

*Report of the Inter-Departmental Committee
On Development Contributions*

April 2007

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1. Executive Summary

The review and consolidation of the planning code by the Department, resulting in the Planning & Development Act 2000, provided the opportunity for a radical overhaul of the development contributions system. In the 5-year period since their introduction the development contribution schemes have had a very significant impact on the delivery of key infrastructure across all local authority areas. The operation of the schemes has coincided with an era characterised by unprecedented levels of construction activity in Ireland. The heightened levels of construction activity in turn give rise to increased demand for supporting infrastructure. As a result of this increasing demand, and the increased flexibility afforded to planning authorities under sections 48 and 49 of the Planning and Development Act 2000, the amount collected in development contributions has increased greatly in recent years.

This means that the development contribution mechanisms have come to constitute a very significant income stream for planning authorities over recent years, totalling approximately €519m in 2005 (for all local authorities).

This additional revenue has been used to fund a range of key public infrastructure such as roads, sewers etc. that are necessary for all housing and commercial construction to proceed and for purposes of specific community benefit (such as recreational areas, parks etc.) as well as for more general purposes supporting economic growth and competitiveness (for example, Luas Green Line extension from Sandyford to Cherrywood part funded by special section 49 scheme, Navan to Dublin railway, Wicklow Port Access, as well as a number of critical road projects). According to the National Development Plan it is estimated that €2.1 billion will be collected in development contributions during the lifetime of the plan (2007-2013)¹.

The Department of the Environment, Heritage and Local Government initiated a review of the operation of the updated provisions in late 2005, by establishing an Interdepartmental Committee on Development Contributions to evaluate the effectiveness of the schemes to date, and to discuss operational issues of interest to a number of key policy Departments. The deliberations of the Committee form the basis of this report, and a revised guidance circular, which will issue to all planning authorities.

¹ *National Development Plan 2007-2013: TRANSFORMING IRELAND A Better of Quality of Life for All*

2. General Concept of Planning Gain

That decisions made by planning authorities directly affect the value of land in a significant way is a long accepted principle in the Irish planning system and comparable jurisdictions². In Ireland, the concept of allowing the wider community share in the wealth created by planning decisions by taking account of the potential sizable uplifts in land value has been recognised in statute since 1963, when section 26 of the Local Government (Planning and Development) Act 1963 first gave local authorities limited powers to levy financial contributions.

The practice of applying a levy on development for the funding of vital infrastructure is well established under the planning and development codes of a number of jurisdictions, for example in the UK through “section 106 agreements”, in New Zealand through financial contributions levied under the Resource Management Act, and in Australia through development contributions which closely resemble those used here. As in Ireland, all of these mechanisms have become increasingly mainstreamed in recent years.

While a number of stages in the planning process, such as Government policy decisions on land use, or the zoning of lands in a developments plan, can cause an uplift in land values, the granting of planning permission captures the majority of land value uplift and is the single most clearly defined stage in the process. It is this stage therefore that provides the most opportune time to apply a planning gain levy³, although it does not necessarily follow that payment should be required on issue of planning permission (commencement of development is the frequently used milestone, allowing a developer to secure sufficient financing to undertake construction).

While the current development contribution levy has been in operation since 2002 other systems for levying development contributions in Ireland were introduced over four decades ago.

² *The overall process of zoning land for housing, servicing it, granting planning permission, connection to wider infrastructure and house construction gives rise to a very significant increase in the value of land. Across the world, the cause of that increase in land value, the just distribution of it and the legal ownership of it have long been a subject of analysis and debate. NESc Housing Background Paper 7*

³ HM Treasury - *Planning-Gain Supplement A Consultation*, December 2005.

3. Planning and Development Act 2000 – Sections 48 & 49

The Planning and Development Act 2000 comprehensively revised, streamlined and consolidated the planning system in Ireland. It also provided for a radical overhaul of the development contributions scheme. The primary objectives of these revisions were to:

- Provide a mechanism by which developers and others can contribute to the cost of providing public infrastructure and facilities that benefit development in their area
- Increase flexibility for local authorities in relation to the range of projects that could be funded from this source, by allowing authorities to fund public infrastructure provision without necessarily tying it to a specific development
- Introduce greater transparency into the way in which development contributions were levied and applied (so that developers would be able to establish in advance what levy should apply to them)
- Ensure that local authorities could manage and maintain growth by providing key infrastructure to support local economies going forward

These broad aims were given statutory basis by Sections 48 and 49 of the Act, which have now been in operation since 11 March 2002.

