

ORDINARY COUNCIL

MAYORAL MINUTE

Wednesday 15 September 2021

Ordinary Council Meeting

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9 July 2021

The Director, Portfolio Committee No.7
Planning and Environment
Parliament House, Macquarie Street
SYDNEY NSW 2001

Re: Submission to Inquiry into the Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021

Thank you for the opportunity to provide a submission to the Inquiry on the Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021.

Port Macquarie Hastings Council are concerned about the compressed time frame of reform to Infrastructure Contributions. Infrastructure Contributions are a critical function in Local Government and within the development, and broader general community. Port Macquarie Hastings Council, in compiling this submission would generally engage with its community to comprehensively understand the financial implications and cost shifting outcomes to all the parties impacted upon by the legislation.

Compromising on engagement places greater emphasis on understanding the financial and cost shifting consequences. Without sufficient time to complete that modelling, and in the absence of meaningful support or analysis provided by the State for the financial implications, Port Macquarie Hastings Council support withdrawal of the Bill until the modelling and community engagement is understood.

Port Macquarie Hastings Council is a Local Government on the Mid North Coast of NSW. It is a growth area both in its history and in its forecasting.

At the 2016 census:

1. Port Macquarie-Hastings had a population of 78,539 which places it in the top 25% of Local Government Areas in NSW.
2. Port Macquarie Hastings has an area of 3,686 km² which places it in the top 45% of Local Government Areas in NSW.

This data is an indication of the density and growth challenges Port Macquarie Hastings Council manage. Infrastructure Contributions governance has a critical impact upon the sustainable and equitable cost and delivery of infrastructure and services. However, Councils must consider and plan resources for whole of life cycle cost, maintenance, infrastructure renewals and funding of delivered infrastructure and services.

1. Incentives for Council's to fund infrastructure upfront, allowing council's to borrow and pool their funds.

The key issue is the confidence and risk profile of Council's long term financial sustainability.

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Across Australia in the past 25 years there has been a fourfold increase in spending by local government in nominal terms (a 6.7% per annum compound growth rate) with total outlays increasing from \$8.2 billion in 1994-95 to \$38.8 billion presently.

The capacity of Council to raise revenue is important to our financial sustainability and our ability to promote well-being in our community.

Many local governments have insufficient revenue raising capacity to maintain or upgrade their significant infrastructure holdings or provide the level of services that their communities desire.

In a constrained revenue environment, with cost shifting and proportion of expenses increasing, in a high growth Council with the infrastructure challenges of a large and diverse geographic area, alternative and sustainable income sources are essential considerations.

It is recognised that the rate peg reform is designed to address some of the concerns, particularly for high growth Council's. The uncertainty of the long term forecasting, and of revenue and costs modelling, is a constraint that limits opportunity to the prudent borrowing of funds to deliver infrastructure and services projects.

The local government rates per capita in NSW are 30% below the average for all other states. Addressing the revenue imbalance, in a sustainable manner, that delivers greater certainty for future forecasting is critical to delivering the opportunity for borrowing to forward fund infrastructure.

The potential permanent deferment of payments to Occupation Certificate increases risk to Council and financial cash flow implications. This is an addition to the uncertain financial environment of Local Government. The additional uncertainty and risk being subrogated to Council's is disproportionate to the scale of the benefit to other parties.

The pooling of funds is at its essence a form of borrowing. One local community need dedicates its funds to another. Those funds need to be repaid, with interest for equitable distribution of payments collected and forecast. The receipts forecasting is critical in terms of the feasibility, practicality and community support of that borrowing. The legacy issues potentially being created are critical considerations in applying this opportunity to the prioritisation of infrastructure and services delivery through this mechanism.

2. Requiring owners who benefit from their land being rezoned from development to contribute towards the provision of land for local infrastructure when their land is either sold or developed

Port Macquarie-Hastings Council support the principle of equitable distribution of holistic infrastructure and service costs. One outcome of that principle is that land holders who benefit from rezoning should contribute to the full cost of infrastructure and services proportionately to that benefit.

The cost of strategic planning should be recoverable from land owners who benefit from that cost. This could be recoverable when the land is sold or developed.



Development that is out of sequence with strategic land use strategies will require landholders that benefit from the development to fund the full up front cost of infrastructure and services. For the benefit of all parties, the most comprehensive and most inclusive range of mechanism available to execute this has utility. This avenue of infrastructure contributions (payment from landholders who benefit from their land being rezoned) is an appropriate mechanism to add to the suite for Infrastructure Contributions in this category.

Port Macquarie Hastings Council introduced a s7.12 plan in 2007. The plan applies to non-residential development across the whole of the LGA with a proposed cost of works over \$100,000. It is in all parties interest to maintain the s7.12 mechanism, relax the maximum amount of levy and reduce the administrative burden in Council's being able to equitably receive money to be paid that represents the true costs of infrastructure and service delivery, proportionate to a landholders benefit.

3. Greater transparency and accessibility for Planning Agreements

Port Macquarie Hastings Council support the desire to improve the transparency of Planning Agreements.

We would note however that the consultation with Council's in the execution of change to systems and processes be well planned, requires sufficient engagement of State Agencies and ensures that adequate time is given to deliver on the increased reporting requirements to ensure the intent of this objective is met for the benefit of all parties.

4. A Regional Infrastructure Contributions System

Port Macquarie Hastings Council are not identified in the amendments for the Regional Infrastructure Contributions system.

Port Macquarie Hastings Council, as a growth Local Government Area would note the challenges with universal Infrastructure Contributions systems for the broad range of scale and growth Council's across NSW.

Port Macquarie Hastings Council would encourage consideration of the most equitable Infrastructure Contributions systems for high growth Councils.

Local Strategic Planning Statement Amendment

The Local Strategic Planning Statement is a 20-year vision for land use in the local area, the special character and values that are to be preserved and how change will be managed into the future.

Given the status the Local Strategic Planning Statement has in the Port Macquarie Hastings Strategy Hierarchy, the manner in which the document informs subordinate and related strategies and plans, the long term horizon approach to high level principles and delivery strategies, Port Macquarie Hastings Council consider a review every 7 years (or 35% of the way through its lifecycle) to be an appropriate review time frame.



The potential unintended consequence of more frequent statutory review, is that the activity is executed as a housekeeping exercise by some Councils, who have strategic planning resource constraints and may not deliver on the intent of meaningful strategic review and alignment.

Should you have any questions regarding the above submission, I would invite you or your representative to contact the author, Duncan Coulton, Group Manager Strategy via email at Duncan.Coulton@pmhc.nsw.gov.au or by phone on 02 65818111.

Yours sincerely

A handwritten signature in black ink, appearing to read "Duncan Coulton".

Duncan Coulton
Group Manager Strategy