NSW Urban Taskforce

Keeping Charges Low

A response to the NSW Government's infrastructure charges framework announced on 12 October 2007

Submission to NSW Government

Prepared by **NSW Urban Taskforce** 12 December 2007

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The **NSW Urban Taskforce** is an industry organisation representing the development sector. Founded in 1999, the NSW Urban Taskforce represents companies involved in planning and development of the urban environment. Current members of the NSW Urban Taskforce include some of Australia's most prominent developers, construction companies, major infrastructure providers, planners, architects, financiers and lawyers involved in urban development.

Executive Summary

The government's 12 October announcement of a $25,000 cut in growth centre infrastructure charges is good news for home buyers. So is the extra $2 billion of funded state infrastructure. These changes will make it more financially viable for developers to sell new residential lots at an affordable price.

In discussions with the NSW Government it seems that the government is still opened minded about the detail of how its new framework will be applied, particularly in land release areas outside of the growth centres and in brownfield areas.

General

- There must be a credible right of appeal on spot re-zoning decisions, possibly involving the proposed Planning Assessment Commission or a regional panel, when a proponent is able to argue that the re-zoning is consistent with a published strategy. This is necessary to avoid a de facto return to the current uncertainty through the use of planning agreements to extort disproportionately high 'voluntary' levies from developers prior to rezoning decisions being made.
- The Government's policy announcement has set seven years as a timeframe for local infrastructure contributions to be spent, but there was no corresponding timeframe set for State expenditure. We believe a consistent approach on this point is important.
- Projects advanced in the rezoning process, but which are now held up pending receipt and application of the promised guidelines for voluntary planning agreement and section 94 contributions, should, nonetheless, be included in any comprehensive LEP being finalised.

Greenfield

- The new policy means that a developer will have to pay 25 per cent of the state and local charges up-front, when a development application is granted. This could happen years in advance of an actual sale of land to home buyers.
- This upfront payment will be $40 million for a 200 hectare development. The financing costs may be too large for some developers to bear. If so, this will mean less homes on the market, particularly for Western Sydney families.
- The government had not deferred 75 per cent of the infrastructure cost as some have claimed - 75 per cent of the state infrastructure cost had been deferred, but 25 per cent of the section 94 cost had been brought forward and, because of this, the reduction in the up-front burden is relatively modest ($10,000 per lot, out of a total cost of $53,000).
- An up-front section 94 contribution discourages the current practice of contributions in-kind through voluntary arrangements. These are typically not available at the development application stage.
- The government's current policy framework encourages a developer to only seek develop approvals over smaller areas that are most likely to be marketable in the short-term. The community will be better served if government encourages comprehensive planning with large master planned areas.

- The public interest is best served by a policy framework that encourages the early development of land. The new system strongly discourages the making of development applications for longer term and/or higher risk (in terms of marketing/financing) lot development.
- The timing of the payment is crucial. We believe the entire levy should only fall due when linen plan is finalised (subject to the possibility of a deferral if market conditions necessitate it).
- If the government follows the literal text of its announcement (that is, seek to bill developers 75 per cent of all "attributable" infrastructure costs levied on a flat dollar basis per hectare in all new release areas) land release in the rest of NSW could seriously be jeopardised.
- In many potential land release areas, the final sale value of a residential lot may be well below the $300,000 average sale price predicted in the Western Sydney growth centres. The viability of land release in these areas may be seriously undermined by an infrastructure charge that is set in isolation of market conditions and the final sale price of land.
- Greenfield sites would be better served by a levy on the final sale price of land to the home buyer. This will ensure that in areas where the market price is lower, the burden of the charge is proportionally lower.
- The ability of the market to sustain a given revenue target should also be factored into any formula, rather than just the costs of the infrastructure.
- The scheme of infrastructure charges proposed by the government should be exposed to independent regulation and review (i.e. through the Independent Pricing and Regulatory Tribunal and the Land and Environment Court), consistent with arrangements for existing developer charges. The requirements for reasonableness, nexus, apportionment and accountability must be an inherent part of any new system – as they are for the existing system of section 94 contributions.
- By using local environment plans (LEPs) to impose compulsory infrastructure levies, key provisions of the existing special infrastructure contributions scheme are circumvented (this has occurred in Tamworth, Parry and Lismore). Any system of compulsory infrastructure charges should only be implemented through express provisions in the *Environmental Planning and Assessment Act*, not through an LEP. The protections already in place for special infrastructure contribution levies and section 94 contributions should be used as a starting point.
- In the latest LEPs (Tamworth and Parry), the Department of Planning is given very broad powers that go far beyond the scope of the government's policy framework. For example, the Director-General is able to recover the costs of health, education and emergency service facilities and services when the policy framework clearly limits such charges to land only. We request that these provisions be amended as a matter of urgency to reflect strictly the government's announcement of 12 October 2007.
- While previously acquiring and establishing buffer zones around watercourses was a public expense, to be met from infrastructure levies, the government is now saying that this should be a private expense borne by land owners whose parcel of land includes the watercourse in question. This policy change does not, in aggregate, reduce the up-front costs of redeveloping land. It just redistributes that burden between individual land holders, and doing so, will distort market outcomes. The previous system, in this respect, is preferable.