Local authorities were required to prepare their first schemes under the 2000 provisions by 10 March 2004; setting out how general development contributions would apply in their area. All planning authorities adopted schemes by the required date: in most cases these first general schemes are liable for review over the coming 12-18 months.

The 2 classes of development contribution scheme are summarised below.

Section 48 Development Contributions Schemes

Adopting development contribution schemes is a reserved function for elected members. Under the provisions of Section 48 of the Act, the elected members adopt development contribution schemes by resolution following a public consultation process. Once a draft scheme is prepared the authority is required to advertise this fact in one or more local newspapers. The advertisement must also give details of the proposed contributions, alert people to the fact that the draft scheme is available for inspection, and indicate that submissions or observations may be made on the scheme to the authority.

On conclusion of the consultation process the Manager must prepare a report for the elected members listing the bodies and individuals who made submissions. The main issues raised in submissions and the response of the Manager to those issues, informed

by the proper planning and sustainable development of the area, also form part of the report to the Members.

The process also provides an opportunity for the Minister for the Environment, Heritage and Local Government to comment and make recommendations on the draft development contribution scheme during the consultation period.

In making a final determination on the draft scheme the elected members must consider the report of the Manager, including the points raised during the public consultation, and must also have regard to the recommendations (if any) of the Minister.

Section 48 provides that contributions may be levied for, and spent on the following types of infrastructure:

- Acquisition of land,
- Provision of open spaces, recreational and community facilities, amenities and landscaping works,
- Provision of roads, car parks, car parking places, sewers,
- Waste water and water treatment facilities, drains and water mains,
- Provision of bus corridors and lanes, bus interchange facilities (including car parks for those facilities), infrastructure to facilitate public transport, cycle and pedestrian facilities, and traffic calming measures,
- Refurbishment, upgrading, enlargement or replacement of roads, car parks, car parking places, sewers, waste water and water treatment facilities, drains or water mains,
- and any matters ancillary to the above.

In addition to the general contribution scheme the 2000 Act provides for 2 other types of levies.

Special Development Contributions under Section 48(2)(c)

A special development contribution may also be established under section 48(2)(c). These schemes are intended for use where exceptional costs not covered by the general contribution scheme are incurred by a local authority in the provision of a specific public infrastructure or facility. The particular works should be specified in the condition. Only developments that will benefit from the public infrastructure or facility in question should be liable to pay the levy.

These contributions may be appealed to An Bord Pleanála. Where the relevant works have not commenced within 7 years, the funds collected must be refunded.

Section 49 Supplementary Development Contribution Schemes

In addition to the standard and special schemes provided for under Section 48 of the 2000 Act, Section 49 provides for the drawing up of a supplementary development contribution scheme. The purpose of a supplementary development contribution scheme is to facilitate a particular public infrastructure service or project which is provided by a local authority or a private developer on behalf of and pursuant to an agreement with a local authority (for example, through Public Private Partnership), and which will directly benefit the development on which the levy is imposed. These schemes are therefore intended for use in quite specific circumstances, and as a result, there have been less than 10 such schemes adopted in total.

Supplementary development contribution schemes may be used for the provision of particular:

- Rail, light or other public transport infrastructure including car park and other ancillary development,
- New roads
- New sewers, waste, water and water treatment facilities, drains or water mains and ancillary infrastructure.

In general the same rules of procedure applying to section 48 development contributions apply equally to section 49 supplementary schemes. However, the section 49 schemes must go somewhat beyond the detail of section 48 schemes by specifying the precise area or areas within the functional areas of the local authority where the scheme will apply and the particular public infrastructure project or service for which the scheme is being applied. Developments in those areas are then liable for both 'normal' section 48 development contributions, as well as the supplementary scheme under section 49.

Appeal of contributions

Provision is also made for appeals with regard to development contributions levied in certain circumstances. These enable a developer to appeal:

- A special development contribution, and
- The application of a development levy where a developer feels the scheme has not been applied in accordance with the terms set out by the local authority.

It is also intended that a review mechanism be put in place, through revised guidance to planning authorities. This would require that as existing development contribution schemes fall for review (as many do over the course of the coming months) authorities will be required to carry out an evaluation of the operation of the schemes to date, taking account of, *inter alia*, the comments of stakeholders. This review would then be forwarded to the relevant County Development Board (CDB) as is proposed for all draft schemes (see section 6.4 below).

