

GRIFFITH CITY COUNCIL
MAYORAL MINUTE

MM01

SUBJECT: PROPOSAL FOR A GRIFFITH LOCAL ECONOMIC DEVELOPMENT ASSISTANCE PROGRAM
FROM: John Dal Broi, Mayor

SUMMARY

This program was held over after the last Council meeting and Councillors have now had time to consider it. It is an important initiative to help economic activity in the City that has been discussed at length at the Business, Development and Major Projects Committee. I am bringing it to Council as a Mayoral Minute to allow it to go to exhibition, if Council agrees, without further delay.

The Program has been drafted as a Policy of Council and is at attachment (a).

RECOMMENDATION

(a) The draft Griffith City Council Local Economic Development Assistance Program be exhibited for 28 days.

(b) Should there be no objections received, the Policy be adopted.

(c) Should objections be received, there be a further report to Council.

(d) Once adopted, the level and value of development activity be monitored and reported annually to the Business, Development and Major Projects Committee and Council with a view to determining the success of the program and if continuance past the sunset period should be warranted.

BACKGROUND

This has been discussed at length at the Business, Development and Major Projects Committee following extensive investigation of all options to assist the development industry in Griffith. At one stage, the preference of the Committee was a moratorium on levying section 94A, but Council staff found this would be difficult to implement and devised the rebate program that is now before you.

Attachment (b) is a copy of the report from staff to the Committee to explain the thinking on this program.

In order to get the maximum publicity and exposure for the Program, Council staff recommended to the Committee that all development applications receive a 100% rebate. The Committee considered that this would have too big an impact on Council's infrastructure funding and recommended to Council the sliding scale of rebate that is written into the draft Policy attached.

The intention was initially to exhibit the draft Policy before adoption of the budget, hence the references to commencing the Program on or about 1 July. This opportunity has now been lost.

I have asked that the draft Policy include a clause which prevents applicants withdrawing an application that might get the 30% rebate and then submitting a new application just to get the 100% rebate. This appears as Clause 6.4 of the draft Policy.

There is also the risk of shoddy work done in haste in order to meet the sunset deadline of occupation. Council staff will need to be vigilant and resist any pressure to issue a completion certificate under these circumstances and Council will need to support that stand. Clause 6.3 of the draft Policy has been extended to try to make this clear.

The General Manager has made it perfectly clear that whilst the Program as presented, which includes the sunset date of 30 June 2016, can be accommodated in Council's current financial situation, there will be considerable pressure on Councillors to extend the life of the Program beyond June 2016. This means the impact on Council's budget will accumulate and a stage might be reached when Council gets no contributions. In response, Councillors are reminded that the success or otherwise of the Program will be monitored and reported so at least there are some checks and balances.

OPTIONS

Council can adopt the draft Policy for exhibition, delay exhibition for some reason, or reject the concept altogether. However, there has been a lot of research and investigation into the options and this one has emerged as a way forward that is accepted by members of the development industry and with manageable consequences on Council's finances, at least for the short term.

STATUTORY IMPLICATIONS

a) Policy Implications

The proposed program will become a new Policy of Council which also preserves the integrity of Council's section 94A Contributions Plan.

b) Financial Implications

These have been presented to Councillors in a separate email from the General Manager.

c) Legal/Statutory Implications

Section 94A is part of the Environmental Planning and Assessment Act and because Council has an adopted section 94A Contributions Plan, certain procedures and protocols are required. There are also implications under the Local Government Act relating to providing financial assistance to others. The proposed Program seems to meet these requirements.

CONSULTATION

Business, Development and Major Projects Committee
Councillors
Senior Management Team

STRATEGIC LINKS

a) Growth Strategy Plan

As per previous reports to Committee.

b) Corporate/Business Plan

As per previous reports to Committee.

ATTACHMENTS

(a) Draft Policy - Griffith Local Economic Assistance Program

(b) Report submitted to Business, Development and Major Projects Committee -
Proposal for a Griffith Local Economic Development Assistance Program

(a) Draft Policy - Griffith Local Economic Assistance Program

**Griffith Local Economic Development
Assistance Program
POLICY – WS-CP-209**



Directorate	Sustainable Development	
TRIM Ref		
Status	New Policy	
Adopted		Minute No:

Policy Objective

To encourage additional economic activity and jobs growth in the development and construction sectors.

