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Mr Ken Gouldthorp
General Manager
North Sydney Council
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NORTH SYDNEY NSW 2050

Email – yoursay@northsydney.nsw.gov.au

Dear Mr Gouldthorp

Draft North Sydney Local Infrastructure Contributions Plan

The Property Council of Australia welcomes the opportunity to provide the Department with comments on the draft North Sydney Local Infrastructure Contributions Plan (the draft plan).

As Australia's peak representative of the property and construction industry, the Property Council's members include investors, owners, managers and developers of property across all asset classes. The following comments are provided for your consideration.

General Comments

Council has prepared a new plan for the collection of contributions for local infrastructure in accordance with Part 7 of the Environmental Planning and Assessment Act and Part 4 of the Environmental Planning and Assessment Regulation 2000. The draft plan is intended to replace the current plan, Section 94 Contributions Plan 94 Contributions Plan (June 2013).

Council will be aware that the NSW Productivity Commissioner is currently undertaking a Review of Infrastructure Contributions at the request of the Minister for Planning and Public Spaces. That review is expected to report back to the Minister on 24 November 2020.

Recommendation: Council should consider the recommendations of that review as part of its consideration of submissions on the draft plan and delay further decision until due consideration is given.

Method of Calculating Contribution Rates

The draft plan proposes a complex methodology for calculating contribution rates that is illustrated in a flow chart in Figure 2 (page 8 of the draft plan). In order to determine the basis for calculating a contribution rate for some types of development, a proponent or landowner must calculate the contribution using the flat percentage rate under Section 7.12 and the rate per square metres of floor area under Section 7.11 and use the method that generates the greater amount.

We do not support this complicated approach that has been developed to collect the most revenue for Council, rather than consider the outcomes being sought.

Recommendation: Council should amend the draft plan to apply either a Section 7.11 or a Section 7.12 method rather than select the method that provides the greatest revenue to Council.

Residential Development

The draft plan collects contributions for residential development based on the anticipated increase in residents. Contributions collected under the draft plan for residential development fund the following public works, including open space and recreation facilities, public domain, active transport, community facilities, plan administration/management.

Under the provisions of the draft plan residential accommodation is categorised as type (a) development. Type (a) development is subject to a condition requiring a section 7.11 contribution.

Apartment and other high-density development are to be levied at \$9,775 per resident.

The proposed contribution rates for these types of development are as follows:

3+ bedroom dwellings	\$20,000
2-bedroom dwellings	\$19,550
1-bedroom dwellings	\$13,685

These rates are broadly aligned with other contribution rates for residential development in other established areas within Greater Sydney.

Non-Residential Development

The draft plan proposes a contribution rate of \$3,893 per worker. Contributions collected under the draft plan for non-residential development fund public works, including open space and recreation, public domain, active transport, community facilities and plan administration/management.

The Property Council understands the intent of the draft plan is to increase non-residential contribution rates so that they are comparable with other key centres in metropolitan Sydney. It is understood that while the rates are increasing, the per worker contribution rates remain competitive in the non-residential market when compared to other similar centres in metropolitan Sydney and are considered to be fairer and a more balanced approach.

The draft plan proposes to increase the non-residential contribution rate in North Sydney from \$2,827 per worker to \$3,893 per worker, which equates to an increase of about 37%. Whereas the current plan assumes an occupancy rate of 1 worker per 20m² of GFA, the draft plan assumes 21m² of GFA per worker.

Taking into account the increased non-residential contribution rate and the revised workspace ratio, the proposed contribution rate under the draft plan represents an increase of approximately 31%. This is a very significant increase in local contributions to be sought by Council.

The table below indicates the changes in calculation of contribution rates which previously were based on the location of the development (North Sydney, St Leonards and other areas) and are proposed to be based on the type of development (business premises and office prepares).

	Section 94 Contribution Plan 2013 Current Contribution Rate per 100 sqm	Local Infrastructure Contributions Plan 2020 Proposed Contribution Rate per 100sqm
Office Development	<p>North Sydney 1 worker per 20 sqm \$2,883.83 per worker \$14,419</p> <p>St Leonards 1 worker per 20 sqm \$3,110.80 per worker \$15,554.00</p> <p>Other Areas 1 worker per 20 sqm \$1,014.02 per workers \$5,070.10</p>	<p>Office premises, being building with 4 or more storeys 1 worker per 21m sqm \$17,695</p> <p>Office premises, being building up to and including 3 storeys. 1 worker per 33m sqm \$11,796</p> <p>Business premises 1 worker per 35 sqm \$11,122</p>
Retail Development	As above.	<p>Food premises (cafes and restaurants) 1 worker per 21 sqm \$18,538</p> <p>Shops (incl supermarkets) 1 worker per 46 sqm \$8,463</p> <p>Neighbourhood shops 1 worker per 57 sqm \$6,829</p> <p>Bulky goods premises 1 worker per 126 sqm \$3,089</p>

Savings and transitional arrangements

Clause 4.2 of the draft plan states: *"This plan applies to a DA or application for a CDC that was submitted but not yet determined on the date on which this plan took effect"*.

The draft plan does not specify when it is intended to commence although it is assumed that the commencement date will be shortly after the plan is adopted by Council after any notification requirements have been satisfied.

A significant number of development applications involving non-residential development have been made to Council and are currently under assessment or are soon to be lodged. These proposals will be subject to the provisions of the draft plan.

In order to provide additional certainty regarding obligations to make contributions, proponents who have developed proposals and lodged them with Council should be subject to the contributions plan in place at the time they submitted their proposals to Council.

Recommendation: Council should consider amending the transitional arrangements to exclude any DA lodged prior to the commencement of the plan.

Given the significant increase in the contribution rate that is proposed for non-residential development, it is reasonable for this to be introduced in over a phased timeframe.

Recommendation: We suggest that Council give consideration to a phased introduction of the new rates for commercial development over a 2-3 year period.

Timing of Payments

Clause 3.3 of the draft plan states: "Council will not accept the deferred or periodic payment of a monetary contribution or levy imposed under this plan".

Currently the timing of payment of local infrastructure contributions are prescribed by the *Environmental Planning and Assessment (Local Infrastructure Contributions – Timing of Payments) Direction 2020*. This direction allows, in certain circumstances, for payments of contributions at any time up until the issue of an Occupation Certificate in respect of any building to which the development consent relates.

Recommendation: Council should consider providing greater flexibility regarding the payment of contributions by continuing to allow proponents to satisfy their obligations up until the issue of an Occupation Certificate.

COVID-19

Given the significant impact of the COVID-19 induced economic downturn, Council should give consideration to short term relief that is reflective of these difficult economic conditions. In order to encourage investment and the creation of jobs through construction and other business activity, Council should provide a temporary reduction in contribution rates until the prescribed COVID-19 period expires.

Recommendation: Council should implement a reduced contribution rate for a temporary period until economic conditions have returned back to normal.

Should you have any questions regarding the content of this submission please contact Troy Loveday, NSW Policy Manager, on 0414 265152 or tloveday@propertycouncil.com.au

Yours sincerely



Adina Cirson
Executive Director
Property Council of Australia