



DIRECTOR SUSTAINABLE DEVELOPMENT SERVICES REPORT

3rd February 2009

DSDS2	REVIEW OF INFRASTRUCTURE CONTRIBUTIONS
FILE: 579	RBP (NRN) {Folio No. *}

SUMMARY:

Reporting on recent changes to the system for charging developer contributions and associated implications for Council

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DESCRIPTION:

On 17th December 2008, the NSW Government announced changes to the system for charging developer contributions. The following is a summary of the changes and associated implications for Council.

Changes to State Infrastructure Contributions

In addition to contributions levied by Council, the NSW Government also has the ability to levy for infrastructure provided by the State (rail, road, transport, schools, health etc) usually through the rezoning process or in relation to a Part 3A approval under a developer agreement.

- It is proposed to increase the State's contributions towards the specified infrastructure servicing a development for a 2 year period from 25% to 50%.
- In respect to subdivisions, rather than pay the levy at approval stage, payment is deferred to when the title of the land is transferred. It should be noted that Council has had a system in place which allows deferral of contributions on subdivisions since the early 1990s.
- Where contributions are made as works in kind, developers will be able to claim a credit for the value of the works in excess of the required levy which may be transferred to other developments or traded to other developers. Details of how the scheme will operate are yet to be announced.

At this stage the changes will not impact on Council as there are currently no State developer agreements in place or proposed.

Changes to Local Government Infrastructure Contributions

The announcement effectively brings forward the likely affect of previously introduced reforms that were not scheduled to come into effect until March

2010 which Council has previously been advised will have a minimal impact on Council.

- A \$20,000 cap will be placed on Section 94 contributions per residential dwelling. The maximum contribution per dwelling applying in Kempsey Shire is approximately \$11,000.
- Where a contributions plan provides for a contribution >\$20,000, Ministerial approval would be required.
- The Department is working on a new contributions manual and will provide further advice in the first quarter of 2009.

Water Infrastructure Levies

- It is proposed to reduce developer charges with the cost of infrastructure to be recouped through increased user charges. This only applies to local government areas serviced by Sydney Water and Hunter Water.

RECOMMENDATION IMPLICATIONS:

- ***Environmental***

Nil

- ***Social***

Nil

- ***Economic (Financial)***

Nil

- ***Policy or Statutory***

Nil

RECOMMENDATION:

That the information be noted.

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R B Pitt
DIRECTOR SUSTAINABLE DEVELOPMENT SERVICES