4. Impacts of Section 48 and 49 Schemes

The current development contribution mechanisms have now been in place for just over 5 years. The operation of the section 48 and 49 schemes has coincided with an era characterised by unprecedented levels of construction activity in Ireland. The heightened levels of construction activity in turn give rise to increased demand for supporting infrastructure. As a result of this increasing demand, and the increased flexibility afforded to authorities under sections 48 and 49, the amount collected in development contributions has increased greatly in recent years.

This means that the development contribution mechanisms have come to constitute a very significant income stream for planning authorities over recent years, totalling approximately €519m in 2005 (for all local authorities).

The table below sets out the development contributions collected during the period 2000 to 2005:

Year	Development Contributions
2000	€110m
2001	€122m
2002	€151m
2003	€215m
2004	€337m
2005	€519m

The projected income from development contributions will amount to 8.5 percent of the total Capital Investment Programme over 2006 – 2008.

According to the National Development Plan it is estimated that €2.1 billion will be collected in development contributions during the lifetime of the plan (2007-2013). The collection of these contributions will take place within the framework of the revised guidance to local authorities, which it is proposed to issue following this report.

This additional revenue has been used to fund a range of key public infrastructure such as roads, sewers etc. that are necessary for all housing and commercial construction to proceed and for purposes of specific community benefit (such as recreational areas, parks etc.) as well as for more general purposes supporting economic growth and competitiveness (for example, Luas Green Line extension from Sandyford to Cherrywood part funded by special section 49 scheme, Navan to Dublin railway, Wicklow Port Access, as well as a number of critical road projects).

5. Review of the operation of the current scheme

The Department initiated a review of the operation of the updated provisions in late 2005, by establishing an Interdepartmental Committee on Development Contributions to evaluate the effectiveness of the schemes to date, to discuss operational issues of interest to a number of key policy Departments. The Committee also took the opportunity to examine the issues raised in sectoral reports relating to the operation of the schemes.

The Committee was tasked with considering whether policy guidance in relation to sections 48 and 49 of the 2000 Act needed to be updated.

This Committee comprised officials from:

- The Department of the Environment, Heritage and Local Government (Planning Section)
- The Department of Finance
- The Department of Transport
- The Department of Enterprise, Trade and Employment
- The Department of Justice, Equality and Law Reform
- The Department of Education and Science.

The discussions of the Committee were informed by, and took place in the context of, detailed consideration of a range of issues from sectoral interests, including a position paper prepared for the Department on behalf of the City and County Managers Association. The deliberations were also informed by reports on the issue from the Small Business Forum and Chambers Ireland.

The full Committee met on a number of occasions in late 2005 and 2006. These meetings were supplemented by a number of follow-up bilateral meetings between the Department of the Environment, Heritage and Local Government and each of the individual Departments represented on the group.

The discussions of the IDC were extremely wide ranging, reflecting the diversity of sectoral interests for which the members are responsible. A number of Departments submitted position papers setting out their particular interests or concerns in relation to development contributions (a summary of these is provided at Appendix A).

The following were the main issues arising from the deliberations of the group:

- The potential impact of excessive local charges on Ireland's competitiveness

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- Variations in levels of charges between authorities
- Double charging
- Need for extensive consultation
- The importance of openness and accountability in the allocation of revenues generated (for example by more clearly linking funds collected to specific projects)
- Possibilities for waiving development contributions in respect of certain types of development e.g. schools and childcare facilities, agricultural development
- Possibilities for expanding the uses to which contributions can be put, to include, for example, lands for social and affordable housing, schools
- Need for an appeals system

The Committee are of the view, on the basis of the issues discussed and the concerns raised, that improvements to the operation of the current development contribution mechanisms would be most effectively and immediately effected through the provision of revised guidance to local authorities.

The main issues to be encompassed by that revised guidance are set out in further detail below.

6. Issues Arising & Main Findings

6.1 Potential Impact of excessive local charges on Ireland's competitiveness

As stated previously, in recent years the revenue generated from development contribution schemes has enabled local authorities to set about addressing infrastructural deficits in their operational areas on a more ambitious scale than previously. This, of course, has had a positive and direct impact on local communities throughout the country.

However, it is essential that local authorities set revenue growth in the proper macro economic context. While it is important that the right infrastructure be put in place to attract and support investment in any authority's functional area, it is essential that development charges are not pitched at such a high level as to act as a deterrent or disincentive for future prospective investment and development, or as a penalty on, or barrier to, enterprise start-up.

