

# 26 Local Government

## Developers warn on value capture frenzy

Jacob Saulwick

Councils and other tiers of government cannot assume capturing value from new housing developments will be a "magic pudding" to fund infrastructure, according to an economic report funded by the development industry.

The report, by economists Nigel Stapledon and Kevin Fox from the Centre for Applied Economic Research at the University of NSW, warns of unintended consequences from the "unco-ordinated attempts by different levels of government" to generate funding by tapping into the wealth gains.

The report instead says a broad-based land tax, along the lines proposed in the Henry Tax

Review, would be a more efficient and equitable way of raising finances.

"This is a big debate that's going to occur more and more," said Chris Johnson, chief executive of developer group, the Urban Taskforce.

"There's been a dramatic excitement level federal, state and local government that value capture is going to save the world."

Local governments across Sydney in particular have been attempting to procure funds for infrastructure through developer and user charges.

But individual policies, such as a recent push by Parramatta Council for strong infrastructure levies, have started to attract developer retaliation.

The paper by Dr Stapledon and Professor Fox argues that there is an incentive for councils to rely on development fees and betterment taxes, but there was "a strong case" for the restrictions on council rate increases to be lifted instead. "It needs to be recognised that these impact fees do lead to higher housing costs," the paper says.

"The risk is that development will become uneconomic and that the outcome will be higher housing costs."

Both federal and state governments have been promoting the idea of value capture to pay for new rail lines - both heavy and light rail - in western Sydney. However, there is as yet no detail on how value capture systems in NSW would work.



First reveal of Dyldam's Auto Alley mega development in Parramatta.

### Local Government

#### DESIGN ENGINEER

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##### Permanent Full Time

We are seeking a qualified and highly experienced Design Engineer to undertake investigation and design of simple and complex municipal infrastructure projects at Council.

Salary: \$73,949-\$82,823 per annum + super + leaseback vehicle

Contact: Katrina Kerr on (02) 4993 4281

Closing Date: Tuesday, 27 September 2016.

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Up to \$87,941 pa + super  
Full-time, 9 day fortnight (70 hours),  
Lease back vehicle available  
Temporary up to 12 months

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##### Full Time

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Closing Date: Tuesday, 27 September 2016.

Interested in applying?

Details about the position and how to apply can be found at [www.cessnock.nsw.gov.au/council/jobs](http://www.cessnock.nsw.gov.au/council/jobs)

### Tenders Local Government

#### GREATER HUME SHIRE COUNCIL

MECHANICAL SERVICE PIT -  
CULCAIRN DEPOT

TENDER NO.

TL 04-2016-2017

In accordance with Clause 166 of the Local Government Regulation 2005, Greater Hume Shire Council is formally requesting prices from suitably qualified and experienced designers or companies for the supply, installation and commissioning of a mechanical service pit at Culcairn Depot.

### Tamworth Regional Council

CONTRACT NO. T030/2017 -  
REHABILITATION OF SEWER  
MAINS BY IN-SITU LINING

Tenders sealed and endorsed for Tender no. T030/2017 - Rehabilitation of Sewer Mains by In-Situ Lining for Tamworth Regional Council, will be received up to 11am on Thursday 3 November 2016.

These works will involve the cleaning, closed circuit television (CCTV) condition assessment and lining of the following gravity sewer mains within Tamworth Regional Council area of operations.  
Pipe Size (mm): Approximate Length of Work (metres): Sewer Mains Lining and Junction