Policy Statement

1. Purpose

The purpose of the Griffith Local Economic Development Assistance Program is to further stimulate activity in the construction and development sectors by removing the disincentive that section 94A monetary contributions might create.

2. Background

In recent years, Griffith City Council has taken a number of initiatives (at various stages of completion) to reduce the burden on development in the City. These include:

- introduction of pre lodgement procedures
- permitting applicants to review draft conditions of consent for certain types of development prior to determination
- deferral of payment of contributions until time of occupation or point of sale of new lots
- staged introduction of increased section 64 charges
- negotiation with proponents on the deployment of contributions to infrastructure required by the development
- adoption and gazettal of a new LEP that allows for growth in residential and employment generating development and includes some innovative provisions to facilitate new development (eg. special industrial areas; lot size averaging)
- sustained fast turn-around times for assessment of Development Applications
- adjustment to Council's Engineering Guidelines and On Site Stormwater Detention Policy
- a new policy on the use of farm dams for commercial aquaculture
- a new policy on sealing of car park and manoeuvring areas
- a new Development Control Plan that captures contemporary planning issues across the City

The Griffith Local Economic Assistance Program complements these initiatives by granting a rebate of section 94A contributions to new development proposals, and a partial rebate for developments that have a development application determined but have not yet reached completion, should completion be achieved before 30 June 2016.

This package of measures is expected to stimulate the planning, development, construction and services sectors and drive investment growth, and it will enable Griffith to be promoted as a place to invest and relocate.

Given some industries cross local government boundaries, it is expected that this initiative will provide some regional benefits.

3. Scope

The Griffith Local Economic Assistance Program is available to all existing and new development applications within the Griffith Local Government Area that have not yet received final approval for occupation or other certificate of completion for the development.

4. References

Griffith City Council Section 94A Contributions Plan

5. Delegation of Function

The General Manager, Director Sustainable Development, Director Business, Cultural and Financial Services, Planning and Environment Manager, Coordinator Land Use Planning and Compliance, Building Certification Coordinator and Finance Manager are authorised to approve rebates defined under this Policy.

6. Policy

- a. Development applications will continue to have a condition of consent to make a section 94A contribution in accordance with Council's Contributions Plan.
- b. Developments receive the following rebate of the value of section 94A contributions specified in the conditions of consent for the development as follows:
 - 30% of the value of section 94A contributions for development applications approved and either commenced or not yet commenced but have not been issued with a final occupation certificate or other certificate of completion; or
 - 60% of the value of section 94A contributions for development applications lodged and not yet determined; or
 - 100% for new development applications made after commencement of the Griffith Local Economic Development Assistance Program.
- c. The rebate is available only to developments which receive final approval for occupation or other certificate of completion by close of business 30 June 2016. Council will require full compliance with all relevant standards as part of this process.
- d. If a new Development Application is lodged over a particular property that is the same or similar to a Development Application already approved for the same property, the new Development Application will be ineligible for a rebate.
- e. The rebate will be made to the entity that holds the benefit of the consent at the time of occupation or completion.

Policy History

Revision Number	Date of Adoption/Amendment	Minute Number
New	July 2014	

(b) Report submitted to Business, Development and Major Projects Committee -
Proposal for a Griffith Local Economic Development Assistance Program

GRIFFITH CITY COUNCIL
REPORT

CL07

**SUBJECT: PROPOSAL FOR A GRIFFITH LOCAL ECONOMIC DEVELOPMENT
ASSISTANCE PROGRAM**
FROM: Neil Southorn, Director Sustainable Development

SUMMARY

This report follows continued discussion by Committee members on reform to the section 94A Contributions Plan. This has included a proposal to alter the formula for calculating contributions presented by Committee member Steven Murray, which was laid on the table at the last Committee meeting.

