# Revamp development fees, says taskforce

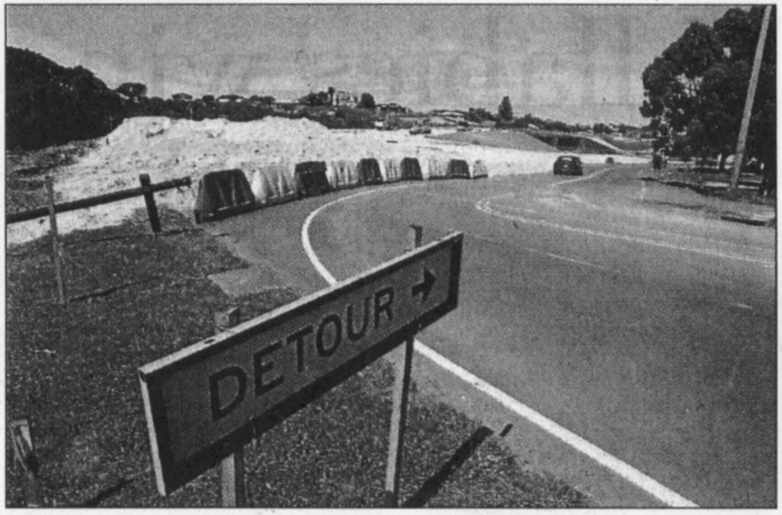
Robert Harley

With the NSW government quietly reviewing its policy on development contributions, the NSW Urban Taskforce has called for a new approach to contributions in the key growth centres of south-west and north-west Sydney.

Development contributions, to help state and local government fund infrastructure, are paid all around Australia but in NSW the contributions are so high that many, including the Urban Taskforce, believe they are contributing to the parlous state of the new housing market.

In a report, *What Infrastructure*, the Urban Taskforce calculates that the total cost of infrastructure charges in the growth centres could top $14 billion, with every block sold attracting a levy of $110,000 in development charges.

"While the idea of 'taxing the developer' may be politically popular, the prime burden of any such tax falls on the ordinary home buyer," says the report. "Any potential resolution must come with an acceptance by the state government and local councils that there is a limit to the amount that can be raised from development levies."



**There are calls for a single pool of funds to finance infrastructure.** Photo: GLEN WATSON

The NSW government, in quietly reviewing the policy, has tacitly acknowledged the problem.

A spokesman for NSW Planning Minister Frank Sartor said that "in the context of housing affordability and planning reform, one of the things we should be asking is whether the development contributions are reasonable".

The chief executive officer of the Urban Taskforce, Aaron Gadiel, said the current collection of local, state and utility charges should be amalgamated into a single levy payable by the developer when serviced land had been sold to the home buyer.

"A single pool of funds should be created and infrastructure should then be prioritised according to need," he said, noting that some contributions were used to pay for local government facilities such as beach volleyball courts and sound studios.

"The pool of funds should be added to, as necessary, by the state and federal governments; and the state government would have the sole responsibility for limiting charges to a viable level," he added.

Each property lobby group has a particular approach to the issue. All believe the contributions are too high and all see a role for the federal government.

"We need to move away from the policy of funding infrastructure through large upfront levies; we need to look at methods that broaden the responsibility for funding new infrastructure," said the NSW chief executive of the Property Council of Australia, Ken Morrison.

"NSW is the only state where new home buyers are expected to pay the costs of major rail lines, hospitals and schools," he said. "Why is that?"

Urban Development Institute of Australia NSW executive director Scott Woodcock called for much greater forward investment by governments, particularly the federal government.

Nationally, the Housing Industry Association has called for a residential infrastructure fund to channel federal funding into the sector and offset the taxes, charges and development contributions on new housing.