



NEW SOUTH WALES

## The Hon Frank Sartor MP

*Minister for Planning*

*Minister for Redfern Waterloo*

*Minister for the Arts*

19 February 2008

Clr Warren Welham  
Mayor  
Wyong Shire Council  
PO Box 20  
Wyong NSW 2259

### **Subject: Local development levies and housing affordability**

Dear Councillor Welham

I refer to the lemma Government's decision in October last year to reduce both State and local development levies in order to improve housing affordability and facilitate investment in new homes.

In reality Section 94 (S94) levies are quite unusual. In essence, they are taxes with no upper limit. Over the past 20 years they have grown, in many instances, from about \$1000 per new dwelling to in excess of \$50,000 per dwelling. That's why we are containing levies for both State and local infrastructure.

A series of meetings have been held between various Government Ministers and officials and the Local Government and Shires Association (LGSA) to discuss the changes. The Coordinator-General of the Department of Premier and Cabinet is still waiting for additional information to assist these discussions, as requested in his letter to the LGSA dated 21 December 2007.

It is disappointing that a number of local government spokespersons, rather than embracing the real challenge of achieving housing affordability, have made repeated incorrect statements about the Government's position.

The Government's Infrastructure Levy Implementation Committee is continuing its discussions with the LGSA. Meanwhile, I write to correct the record on a number of matters.

#### **Claim 1: "The Government will take and hold all S94 levies throughout the State".**

Most Councils will not be affected by this change.

The Government decision has only been made in respect of the Section 94 levies within Sydney's North West and South West Growth Centres, affecting only six Councils in the State. Here the Government is committed to providing \$7.9 billion in infrastructure, of which \$3.5 billion will be funded from NSW taxes. The Growth Centres Commission is coordinating the provision of all infrastructure consistent with the release of development areas. Given the Government's financial commitment it is not unreasonable for the Treasury to hold funds in a Trust account.

In fact, the Government is proposing that the legislative amendments needed to provide for the holding of S94 levies will be contained in the Growth Centres Act and not the Environmental Planning and Assessment Act.

**Claim 2: "State Treasury will keep the interest earned on S94 funds held in Trust."**

As advised in the Coordinator-General's letter to the LGSA dated 21 December, interest on funds held will be credited to the S94 Trust account to be applied back to S94 works.

**Claim 3: "The funds held by State Treasury will be spent on State and local infrastructure outside the LGA."**

The State Government will not spend any S94 funds. These funds will continue to be collected and spent by councils on local infrastructure, including parks, roads and community facilities, within the municipality in which they were collected in accordance with Council's S94 plan.

**Claim 4: "The Government is stopping Councils providing the full range of essential community infrastructure."**

The planning circular of 6 November 2007 clearly states that the "land and facilities for local community infrastructure that services a development site or precinct" can be levied. This is in addition to roads, local parks, local bus infrastructure, drainage and water facilities, and land for recreational and community purposes.

For example, directions issued to the six councils covering the Sydney Growth Centres allow for an extensive range of community facilities.

It is noted that in growth areas new housing provides additional rate income, and that this should be factored into the provision of community facilities. Council can also request special rate variations from the Minister for Local Government where they have a justifiable case to boost revenue.

**Claim 5: "Community infrastructure can only be provided within a new development precinct and cannot be located elsewhere."**

This has never been required by the Government and would not be feasible in brownfield areas. The Government's only concern has been that new development should not be used to pay for community infrastructure for existing populations. This should be funded from rates and other sources.

Some Councils have some legitimate concerns about the new system. However, the delay in obtaining information from the LGSA has inhibited our ability to consider and address these matters. You are welcome to provide us, as soon as possible, with specific details of any potential unintended consequences so that they may be addressed in the new framework.

Housing affordability is an important issue that must be addressed at all levels of Government. The Government is currently preparing legislation to provide the framework for the new policy having regard to the concerns of local government. This will be considered by the Government shortly.

Yours sincerely,



Frank Sartor