

A Better Growth Infrastructure Deal: Standard charging

Objectives

Certain
Simple
Comprehensive
Delivery focus

- Consistent, certain and reasonable infrastructure contributions obligations for developers
- New communities will be provided with an acceptable standard of baseline infrastructure

Principles

- The funding of growth infrastructure should be spread between the initial users, future users and the wider community.
- The charges should reflect regional differences in costs
- Shift the focus and resources from charge determination to implementing priority infrastructure

Basic scheme

Simple and regionally price reflective: 9 standard maximum charges across NSW

AVERAGE COST - EXAMPLE ONLY					
	Local infrastructure		State infrastructure	Total	
	Land	Works	Land & Works		
	set by VG per lot/dwg	set by IPART per lot/dwg	set by Minister per lot/dwg	per lot/dwg	a
Sydney metro:					
Greenfield Sydney NW	\$38,000	\$28,000	\$15,000	\$81,000	
Greenfield Sydney W	\$30,000			\$73,000	
Greenfield Sydney SW	\$26,000			\$69,000	
Greenfield Sydney Macarthur	\$20,000			\$63,000	
Planned Precincts Sydney	\$20,000 (or 5% of dev cost)		\$15,000 (or 3% of dev cost)	\$35,000	
Other Sydney	\$15,000 (or 3% of dev cost)		\$10,000 (or 2% of dev cost)	\$25,000	
Outside Sydney:					
Lower Hunter URAs	\$10,000	\$25,000	\$8,000	\$43,000	
Illawarra URAs					
Regional NSW URAs	\$3,500	\$20,000	\$3,000	\$26,500	
Other NSW	\$1,000	\$12,000	no charge	\$13,000	
a Applies to lots and to standard dwellings (3 or more bedrooms)					

Local land & works contribution + State land & works contribution
= Total Infrastructure Contribution

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Charge setting

IPART integral to setting of charges using knowledge gained in previous plan review:

- Greenfield local land contribution set at average area of land required in IPART reviewed CPs X the global \$ rate X 'efficiency factor' (say 80%)
- Greenfield local works contribution based on average per lot costs for works in IPART reviewed plans

Land contribution rate indexed in accordance with an area-specific land index published by the VG

Greenfield State land & works contribution is a set \$ charge that can go towards any lead-in State services incl. roads, public transport, hospitals and schools

Local works contribution rate and State infrastructure contribution rate indexed in accordance with ABS's Producer Price Index for Non Residential Construction

Proportional standard charges for smaller dwellings, e.g. 1 and 2 bedroom, e.g.

- 1 bedroom dwelling = 0.5 x dwelling standard charge
- 2 bedroom dwelling = 0.75 x dwelling standard charge

Single charge in established areas of Sydney that can be applied to either land or works or both (but must be applied towards infrastructure that increases carrying capacity)

A more workable and simple approach for all established areas would be to apply a standard fixed rate levy for local and State infrastructure

The levy needs to be higher than the current general maximum 1% to provide a reasonable amount to help fund infrastructure for urban renewal areas

Complementary arrangements

Councils and DPIE each prepare a Growth Infrastructure Delivery Plans (GRID plan) which is a prioritised list of costed works that support development in a growth area – only these projects will be funded from the developer contributions

Single GRID plan for non-greenfield Planned Precincts in the Sydney established areas

Contributions cannot be spent on riparian or environmental areas, unless such areas are also used for growth infrastructure purposes such as drainage or passive open space

Contributions from development in established areas must be applied towards infrastructure that increases the carrying capacity of a public amenity or service

Reform of Just Terms legislation – a ceiling nominal value (maybe \$0?) ascribed to riparian and other non-developable land in greenfield areas

Promote planning schemes in Sydney established areas that encourage site assembly, that in turn allows developments that are large enough to incorporate worthwhile public facilities on-site, e.g.:

- Regular-shaped ground level open space of 3,000 to 5,000 square metres
- Library shell

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State government directions / guidance notes on:

- what can and can't be included in GRID plans
- rules for consideration and valuation of works in kind proposals

State government grants program funded by broad based property tax / special rate / planning gain windfall tax that is directed towards:

- Acquiring riparian and environmental land (regional open space)
- Providing social infrastructure that increases carrying capacity in both greenfield and established areas

Full disclosure of contributions receipts and expenditure

Options for consideration

Need to develop similar standard charging regime for essential infrastructure in greenfield employment areas gets funded and delivered

Single collection agency receives all State and local contributions and disburses these funds quarterly