Brownfield

- A compulsory charge could not be imposed on most brownfield areas.
- The single circumstance where a brownfield levy could be considered is when it is clear that the value created by the additional charge for each development liable to pay it exceeds the cost of the charge.
- The only areas that could sustain a compulsory charge are areas so run down or underequipped in terms of infrastructure that they currently represent very low value as potential locations for brownfield development. For the purposes of discussion we have termed these areas as "special urban renewal areas".

- The views of industry and property owners should determine whether or not a proposed charge in a particular special urban renewal area proceeds.
- Where the State does impose a compulsory brownfield charge on a special urban renewal area other existing state/local and utility development charges should also be consolidated into the levy. This will help reduce unnecessary regulatory risk inherent in the current system of charges.
- The single levy should be payable on the issue of a construction certificate or, in the case of a sub-division – a final linen plan. The timing of the obligation is important. A project's viability is reduced if a levy, or even part of a levy, is imposed at an earlier stage of the project, before there is sufficient cash-flow, or when risks of the project not proceeding to construction are high.
- Any such infrastructure charge in brownfield areas should be a fixed percentage of project costs.
- Infrastructure funded by a special urban renewal areas charge must be prioritised by government, in partnership with industry, within the constraints of available funding. The basis for prioritisation is the degree that the infrastructure creates value for the development process. Funds would be paid out by the State Government to government agencies, local councils and utilities in accordance with the agreed infrastructure plan.

1. General

1.1 Ensuring the rezoning powers are not misused

There must be a credible right of appeal on spot re-zoning decisions, possibly involving the proposed Planning Commission or a regional panel, when a proponent is able to argue that the re-zoning is consistent with a published strategy.

This is necessary to avoid a de facto return to the current uncertainty through the use of planning agreements to extort disproportionately high 'voluntary' levies from developers prior to rezoning decisions being made.

1.2 Delivery of infrastructure

The Government's policy announcement has set seven years as a timeframe for local infrastructure contributions to be spent, but there was no corresponding timeframe set for State expenditure.

We believe a consistent approach on this point is important.

1.3 Transitional arrangements to pending voluntary planning agreements

The planning circular of 6 November 2007 appears to say that the new arrangements will apply to voluntary planning agreements that are well advanced, but not signed.

The current situation has the potential to delay the final stage of the rezoning process (gazettal) and is likely to prevent the affected sites from either being rezoned under a current LEP or being included in any comprehensive LEP being prepared by councils.

Projects advanced in the rezoning process, but which are now held up pending receipt and application of the promised guidelines for voluntary planning agreement and section 94 contributions, should, nonetheless, be included in any comprehensive LEP being finalised. If an inclusion is not practicable, express provision should be made for a spot rezoning.

2. Greenfield areas

2.1 Up-front costs

We believe the government should have another look at the up-front costs it's imposing on the development process.

The new policy means that a developer will still have to pay 25 per cent of the state and local charges up-front (a "Rezoning Infrastructure Contribution"), when a development application is granted. This could happen years in advance of an actual sale of land to home buyers.

This upfront payment will be $40 million for a 200 hectare development. The financing costs may be too large for some developers to bear. If so, this will mean fewer homes on the market, particularly for Western Sydney families.

The government had not deferred 75 per cent of the infrastructure cost as some have claimed - 75 per cent of the state infrastructure cost had been deferred, but 25 per cent of the section 94 cost had been brought forward.

