

24 June 2011

The Hon. Brad Hazzard MP
Minister for Planning and Infrastructure
Minister Assisting the Premier on Infrastructure NSW
Level 33 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister,

Re: Six months deferral of special infrastructure contribution increases and the associated review

I refer to my letter of 6 June 2011 and the above announcement you made yesterday.

We welcome your decision to defer a scheduled 50 per cent increase in development levies. The reality is that the existing levies are already unaffordable, so any increase - let alone a 50 per cent increase - will further impact the state's housing supply. **We support this decision to defer the increase, pending a more thorough review.**

However, a *permanent* solution to this problem is essential and urgent. The former government embarked on a series of quick fixes and short-term temporary arrangements, that were unable to give greenfield land developers a stable long-term platform for investment. We hope that the further extension of the temporary "concessional" period is merely a precursor to a new, more sustainable, permanent regime.

We ask the government to complete the review as quickly as possible, whilst still proving an opportunity for industry, including ourselves, to participate in the process. In participating in the review we would focus on the disproportionate and distortionary impact the current system of development levies has on new home supply.

We also note your comments yesterday that it may be a matter of "use it or lose it" over the next six months. No significant new land release can take place in just six months. Using Western Sydney as an example, a developer wishing to act on the basis of the government's announcement would need, in a six month period, to:

- receive a ministerial declaration that the land is "released";
- secure a rezoning of the land;
- obtain a development approval;
- complete servicing (i.e. water, sewerage, roads, electricity and telecommunications); and
- apply for a subdivision certificate.

According to the National Housing Supply Council this process takes between three and nine years. **Very little new investment is likely to take place on the back of a six month deferral of a levy increase.**

Before significant new investment in greenfield housing is unlocked developers will need to see a permanent, robust policy of no or minimal development levies, backed up by solid government infrastructure commitments.

We're anxious to learn how we can participate in the government's review. We would be grateful if you or your staff were able to advise us of the process at the earliest opportunity.

Yours sincerely

Urban Taskforce Australia

A handwritten signature in black ink that reads "Aaron Gadiel". The signature is written in a cursive style with a long horizontal stroke at the end.

Aaron Gadiel
Chief Executive Officer