26 November 2007

Mr Sam Haddad  
Director-General  
Department of Planning  
GPO Box 39  
SYDNEY NSW 2001

RE: PLANNING CIRCULAR PS 07-018

Dear Mr Haddad,

We write in reference to the Department’s recent circular on Infrastructure Contributions. We would like to raise a number of issues in respect of the outcomes likely to be generated by the above Circular and subsequent legislative amendments.

Members of the Local Government Planners Network and PIA are always available to discuss any of the above matters with the Department.

The LGPN which is a Special Interest Group of the PIA and which represents local government planners across NSW has a number of issues with the Circular and the policy shift it represents. While we support the intent to make housing more affordable, to simply reduce the level of contributions to local government from development will not in our view, solve the problem.

In response to the Circular we make the following recommendations and observations:

1. that more detailed research be undertaken into the impact the proposed changes will have on the provision of infrastructure at the local level with serious consideration given to lifting rate pegging restrictions

2. s94 plans should not be restricted to the provision of local facilities

3. s94 plans should not primarily have to be used for land acquisition

4. NSW Treasury is not the appropriate vehicle to collect and distribute s94 funds at the local level.
Rather than the proposed changes to s94, the Government should either greatly subsidise the development of land (and spread the cost over more than one generation) or buy up significant tracts of land and enter into public private partnerships to develop the land at realistic prices for first home buyers. We would also encourage the Government to bring about more inland regional development to take some of the pressure off Sydney’s growth.

There is a shared concern between city, coastal and regional planners that the Circular represents a reaction to the problems with provision of infrastructure in the growth centres without any appreciation of the impact the proposed changes will have on infrastructure provision for the existing community.

We would like to respond to specific aspects of the Circular:

- **Combination of State and Local Infrastructure Issues**

  The housing affordability crisis has emerged in recent times in conjunction with the issue of State infrastructure contributions. S94 has provided a valuable source of funding for local infrastructure for almost 30 years. The two issues need to be dealt with separately.

- **Incorrect assumption that Section 94 is used to support existing communities**

  S94 plans and the relevant guidelines make it very clear that where a facility is to service existing and new communities, the principle of apportionment is to be applied. Council’s finances are audited on a regular basis to ensure that correct procedure is followed. The current system works well and should continue.

- **Restriction of S94 contributions to the provision of local facilities only**

  S94 is used in many areas, especially regional areas to fund regional facilities. This is inevitable in areas where Councils have been amalgamated and there are multiple towns and villages utilising a regional library, swimming pool or sports complex. Many amalgamations occurred to support the principle of reduced overheads and shared facilities. If these communities cannot apply S94 to provision of regional facilities they will have a substantially reduced ability to provide infrastructure. It must be noted that the amendments to S94 which occurred in 2004 allowed S94 to be applied across council boundaries.

- **Contributions to be held in trust by the NSW Treasury for Greenfield development outside the growth centres.**

  Councils have a far greater interest in collecting and utilising those contributions as they develop annual works programs. The government will not have the same focus on the needs of the local community and there is potential for conflict between government and councils on this issue. The issues of interest earned, management fees, pooling of
funds, cross boundary contributions, auditing of funds, are all substantive matters of concern.

- **Application of s94 to primarily fund land acquisition**

The revised contributions framework is proposed to "apply to section 94 and section 94A contributions in both existing urban areas and greenfield areas" and will be able to be applied primarily to the acquisition of land. Subject to provision of details, this appears to mean that councils will be unable to apply S94 or S94A to fund or partially fund swimming pools, libraries, sports facilities, public gardens, childcare centres, facilities such as the Bayrun on Iron Cove, facilities at public beaches and a myriad of other facilities which are not land and which serve more than the local community. We consider this to be highly detrimental to community development.

**Conclusion**

There is a need for a broad level of consultation with local government for the government to clearly understand the implications of the proposed changes before they are introduced. We reiterate our willingness to meet with the Department and hopefully to assist in the development of a workable policy.

Yours Sincerely

[Signatures]

Anthony Newland
President, PIA NSW Division

Tony McNamara
Chair LGPN NSW