

# Developers' levy being reconsidered

**Catharine Munro**  
Urban Affairs Editor

PROPERTY lobbyists have won a round of the debate as to who should fund NSW trains, roads and schools after the State Government revealed that a controversial infrastructure levy on new homes is under review.

The Premier, Morris Iemma, told the Housing Industry Association he was looking for "relief" for first-home buyers, foreshadowing a decision would soon be announced. "We are looking at ways of making it easier for [home buyers] to get their first home," Mr Iemma said.

The review comes as housing affordability is shaping up as an election issue. The Premier said that while John Howard had refused NSW and Queensland's requests for infrastructure funding for cities, the Labor Leader, Kevin Rudd, had promised to contribute \$20,000 in infrastructure levies for every lot in new suburbs.

"NSW and Queensland have tried to get the Commonwealth to get the message that they have a role in shaping our cities," Mr Iemma said.

Developers have been campaigning hard to eradicate the charges, claiming that they should not have to pay for infrastructure that may not be built for 25 years.

They target the levy, which they say adds \$70,000 to the cost of building a house, as the cause of the stagnation in new residential building in the designated growth centres in Sydney's north-west and south-west.

The NSW Government started fast-tracking zoning in the centres in 2004 and imposed a levy for infrastructure that would cover new schools, roads, trains, parks and other public facilities.

Developers argue the state infrastructure levies, coupled with council charges, make it impossible to build an affordable house on Sydney's fringe.

But Mr Iemma foreshadowed that calls from groups such as the Property Council of Australia to eradicate the levies altogether may go unanswered.

Instead, the Government is expected to shave back the charges, known as Section 94 contributions, that local governments can levy at developers.

The Planning Minister, Frank Sartor, has foreshadowed the cutbacks as part

of wide-ranging changes to planning laws to do with councils.

The Property Council's NSW executive director, Ken Morrison, said the tax was "extraordinarily inequitable and we need to be adopting alternatives – it's just got to go".

The NSW Urban Taskforce called for the NSW Government to take over local government charges altogether.

"Infrastructure charges are now so high that they are preventing any significant development in the growth centres," said its chief executive officer, Aaron Gadiel.

The taskforce said a new lot in the growth centres bore \$110,000 in government infrastructure charges, while the average sale price for a serviced residential lot would be \$300,000.

The Housing Industry Association said all three levels of government should fund infrastructure, arguing that the Commonwealth collected 80 per cent of all state and federal revenue but was responsible for only 57 per cent of total public expenditure. States accounted for only 20 per cent of all taxation revenue but more than 40 per cent of public sector expenditure.