Based on a state government charge of $23,000 per lot, and a local government charge of $30,000 per lot, the combined charge will be $53,000 per lot. Previously (at these amounts) $23,000 would have been payable up-front, and $30,000 payable at the end of the development process (44 per cent up-front, 56 per cent towards the end). Now, $13,000 per lot will be payable up-front (25 per cent) and $40,000 payable towards the end (75 per cent). The reduction in the up-front burden is relatively modest ($10,000 per lot, out of a total cost of $53,000).

An up-front section 94 contribution discourages the current practice of contributions in-kind through voluntary arrangements. These are typically not available at the development application stage.

It has been suggested to us by a government official that these costs could be reduced by seeking only to develop smaller parcels of land. This kind of piecemeal development is not a desirable planning outcome. The community will be better served if government encourages comprehensive planning with large master planned areas. Furthermore, by reducing the size of the land that has development approval, a developer also proportionately reduces the security available to a lender.

The levying of the 25 per cent Rezoning Infrastructure Contribution also:

- discourages lot amalgamation
- will increase the volume development application for net developable area; and
- will impose additional transaction costs on the private and public sectors.

The public interest is best served by a policy framework that encourages the early development of land. Any policy framework developed by the government should be structured on this basis. The Rezoning Infrastructure Contribution discourages early development, by encouraging a developer to only submit development applications for land that is very likely to be marketable/financial in the near future. The system strongly discourages the making of development applications for longer term and/or higher risk (in terms of marketing/financing) lot development.

The timing of the payment is crucial. We believe the entire levy should only fall due when linen plan is finalised (subject to the possibility of a deferral if market conditions necessitate it).

There is some uncertainty about exactly what the government's position on the payment of the rezoning infrastructure contribution. The original announcement suggested that the charge will be payable, following rezoning, on either sale or development approval. The Urban Taskforce argued, and continues to argue, that this position is unsustainable. The subsequent Planning Circular of 6 November 2007 says the payment is payable on sale, following either rezoning or development approval. This change in position, if intended, is welcome. We would welcome clear advice from the Department as to whether or not this change was intended: in particular, whether or not a rezoning infrastructure contribution will be payable if a development application is approved subsequent to rezoning, but no sale has taken place.

2.2 Application of flat dollar costs

The suggestion that infrastructure charges should be set to recover 75 per cent of attributable State infrastructure costs charges based on local and regional assessments of core infrastructure needs is of concern.

The formulaic approach disregards the fact that there is ultimately a market price for the end product that is set with regard to similar properties in the vicinity and elsewhere. If the costs imposed by a rigid formula, and flat dollar fee per lot or hectare, are too high land production is sterilised.

In many potential land release areas, the final sale value of a residential lot may be well below the $300,000 average sale price predicted in the Western Sydney growth centres. The viability of land release in these areas may be seriously undermined by an infrastructure charge that is set in isolation of market conditions and the final sale price of land. If the government follows the literal text of its announcement land release in the rest of NSW could seriously be jeopardised.

Greenfield sites would be better served by a levy on the final sale price of land to the home buyer. This will ensure that in areas where the market price is lower, the burden of the charge is proportionally lower.

The ability of the market to sustain a given revenue target should also be factored into any formula, rather than just the costs of the infrastructure.

2.3 Independent oversight and appeal rights

Given that government has announced an intention to introduce a greenfield infrastructure levies regime on a state-wide basis, it is important that the new scheme has the conventional checks and balances.

The scheme proposed by the government should be exposed to independent regulation and review, consistent with arrangements for existing charges (section 94 charges are oversighted by the Land and Environment Court and water, sewerage and stormwater developer charges are regulated by the Independent Pricing and Regulatory Tribunal).

The requirement to pay infrastructure levies in return for the exercise of a statutory right is the provision of a "service" under the *Independent Pricing and Regulatory Tribunal Act 1992*.[1]

The Government can and should declare the imposition of, and requirement to pay, State infrastructure levies as a "government monopoly service" under that Act.[2] An appropriate ministerial reference should be given to the tribunal to make pricing determinations (as to the amount which can be levied) which binds the government.[3] Developers should only be asked to pay the "efficient cost" of delivering the service.[4]

Furthermore, **the statutory limitations which govern local council section 94 contributions should also extend to the new system of State infrastructure charges**. In particular:

- The imposition of an infrastructure levy should only be imposed to require a reasonable dedication or contribution for the provision, extension or augmentation of the public amenities and public services.[5] This concept should embrace the need for nexus and apportionment and accountability (as per section 94 contributions).[6]
- Consideration must be given to any land, money or other material public benefit that an applicant has elsewhere dedicated or provided free of cost or previously paid to the consent authority.[7]

[1] Section 3 defines a service to include "the conferring of rights, benefits or privileges for which the price is payable in the form of royalty, tribute, levy or similar exaction".
[2] s 4.
[3] This can occur without statutory amendment under section 12, or, preferably, with statutory amendment under section 11.
[4] s 16A.
[5] As per *Environmental Planning and Assessment Act 1979* s 94(2).
[6] NSW Department of Infrastructure, Planning and Natural Resources, *Development contributions: Practice notes – July 2005* Sydney (2005).
[7] As per s 94(6).

