

Manly Council – Background Sheet **Prepared by Good For Manly**

Name: S94 Contribution Plan

Background:

Council has the power to levy all development projects under s94 of the Environmental Planning & Assessment Act. The Act allows Councils to levy developers, including new businesses, for the infrastructure costs required to support the development (eg, parking, roads, public open space, etc.). Where Council has spent money on infrastructure to support the projected new development, it can levy s94 contributions to recoup that expenditure.

Manly Council has taken a very broad-ranging approach to the application of the levy, and has required businesses to make contributions not only for additional parking spaces, but also the future provision of community amenities and infrastructure – many of which are funded by State Government. In FY2010, Manly Council raised \$1.9m from this levy, and \$1.5m in FY2011.

General Outcome/s:

The spirit of the s94 levy is to ensure that developments make adequate contributions to the additional costs of Council to support those developments. Manly Council however uses s94 levies simply as a tax, providing no benefit to the development.

The Process:

The levy is a highly contentious one with local businesses particularly as Council has been unable to clearly demonstrate a nexus between the levy and its capital works program (eg, the Manly 2015 plan involved expenditure of \$36m on a new car park without providing a net increase in parking despite Council levying businesses for additional parking spaces). In some instances, the levy has represented between 50 to 100% of the value of development.

Council claims s94 levies to recoup the cost of existing car parking stations which were not paid for by Council, but by the business ratepayers. These levies produce no additional car parking, and in fact operate as a disincentive to small business. For example, a recent proposal to extend a coffee shop into an adjacent vacant shop premises was met with a Council demand for a “parking” levy of \$300,000 representing \$30,000 per extra seat. Needless to say, the proposal did not proceed and the shop is still empty.

Council has also included in the plan a number of spurious “wish list” infrastructure projects to justify the size of the contribution (eg, land

acquisition, indoor pool facilities, seawall refurbishment, and aged care facilities).

The Final Outcome:

The outcome has been that many developments have been rendered uneconomic due to the cost of the levy, and as a result the renewal of the Manly CBD has suffered. The levy has also favoured large developments due to its smaller percentage of total value. Council management also has an incentive to support large development due to the ability to levy “windfall” amounts (eg, approval of the Wharf development to add four new restaurants, would have gained Council \$5m in s94 contributions if it had proceeded).

Good for Manly proposes to address the application of the s94 levy. We propose to abolish the levy for all developments utilising existing floor space under a value of \$1m. For applications of \$1m or more, each DA will be assessed on its merits.

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