Proposed action

Securing future income streams from development contributions depends on achieving the appropriate balance between the necessary levels of funding now, and the need for local authority areas to continue to represent an attractive location for future investment. It was agreed that revised guidance to local authorities should strongly emphasise the importance of maintaining local competitiveness. This must also require the involvement of all stakeholders in consultation processes for the drawing up or revision of contribution schemes (the need for extensive consultation is discussed at section 6.4 below).

6.2 Variations and linkages across Planning Authorities

The Committee examined issues of variability of schemes between local authorities. While factors such as varying settlement patterns, levels of construction activity, and quality of existing infrastructure are valid causes for variation between local authority areas, concerns were expressed that in certain instances the degree of variation was beyond a level that could be explained by these factors, particularly between neighbouring authorities.

Under section 26 of the Local Government (Planning and Development) Act 1963 (see Appendix B), local authorities were able to attach conditions to a planning permission for the payment of a contribution towards the cost of infrastructure. However it was widely perceived that this system provided inadequate transparency or reporting in terms of revenue collection. This led to a situation where the process for calculating development contributions varied very significantly between local authorities.

The Committee felt that while the Planning and Development Act 2000 has provided for increased transparency and accountability it had not adequately addressed concerns over levels of variation across local authorities. Accordingly it was felt that this has led to development contributions for industrial/commercial developments (in particular) to differ considerably across local authorities. It was also felt that the opportunity to promote greater efficiency with their organisation could have been taken by local authorities. This in turn has given rise to a perception that local authorities were in essence free to source additional income from development contributions to meet estimated expenditure costs. As a result, some sectoral interests have recently posited this as the main driver of the increases in revenues collected in recent years.

The variation in the quality and detail of the schemes themselves was also discussed. While it was agreed that each individual authority was best placed to draw up their development contributions schemes based on their particular needs, absence of concrete guidance carries a risk of inconsistency or unpredictability. To address this issue there is merit in introducing a basic uniformity of approach across all authorities, with specific details being informed by particular local needs. Without a fundamentally similar methodology there would be a risk that the overall system of applying development contribution schemes could be viewed as arbitrary or even haphazard.

The Committee considered the concerns expressed by enterprise groups that the flexibility afforded to local authorities had resulted in some cases in a disproportionate burden being placed on the enterprise sector. Based on the available evidence, while there is, and indeed should be, variation between local authorities in the way that they levy contributions on the different types of development, it would be useful if, when carrying out reviews of existing schemes, authorities compiled a breakdown of charges by sector.

It was also suggested that schemes could have a regional dimension to take account of infrastructural needs which cross local authority boundaries. Such an approach among neighbouring local authorities could be encouraged especially to co-ordinate infrastructural projects. It may also help neighbouring authorities to set their schemes more evenly.

Proposed Action

In summary, it was agreed that there are often good reasons for variation in development contributions between local authorities. However, it was also agreed that transparency in the drawing up of schemes and in the application of revenues collected were essential elements in achieving cross community, and cross sectoral support. It is essential that all stakeholders are provided with good quality information

on the levels of charges, and the means by which such charges are calculated. It is equally important that clear linkages be demonstrated between the charges levied and infrastructure provided. A revised guidance circular letter for local authorities will highlight the importance of objectivity, equity and transparency in the drawing up of development contribution schemes, while recognising that some degree of inter-authority variation is to be expected.

6.3 Double charging

The Committee considered the issue of “double charging” by local authorities. In one such instance, a premises provided by the Industrial Development Agency (IDA) was charged an initial development contribution. When a private enterprise then took up residence in the premises, but subsequently required a physical alteration to the premises requiring planning permission, a second development charge was then levied.

The Committee agreed that this practice is entirely inconsistent with both the primary objective of levying development contributions and with the spirit of capturing “planning gain” in an equitable manner. All local authorities have been advised that any development contribution already levied and paid should be deducted from the subsequent charge so as to reflect that this development had already made a contribution.

Double charging can also potentially arise where development contributions are supported by local area plans (LAP’s). This can occur because development which is located in the area which is the subject of an LAP, and levied under the LAP, can then be subject to a second development charge according to the county scheme. The Committee were also in agreement that this type of double charge was not in keeping with the spirit of the provisions set out in the 2000 Act.