More recently, informal discussion at a Committee workshop favoured the introduction of a moratorium on s94A contributions. Previous investigations revealed that a moratorium is administratively difficult to implement, so an alternative approach is proposed - a Griffith Local Economic Development Assistance Program that refunds section 94A contributions to developments that proceed to occupation or other final approval within two years of commencement of the program.

RECOMMENDATION

(a) That the Griffith City Council Local Economic Development Assistance Program be created with the following features, applicable to a significant group of people in the planning, development, construction, employment and service industries:

- i) to commence on 1 July 2014, or as soon as possible thereafter pending exhibition;**
- ii) all types of development are eligible;**
- iii) developments receive a rebate equivalent to 100% of the value of section 94A contributions specified in the conditions of consent for the development;**
- iv) the rebate is available only to developments which receive final approval for occupation or other certificate of completion by close of business 30 June 2016;**
- v) the program is available to all existing and new development applications that have not yet received final approval for occupation or other certificate of completion for the development;**
- vi) the rebate be made to the entity that holds the benefit of the consent at the time of occupation or completion.**

(b) The Program be advertised for 28 days and considered in conjunction with Council's exhibited Operational Plan.

(c) The success of the Program be monitored and reported annually to Council.

BACKGROUND

In recent years, Griffith City Council has taken a number of initiatives to reduce the burden on development in the City. These include:

- introduction of pre lodgement procedures
- permitting applicants to review draft conditions of consent for certain types of development prior to determination
- deferral of payment of contributions until time of occupation or point of sale of new lots
- staged introduction of increased section 84 charges
- negotiation with proponents on the deployment of contributions to infrastructure required by the development
- adoption and gazettal of a new LEP that allows for growth in residential and employment generating development and includes some innovative provisions to facilitate new development (eg. special industrial areas; lot size averaging)
- sustained fast turn around times for DAs
- adjustment to Council's Engineering Guidelines and On Site Stormwater Detention Policy (in preparation)
- a new (draft) policy on the use of farm dams for commercial aquaculture (for consideration at this meeting)
- a new (draft) policy on sealing of car park and manoeuvring areas (in preparation)
- a new Development Control Plan that captures contemporary planning issues across the City (in preparation).

Council, through this Committee, have investigated additional options, including a cap on contributions, a moratorium on contributions and the repeal of the Contributions Plan. To this point, Council has declined to go so far as to abandon the potential income stream provided by developer contributions, given the need for these funds to support future infrastructure provision.

However, the amount of construction activity in the region remains of concern to the Committee and Council and further calls have been made for Council to again review its policies on new development.

At it's last meeting, the Committee received but laid on the table a report from member Steven Murray proposing a new formula for calculating the value of contributions for large projects, in an attempt to provide clarity and certainty on these calculations. More recently, Committee members met on 9 April in workshop mode to debate this and other matters. The workshop concluded that a two year moratorium on contributions was warranted.

However, previous investigations reported to the Committee on 18 November 2013 indicated that a moratorium is difficult to achieve, and because there is no statutory mechanism under section 94 for a moratorium, the Contributions Plan would need to be repealed then re-adopted once the moratorium expired. In addition, a moratorium simply means there would be no condition of consent requiring a contribution, but this does not mean the consent will be acted upon and a project commenced. If not, the moratorium, the objective of which is to stimulate economic activity, will have failed.

Consequently, it is recommended that the Committee not advance a moratorium but consider an industry assistance program that rebates the equivalent of the section 94A contribution if the development proceeds to occupation or other final approval within, say, two years. The advantages of such a program exceed those of a moratorium by encouraging developers to get on with development and seek final approval upon completion.

Such a program would not require a cash contribution from Council, but would temporarily reduce income to the restricted reserve that holds section 94A funds for the period of time the program is implemented. This in turn will have an effect on Council's

ability to deliver certain infrastructure.

The proposed Program is likely to meet the requirements of section 358 of the Local Government Act, which controls how a Council can grant money to persons for which there is a private gain. Such grants are possible without public notification of individual recipients if the assistance is part of a specific program that has been included in the Council's draft Operational Plan (i.e. budget) for the year it is to operate and if it applies to a significant group of people within the area (plus other conditions relating to the scale of the assistance relative to Council's budget).