- A requirement to pay a particular State infrastructure contribution should be able to be disallowed or amended by the Land and Environment Court on appeal because it is unreasonable in the particular circumstances of that case.[8]
- For each region/sub-region/area (however defined) to be levied there should be a requirement for a publically available plan which sets out:
  - the purpose of the plan;
  - the land to which the plan applies;
  - the relationship between the expected types of development in the area to which the plan applies and the demand for additional public amenities and services to meet that development;
  - the formulas to be used for determining the State infrastructure contributions required for different categories of infrastructure and the quantum of the levy/levies;
  - the contribution rates for different types of development;
  - indexation arrangements;
  - a map showing the specific public amenities and services proposed to be provided by the State, supported by a works schedule that contains an estimate of their cost and staging; and
  - the priorities for the expenditure of the contributions or levies, particularised by reference to the works schedule.[9]

The scheme of infrastructure charges proposed by the government should be exposed to independent regulation and review, consistent with arrangements for existing charges

2.4 Implementation of new infrastructure requirements outside the growth centres

Amendments were gazetted to the Parry and Tamworth local environment plans on Friday 2 November 2007 which introduced new compulsory levy requirements.

These are the first plans to rezone non-urban land to low density residential since the government's 12 October policy announcement.

The land, rezoned from non-urban to low density residential, is considered by the Department of Planning to be a greenfield release outside of a nominated growth centre.

The new requirements mean that approval for a standard residential lot cannot be given by the local council unless the Department of Planning signs off on a financial contribution to transport, education, health and emergency services normally provided by the State.

The wording of the provisions in the LEP creates a new power to impose a broad infrastructure compulsory levy, separate from the framework already contained Part 4, Division 6, Subdivision 4 of the *Environmental Planning and Assessment Act*.

In particular, it gives the Department of Planning very broad powers that go far beyond the scope of the government's policy framework. For example, the Director-General is able to recover the costs of health, education and emergency service facilities and services, when the policy framework clearly limits such charges to land only.

We request that these provisions be amended as a matter of urgency to reflect strictly the government's announcement of 12 October 2007.

[8] As per s 94B(3).
[9] As per s 94B(1) and cl 27(1) of the *Environmental Planning and Assessment Regulation 2000*.

Furthermore, we are concerned that this method of implementation ignores the existing (inadequate) protections of the special infrastructure contribution framework in the *Environmental Planning and Assessment Act*.

By using local environment plans (LEPs) to impose compulsory infrastructure levies, key provisions of the existing scheme are circumvented, in particular:

- The Minister is not obliged to make a determination of the level of development contributions up-front.[10] Instead the Director-General of the Department of Planning make a decision specific to each individual development application.
- There is no obligation on the government to publically exhibit the proposed charges or consult with land owners or other relevant stakeholders.[11]
- There is no obligation for the contribution to be "reasonable".[12]
- There is no obligation to identify a special contributions area or any similar area to which the contributions relate.[13]
- There is no requirement that the funded infrastructure be within a particular area.[14]
- There is no requirement for the decision on the quantum of charges to be made publically available.[15]

We ask the government to commit to implementing its system of compulsory infrastructure charges through express provisions in the *Environmental Planning and Assessment Act*, rather than LEPs, using the protections for the special infrastructure contribution levy and section 94 contributions as a starting point.

2.5 Treatment of riparian land

The government's policy fails to adequate distinguish between land that is required for public purposes versus land that is required for private purposes.

The policy correct recognises that land to be set aside for schools, regional open space, emergency service facilities and health facilities is being used for a public purpose, and therefore developers of the land to benefit from those services contribute to the cost.

Importantly, a land owner who happens to own land that may be ideal for a school is not harshly dealt with merely because that land happens to be within his/her ownership. Instead that land is acquired at market value.