Proposed Action

While incidents such as the example set out are isolated and the Department of the Environment, Heritage and Local Government has immediately followed up on each of the small number of reported incidents of double charging, the Committee agreed that the opportunity be taken, through the revised guidance circular, to remind all local authorities that double charging of any kind is wholly inappropriate. Local authorities should ensure that the necessary monitoring and control systems are in place to prevent double charging.

6.4 Need for extensive consultation

Active engagement with all stakeholders is an essential element in confidence building, demonstrating openness and transparency, and, above all, in ensuring that the final adopted scheme is robust, objective and equitable.

Under the 2000 Act local authorities are required to notify the general public that the draft scheme is available for comment by publishing details in a local newspaper. The advice issued in PD 4/2003 urged local authorities to consider early consultation with relevant interest groups on whom the scheme may impact. However, the Committee acknowledged that there was potential for local authorities to take on a more active role in disseminating information on draft schemes. It is, after all, in the interests of the authorities to have the maximum degree of support for their schemes, and the fullest public consultation could facilitate this. The Committee therefore agreed that as well as publishing notification of draft schemes in the manner currently provided for under the 2000 Act, local authorities would furnish all draft development contribution schemes to the relevant County Development Board (CDB). The members of the CDB, which include representatives from all sectoral interests, would then have responsibility for ensuring that their constituent members were given adequate notice in relation to draft schemes, and that they were aware that submissions and observations could be made to the local authority responsible. A note on the membership and specific functions of CDB's is set out in appendix C.

Proposed Action

Authorities will be required under the revised guidance to actively consult with their relevant County Development Board so as to ensure the effective consultation with all sectoral interests and maximum transparency in the drawing up and adoption of development contribution schemes. Local authorities are also to be encouraged to utilise a variety of media, such as local radio, local authority website etc., to raise awareness regarding the drawing up of schemes. A more widespread consultation process would also assist authorities in addressing any particular operational issues identified by stakeholders, when reviewing existing schemes.

6.5 Transparency

The Committee agreed that authorities' reporting structures should demonstrate a maximum of accountability and openness, and clearly set out the role of development charges. A number of issues relating to transparency in the drawing up and administration of development contribution schemes were considered. These are individually set out below.

- **Reporting**

Among the issues discussed were the concerns expressed regarding reporting mechanisms on total revenues levied, collected, and spent. The conclusions of the Indecon Review of Local Government Financing published in 2005 are relevant in this context.

While section 48 (14)(a) of the 2000 Act provides that money accruing to a local authority from development contributions paid under that section shall be accounted for in a separate account and shall only be applied for public infrastructure and facilities, the Department of the Environment, Heritage and Local Government in conjunction with the local authorities has recently taken further important steps in improving and strengthening the reporting structures of the schemes. These improvements will be reflected in the reporting of the 2005 and 2006 Annual Financial Statements (AFS).

With effect from the 2006 AFS and succeeding AFSs local authorities will be required to extend the information provided in respect of development levies to show expenditure from this source on water services, roads, amenity and community developments.

Proposed action

The Committee agreed that these new reporting arrangements and a detailed breakdown of spending by class of infrastructure would mark a significant improvement in the quality of information available on the collection of development contributions.

- **Link between Charges Levied and Projects Funded**

The issue of transparency is also important in relation to the extent to which linkages between the revenues collected and the infrastructure projects funded from those revenues are demonstrated. Developers should reasonably expect to be able identify the infrastructural gain to which their contribution has been put. This is an essential element not only in terms of transparency, but also in terms of garnering support for the entire mechanism. One local authority has already taken steps to brand key projects being funded by the development contribution scheme.

Proposed action

The Committee welcome this approach and recommend that revised guidance should encourage other local authorities to consider the possibility of “branding” projects. This branding could, for example, follow a similar approach to NRA\NDP projects. In addition, local authorities will be reminded that development contributions are to be used to support the capital investment programme only – they are not to be directed towards current expenditure.

6.6 Possibilities for waiving development contributions in respect of certain types of development

The possibility of providing for waivers from development contribution schemes for certain classes of development was discussed as a means of supporting or promoting the delivery of projects of these types to the communities where they were most

needed. Such special exemptions or waivers could for example apply to crèches and voluntary housing schemes and other community infrastructural project provided by voluntary or not-for-profit non-statutory groups.

