

Infrastructure Contributions Review

Frequently asked questions

What are infrastructure contributions?

Infrastructure contributions are made by developers to help deliver the infrastructure needed as communities grow. State and local governments are authorised to charge contributions by Part 7 of the *Environmental Planning and Assessment Act 1979* (the EP&A Act).

What is the Infrastructure Contributions Review?

In April 2020, the Minister for Planning and Public Spaces requested the NSW Productivity Commissioner undertake a review of the infrastructure contributions system and provide recommendations for reform by the end of the year.

The Terms of Reference of the Review requires the Productivity Commissioner to:

- determine whether the system meets the objectives of certainty and efficiency while delivering public infrastructure required to support development
- make recommendations for reform aimed at delivering a principles-based system
- identify legislative and regulatory changes necessary to implement the proposed reforms.

The scope of the Review extended beyond Part 7 mechanisms under the EP&A Act to the impact of other charges and levies relating to the development process.

What is the approach to the Review?

The Review was executed in three phases:

- **Issues Paper** – released in July 2020; identifying problems and issues with the existing system and inviting public submissions
- **Stakeholder engagement** – consultation with local government, State agencies, industry, community groups and other stakeholders through roundtables and targeted discussions
- **Final Report** – considers feedback from the public consultation process to determine the proposed reforms, with testing and validation through research and economic modelling.

Who was involved in the consultation process?

To inform its recommendations, the Review has consulted extensively with a broad range of stakeholders, including local government, State government, industry and community groups.

A total of 87 written submissions was received in response to the Issues Paper. Key stakeholder groups were invited to participate in targeted roundtable discussions held in August 2020.

Outcomes from the stakeholder consultation process informed the Review's recommendations.

What is the outcome of the Review?

The Productivity Commissioner has completed his review of the infrastructure contributions system in New South Wales, with his findings and recommendations for reform outlined in the Final Report. This was provided to the Minister for Planning on 24 November 2020.

The Review has made 29 recommendations to deliver an efficient system, that is easy to understand, is transparent and consistent in its application, and provides greater certainty to market participants.

Priority reforms include:

- amending the local government rate peg to reflect population growth
- cost reflective section 7.11 contributions based on efficient costs
- requiring infrastructure contributions plans to be developed upfront prior to rezoning
- retaining the simplicity of section 7.12 levies but with a higher maximum rate
- introducing rigor in the application of section 7.4 planning agreements (State and local)
- broad-based regional contributions in high growth areas, including Greater Sydney
- biodiversity contributions and transport contributions in service areas of new major projects
- simplifying contributions planning by transitioning to digital tools, adopting benchmark costs and use of standardised templates.

What happens to the recommendations of the Review now?

The Final Report was publicly released on 3 December 2020. The public submissions received (where consent was provided by the author) and other supporting materials are available on the [NSW Productivity Commission's website](#).

The Government will now review the Report's recommendations and consider the views of stakeholders in developing a roadmap to implement the reforms by early 2021.

For more information visit www.planning.nsw.gov.au/infrastructure-contributions-reform