



PORT STEPHENS
COUNCIL

Mr Peter Achterstraat
Office of the Productivity Commissioner
By email: ICReview@productivity.nsw.gov.au

Dear Mr Achterstraat,

Re: Submission on Review of Infrastructure Contributions in New South Wales Issues Paper

Thank you for the opportunity to provide input on the Review of Infrastructure Contributions in New South Wales Issues Paper (Issues Paper), released by the NSW Productivity Commission on 8 July 2020.

Council broadly supports the objectives of the review of the infrastructure contributions system, being:

- Funding the infrastructure needed to support growing communities;
- An infrastructure contribution system that is simple to understand, transparent and principles-based; and,
- Objectives of certainty and efficiency.

In relation to the Issues Paper, Council would like to submit the specific points below for consideration.

Revenue sources outside of contributions

The Issues Paper acknowledges the challenges presented to local governments, in particular rate-pegging and the impact on councils sourcing sufficient funding for local infrastructure. This is considered to be a significant barrier to meeting the growing demands of both the existing and future population.

We would also highlight that the process for addressing an infrastructure funding shortfall by applying for a Special Rate Variation (SRV) is a time and resource intensive process for councils, with little certainty of the outcome until the very end of the process. Council spent nine months and considerable resources preparing an unsuccessful application for a SRV which would have funded infrastructure gaps in our community. The Productivity Commission should consider how the SRV process can be made more efficient for councils and whether or not the current process and the investment required is a disincentive for councils seeking to source revenue through a SRV.

Special Infrastructure Contributions

The Issues Paper considers Special Infrastructure Contributions (SIC) and Port Stephens Council has previously made a submission on a proposed draft Hunter region SIC which may be relevant (**Attachment 1**).

There has been limited expenditure or planned projects funded by SIC located in the Port Stephens Local Government area despite urban release areas contributing funds towards State infrastructure. It is also not clear the quantum of SIC that has been collected in Port Stephens over the years and where the money has been allocated.

It is noted that a draft Hunter SIC, which is listed as an action in the Hunter Regional Strategy, was exhibited in February 2019 and no further draft has been exhibited or finalised. Despite this, SIC remains payable in the Hunter and in Port Stephens and no information has been released to councils about the allocation of those funds.

SIC can play a significant role in funding necessary infrastructure, however any framework for collection and allocation in the region should be equitable and transparent. In particular, Port Stephens Council strongly supports the introduction of a nexus test for SIC allocation that would take into account the location of the development generating the SIC, so that money collected in Port Stephens is spent in Port Stephens.

Planning Agreements

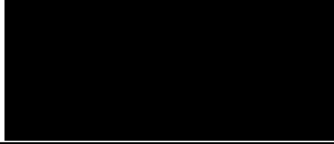
Port Stephens recognises the significant value planning agreements can add to the contributions system, and therefore supports any reforms that would make planning agreements and the process more accessible for applicants, councils and the community.

Port Stephens Council is aware of some of the barriers that can arise when applicants and councils consider planning agreements as an alternative to contributions levies. Applicants can be uncertain about the process or potential additional costs and there can be a perception of 'buying consent' in the community. Therefore Port Stephens supports additional guidelines, templates and resources for applicants, councils and the community to reduce costs and provide more transparency around the decision making associated with planning agreements.

Some of the benefits of planning agreements that must remain for planning agreements to be an effective infrastructure funding mechanism include the broad concept of public benefit, which enables agreements to be flexible and responsive to specific communities.

Should you wish to discuss this or any of the other issues identified above, please contact [REDACTED]

Yours sincerely,

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14 August 2020