However, in relation to riparian land, this principle now falls down. While previously acquiring and establishing buffer zones around watercourses was a public expense, to be met from infrastructure levies, the government is now saying that this should be a private expense borne by land owners whose parcel of land includes the watercourse in question.

Firstly, the dedication land as a riparian buffer zone has a public purpose that benefits the community as a whole, not the developer, or the ultimate local home owners.

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[10] As per s 94EE(1).
[11] S 94EE(4).
[12] As per s 94EE(2)(a).
[13] As per s 94EE(2)(c) and s 94EG.
[14] As per s 94EE(2)(c).
[15] As per s 94EE(5).

Secondly, the cost burden of this land is now unequally borne by particular land owners, rather than land owners across the region. This is particularly unjust given that the land, until now, would have been valued based on the existing system which recognised riparian buffer zones as a public expense.

Thirdly and most importantly, **this policy change does not, in aggregate, reduce the up-front costs of redeveloping land. It just redistributes that burden between individual land holders, and doing so, will distort market outcomes.**

This previous system, in this regard, is preferable.

3. Brownfield levies

3.1 No across-the-board levies

The State Government has announced that it will apply the amended growth centre levy principles everywhere, including when existing urban areas are re-developed.

The NSW Urban Taskforce supports the limitations on the scope of matters that may be the subject of an infrastructure charge in both brownfield and greenfield areas. These limitations can and should apply across NSW.

We also welcome the government's assurance that there will be no across-the-board brownfield levy. The government is right to reject such levies because:

- Unlike greenfield, the existing general population will, in many cases, receive a significant share of the benefits of the new infrastructure.
- It's an approach that sets charges in isolation of the market and therefore may sterilise the redevelopment opportunities in brownfield land.
- It would distort the market by imposing of a charge that it is not aligned with the additional value created by the infrastructure paid for by the charge.
- It taxes a positive thing – new property assets – while the owners of existing assets get a 'free ride'.
- It seems to envisage developers paying for infrastructure costs that should already form part of government's existing capital program, funded by the state budget.

In greenfield areas there are readily identifiable costs that can be directly related to a specific development, while brownfield areas are much less likely to be attributable to any specific development.

3.2 Any brownfield charge must be linked to value creation

The only circumstance where a brownfield levy could be considered is when it is clear that the value created by the additional charge for each development liable to pay it exceeds the cost of the charge. Some elements of the current system of brownfield charges work on this basis.

For example, the current system of planning agreements enables a developer to voluntarily offer value to a planning authority when the developer knows that value can be funded, and that by offering specific contributions or public facilities, specific problems with their particular development application or rezoning can be overcome. Hence the value created for the developer by the planning agreement exceeds the costs imposed by the agreement.

In brownfield areas the overriding principle should be as follows: **The cost of the charge must clearly be less than the additional value created (for those who pay) by the expenditure of charge funds.**

In practice, this means a compulsory charge cannot be imposed on most brownfield areas.

The only areas that could sustain a compulsory charge are areas so run down or underequipped in terms of infrastructure that they currently represent very low value as potential locations for brownfield development.

For the purposes of discussion we have termed these areas as "special urban renewal areas".

In these areas, assessments could be undertaken of the cost of special infrastructure works necessary to significantly improve the development potential of these areas. Such assessments should, to avoid market distortion, exclude infrastructure that should be provided by the government in the normal course of its business, including new property assets related to population increases.

Industry and property owners should then be consulted on an area-by-area basis. The involvement of industry is crucial. If the process is genuine, industry and property owners will support a charge when the value created for them is greater than the cost of the charge. If they object – it is in all likelihood because the charge does not create enough value to make it worthwhile. **The views of industry and property owners should determine whether or not a proposed charge in a particular special urban renewal area proceeds.**

The type of works that might be funded include roads, parks, bus interchanges, streetscapes and footpaths. However any such works should be directly attributable to the development (through section 94 style principles) and should not just be about fixing up existing maintenance problems.

Such levies should not be used to fund so-called 'affordable housing'. That kind of levy is self-defeating, usually reducing the amount of housing that can be made available to the community as a whole, and effectively requiring the prices of other homes to rise, in order to fund the 'affordable' homes that only a small number of individuals can enjoy.

3.3 Using a special urban renewal area levy to reduce regulatory uncertainty

Where the State does impose a compulsory brownfield charge on a special urban renewal area **other existing government development charges should also be consolidated into the levy**. This will help reduce unnecessary regulatory risk inherent in the current system of charges.

