

LAND PROFITS TO FUND CITIES

While the arguments about whether residential land developers should contribute to the cost of providing services for new blocks of land are still raging, a lot of thought has been generated since the State Government mooted the idea in an issues paper last year ("Age", 2/9/91).

The Government has issued guidelines covering the relationship that local councils strike up with developers, with a view to achieving uniformity on contributions.

The legality of councils charging a levy on developers as a contribution to services was firmly established in a case early this year in the Administrative Appeals Tribunal between a development company, Eddie Barron Construc-

tions, and the Shire of Pakenham. The tribunal ruled that the council could call for developer contributions provided it could establish that the money was needed to meet genuine community needs generated by the new development. Such community needs, it ruled, might include pre-school, maternal and child-care facilities.

The precedent for this form of developer contribution is thus set and the Planning and Housing Minister, Mr. McCutcheon, in a recent interview with 'The Age' said he was keen to see councils apply it uniformly to the process of providing infrastructure services at the local level.

However, the task of funding the big-ticket items such as new roads, sewerage and transport still bedevils the Government.

Mr. McCutcheon is adamant that developer contributions are here to stay as one way of recouping some of the costs, though he concedes a variety of ways of raising money will be needed.

This view is shared by Mr. Garth Greenaway, the new chief executive of the Urban Land Authority, which has been involved in the infrastructure conundrum.

According to various estimates, land can go through a 40-fold increase in value between the time of its purchase as broadacres and its eventual sale for housing development.

The result could be hundreds of millions of dollars of profit for the Government, which could be used for big infrastructure projects. It would also allow the Government greater control over the release of land, its location and overall forward planning of urban development.