

Requesting a Higher Section 7.12 Rate

A guide for council planners

June 2026

Department of Planning, Housing and Infrastructure



Acknowledgment of Country

I acknowledge the Traditional Custodians of the various lands on which we work today and the Aboriginal and Torres Strait Islander people participating in this meeting.

I pay my respects to Elders past, present and emerging, and recognise and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of NSW



Agenda

Section 7.12

Standard, and higher rate

Assessment of higher rate requests

Key considerations

Making a formal request

Required package contents

Assessment and approval process

Key steps

Possible improvements

Currently exploring changes to improve access and expenditure outcomes



What is a Section 7.12 levy



Section 7.12 of the *Environmental Planning and Assessment Act 1979* allows a consent authority to impose a fixed percentage levy on the cost of development

Default maximum

1% of the proposed cost of carrying out development

Legislative Basis

Section 7.12 of the EP&A Act and Part 4 of the EP&A Regulation

Where It Applies

Councils may apply a levy within defined areas in their contributions plan

Strategic Alignment

Available by request to the Minister, subject to assessment

Maximum Levy Rates

1%

Default Maximum

All councils, all development types.

Up to 4%

Strategic Centres

Highest allowed in designated strategic centres, by Ministerial approval

LMR

Non-strategic Centres

Changing planning policy direction

Process and considerations

Two key considerations must be demonstrated to support a higher rate

Justifiable infrastructure need

- Is section 7.12 the appropriate mechanism
- Areas where section 7.12 apply
- How the levy will apply to different types of development

Reasonable costings and apportionment

- Work schedules reflect the distinction between local and regional infrastructure
- Apportionment of infrastructure costs to new development

What the Department Considers

The Department assesses each application on its merits and makes a recommendation to the Minister, key assessment areas:

Strategic Alignment

Infrastructure needs should align with relevant regional and district plans, and support government objectives including housing supply and affordability

Individual Context

Geographical, socioeconomic and development context of each application are considered on their merits

Justifiable Infrastructure Need

A demonstrated relationship between developments and the need for the identified infrastructure.

Reasonable Costings

Costings should be current and supported by evidence to support efficient delivery

Making a Formal Request

Talk to us during early considerations and before making a formal request

Required Package Contents

- 1 Cover letter addressed to the Minister requesting an increase to the maximum levy
- 2 Council's resolution to make the request
- 3 The Contribution Plan adopted by Council
- 4 Responses addressing relevant criteria
- 5 Summary of exhibition submissions
- 6 Any additional information (data, reports, or studies) to support the application



Assessment and Approval

Council's Formal Request	Formal request and support package submitted to the Department
Departmental Assessment	Application assessment against criteria, considering context and merits.
Recommendation	Department makes a recommendation to the Minister
Ministerial Decision	Minister determines whether the request should be supported
Regulation Amendment	If supported, the updated EP&A Regulation published in the gazette

Exploring improvements to higher rate 7.12



Simple

- Fewer plans
- Higher levy rate
- Eligibility



Fair

- Low value developments
- High value developments



Transparent

- Where higher rate applies
- Administration costs



Timely

- Expenditure performance
- Works in kind

Case for Change

Construction costs have risen

Labour, materials and finance all cost more for both housing and infrastructure

Growth has spread across more urban areas

Housing supply policies now focus on urban infill areas

Infrastructure contributions balances have grown ~ \$4.6 billion

Revenue is being collected, infrastructure is not being delivered in a timely manner

Next steps

Engagement with NSW Councils

Development of improvement recommendations informed by stakeholder's input

Approval of policy improvements

Questions?

Contact the Team

infrastructure.contributions@planning.nsw.gov.au

Practice Note

<https://www.planningportal.nsw.gov.au/local-infrastructure-contributions/requesting-higher-7-12-rate>