Council would need to determine that the target of the Program, the development and construction sector plus their service and materials suppliers, constituted a significant number of people. In addition, the proposed Program would need to be advertised and exhibited, then considered in conjunction with the draft Operational Plan currently on exhibition.

In implementing the Program, there are a number of possible variables to be considered:

- *Duration.* It is suggested two years is both necessary and sufficient to determine if the program is successful. Success can be reviewed regularly and the program extended by resolution of Council.
- *Commencement.* Commencement 1 July 2014 is soon enough that developers will not unnecessarily postpone commencement to wait until the rebate is available. Because the Program will need to be exhibited, this start date may not be achieved but the intention is to start as soon as possible thereafter.
- *Proportion of rebate.* Something less than 100% rebate could be considered and allow Council to collect the \$150,000 per annum in Council's budget. However, this reduces the effect of the program, important in sending the right message. The proportion could be changed over time and gradually decreased, but this adds complexity to administration of the program.
- *Type of development.* Council could target certain types of development (eg commercial, industrial, employment generating, multi dwelling residential development, affordable housing, seniors living) and exclude other types of development (eg single residential dwellings, development that is in oversupply at present, home based activity) in order to encourage certain parts of the construction sector or to encourage development in the CBD or particular development precincts. It is suggested that all types of development be eligible in the first instance but this could be reviewed after, say, two years.
- *Transition arrangements.* The rebate could be made available to any development, whether it is already approved but not yet commenced, lodged and not yet determined or new applications. Because the objective is to encourage work on the ground and not just the approval for works, it is suggested all such cases be considered. Developments that have commenced construction but not yet completed will also need to be considered, and it is suggested it is too hard to exclude this category even though it will result in the refund of some monies already held by Council.
- *Recipient of the rebate.* In many cases, the applicant for development is not the developer. Noting that the objective of the program is to stimulate development activity and not just development approval, that the entity that holds the consent may change over time, and that the contribution may or may not have been paid, it seems reasonable that the rebate be made to the entity that holds the benefit of the consent at the time of occupation or completion. It is for these reasons that the Program does not refer to a refund of the contribution, rather, a payment to the developer equal to the value of the contribution.

Committee members should not underestimate the potential impacts the proposed program may have on the business of Council. Whilst Council budgets conservatively on receiving \$150,000 per year from developer contributions, which will be an immediate budget loss of \$300,000 over the two year term of the proposed assistance program, Council will also lose the contributions income from those developments that will be proceeding to completion regardless of the assistance program. For example, it is reasonable to assume that the Baiada developments will proceed soon irrespective of an assistance program, resulting in lost income to Council of the order of \$500,000. There will also be some refunds of contributions already paid. No other business in Griffith would be prepared to sacrifice such an amount in the interests of the wider business community, whilst still expected to operate efficiently. It will be for Council to decide if this impact might be outweighed by the potential benefits to the local economy.

Given the focus of the Committee appears to have shifted from how contributions are calculated to a moratorium, and as recommended, to a new program which meets the objectives of a moratorium by rebating the contribution, it is no longer necessary to consider Mr Murray's proposal. If his report is raised from the table, it is recommended it be noted.

COMMITTEE RECOMMENDATION

- (/) (a) That the Griffith City Council Local Economic Development Assistance Program be created with the following features, applicable to a significant group of people in the planning, development, construction, employment and service industries:
- i) to commence on 1 July 2014, or as soon as possible thereafter pending exhibition;
 - ii) all types of development are eligible;
 - iii) developments receive a rebate equivalent to 100% of the value of section 94A contributions specified in the conditions of consent for the development;
 - iv) the rebate is available only to developments which receive final approval for occupation or other certificate of completion by close of business 30 June 2016;
 - v) the program is available to all existing and new development applications that have not yet received final approval for occupation or other certificate of completion for the development;
 - vi) the rebate be made to the entity that holds the benefit of the consent at the time of occupation or completion.
- (b) The Program be advertised for 28 days and considered in conjunction with Council's exhibited Operational Plan.
- (c) The success of the Program be monitored and reported annually to Council.