Government introduced the [Infrastructure Contributions Bill](#) into Parliament on 22 June, which was then referred to the Upper House Planning & Environment Committee for inquiry and report.
- The Committee called for [submissions](#) and held a [hearing](#) on 16 July 2021 where local government representatives, including LGNSW, appeared as witnesses.
- LGNSW made a [submission](#) to the inquiry, opposing the passage of the Bill in this form and calling for it to be withdrawn.
- The Committee tabled its [report](#) on 10 August 2021 and recommended that the Bill not proceed until the draft regulations have been developed and released for consultation and the reviews into the rate pegging system, benchmarking and the essential works list have been published by the Independent Pricing and Regulatory Tribunal.