It is a well understood principle that, when making investment decisions, the higher the risk, the higher the return that must be paid to investors.

In a property development sense, there are a range of risks that are part of the normal run of doing business. Appropriately, any project will have to generate a return sufficient to compensate that investor for the presence of that risk.

For most business risks there is little the government can or should do to reduce the risk. For example, it would not be appropriate for the government to reduce market risk by guaranteeing that it will purchase some dwellings in a residential development.

However, there are some risks that are created by government policy. Such risks can be very difficult to manage, because they are dependent on case-by-case government decision-making. When this decision-making is inconsistent, arbitrary and/or based on information that cannot be known in advance of an investment decision, the risks to an investor may be significant. When an investor believes that this may occur, the return that the project will have to generate to attract funds will increase accordingly. If the project is unlikely to generate the higher returns, it will not proceed.

The NSW Urban Taskforce believes there are significant additional project risks created by the current haphazard and inconsistent system of levying government charges in brownfield areas. It is very difficult for these risks to be appropriately managed because of the unpredictability. These risks mean that investors are not proceeding with less profitable projects, because the uncertainly of an adequate return is too great.

We submit that the NSW Government does not gain any significant benefit from the present unpredictable system of developer charges in urban renewal areas. The system has not arisen by a conscious decision of government. Instead it has arisen haphazardly by a series of relatively low-level incremental decisions. In aggregate, it is operating to reduce the viability of a whole range of lower return development projects. This, in turn, has meant less development of new homes and commercial properties.

If the government imposes a state brownfield levy on a special urban renewal area (with industry support), it should also rationalise the current system in that special area. This means the government raises the funds to meet costs associated with development in that urban renewal area in a way that is readily predictable by potential investors. This will reduce the risks associated with government charges for individual project and therefore make projects with lower returns more viable.

It is worth briefly describing the costs that should be consolidated into a single special urban renewal area charge. These include:

- Payments under section 94 of the *Environmental Planning and Assessment Act*.

- Undertaking works in-kind as required by a development approval condition imposed under s80A of the *Environmental Planning and Assessment Act*.

- The imposition of development approval conditions arising from other Acts such as the need to pay or undertake works for connection to Sydney Water and sewer networks under s73 of the *Sydney Water Act 1994*. Likewise, the costs arising from connection to other utility services such as electricity and gas and the frequent requirement to pay for substations to service a new development.

- Compliance with conditions imposed by state government authorities that may have a concurrence or approval role in the development application process, such as the RTA requiring the provision of traffic lights, traffic calming devices, or traffic management plans on regional roads in the locality of the development site. Other contributions may require the dedication of land or undertaking work in the vicinity of new or existing railway stations where it is considered that the proposed development may introduce new or additional people to the public transport network. These requirements are in addition to the works required under a Council s94 contribution plan.

In short: **local, state and utility charges in a special urban renewal area subject to a levy should be amalgamated into the single levy payable on the issue of a construction certificate or, in the case of a sub-division - a final linen plan.**

The timing of the obligation is important. A project's viability is reduced if a levy, or even part of a levy, is imposed at an earlier stage of the project, before there is sufficient cash-flow, or when risks of the project not proceeding to construction are high.

Any such infrastructure charge in brownfield areas should be a fixed percentage of project costs, defined (as per clause 25J of the *Environmental Planning and Assessment Regulation 2000*) to exclude costs of land, finance and consultants.

3.4 How funds should be managed

Infrastructure funded by a special urban renewal areas charge must be prioritised by government, in partnership with industry, within the constraints of available funding.

The process of prioritisation is not happening at the moment, because government agencies each have separate mechanisms for imposing their own charges, and each one has no regard for what charges the other is imposing. Government agencies and local councils are incentivised to seek maximum revenue from new development and no one has responsibility to ensure that overall charges be kept low enough to avoid the viability of new development being placed at risk.

Prioritisation for local and state projects should be integrated. Lower priority local government projects should not be funded when higher priority state projects remain unfunded. **The basis for prioritisation is the degree that the infrastructure creates value for the development process.**

The nature of the infrastructure works and the relative priority of the works would be clearly spelled out and costed in an infrastructure plan agreed with industry prior to the imposition of any special urban renewal area infrastructure charge. **Funds would be paid out by the State Government to government agencies, local councils and utilities in accordance with the agreed infrastructure plan.**