The Committee also looked specifically at possible waiver options for schools and other state provided community infrastructure. However, in view of the potential shortfall for planning authorities in terms of service provision were such a waiver to apply to any major element of infrastructure, such a policy might have unintended knock on effects. These effects could be manifested through, for example, increased charges on other types of development. Given these potential complexities the Committee concluded that such options would not be pursued at this time.

Proposed action

While the current guidance advises local authorities that existing provisions provide sufficient flexibility to provide waivers, the available evidence suggests that in the majority of cases where authorities have chosen to allow for a reduced or no contribution they are based on the waivers for planning fees as set out in the Planning and Development Regulations 2001. The Committee agreed that more specific guidance could be provided to encourage authorities to adopt a more flexible approach to waiver options to support Government policies in relation to specific classes of development, including, for example, certain types of child care facilities, drug treatment facilities, providers of services for homeless persons, etc.

6.7 Range of Projects to be funded through Development Contributions

The Committee discussed the range of projects which can be funded through development contributions, and considered, specifically, whether this range should be expanded beyond those classes of infrastructure provided for in the 2000 Act. Such projects might include, for example, schools or other facilities directly provided for through exchequer funding. However, on balance, it was agreed that such amendment to the current provisions, which would need to be given effect through primary legislation (an amendment to the 2000 Act), would be inappropriate on the basis that it could prove counter productive by compromising local authorities resources and consequent ability to manage and maintain growth by providing key infrastructure to support local economies going forward.

Proposed action

The Committee agreed that the range of public infrastructure projects and facilities, which can be funded through development contributions, would not be amended at this time.

Appendix A Summary of Submissions Made to the IDC

Formal papers were received from a number of members of the Interdepartmental Committee. The main points raised in each of the papers are set out below.

Department of Education and Science

- Exemption from development contributions should be provided for schools.
- Local authorities should use development contributions to fund the construction of schools.

Department of Enterprise Trade and Employment

- Variation in levels of charges between local authorities is of particular concern - a more stringent set of guidelines to planning authorities could help reduce the variations between local authorities.
- Authorities should be reminded that double charging is unacceptable.
- Provisions underpinning development contribution schemes should be made more rigid to prevent local authorities from sourcing additional money from development charges to meet their estimated expenditure costs. This would provide a greater incentive for local authorities to promote more efficient practices.
- Consideration should be given to putting in place a forum/appeals mechanism to adjudicate on levels of charges.
- Suggested possibility of placing a ceiling on the maximum a developer could be asked to pay.

Department of Finance

- Possibility of extending the use of revenue from the schemes to fund other types of infrastructure e.g. social housing; lands for social housing or schools, should be explored.
- More information should be collected and published in relation trends in development contributions through local authority annual reports and accounts. This could include information relating to the type of infrastructure projects funded by the development contributions.
- The rationale behind development contributions could be better explained to the business interests\general public.
- The Department of the Environment, Heritage and Local Government should issue guidance to ensure consistency across local authorities.
- Local authorities should have regard to the impact of development contributions on competitiveness for business.
- Consideration might be given to the imposition of a cap on charges in certain circumstances

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- The Department and planning authorities should bear in mind the impact of development contributions on local authority accounts and the general government balance.
- Development charges should be captured in the Public Capital Programme.

Department of Justice, Equality and Law Reform

- Community/not for profit childcare providers should be exempt from development contributions (including those that have not availed of a grant under the Childcare Programme).
- An exemption for private childcare providers who qualify for a grant under the National Childcare Investment Programme would act as an added incentive to encourage private childcare providers to participate in the Programme.

Appendix B Key Conclusions Contained in paper submitted to the Department by the City and County Managers Association (CCMA)

While not formally represented at the Committee, the CCMA submitted a paper on development contributions to the Department of the Environment, Heritage and Local Government. The CCMA paper set out the following conclusions.

- In overall terms, development contributions represent a significant ‘planning gain’ that is designed to be re-invested in the local community. Ultimately, the income accruing forms an essential part of a much larger capital investment envelope which over the 2006 – 2008 period amounts to an estimated average of €658m per County/City Council, and in global terms, billions of euro.
- Although local authorities are often criticised for charging development contributions, they are in fact implementing a commendable national policy on a local level.
- Criticism of development contributions for their lack of uniformity is unreasonable given the fact that this is a reserved function for elected members, and also given the fact that the level of charges simply reflects the level of local need for infrastructure.
- Development contributions are a form of betterment levy – they are designed to recover a small portion of the profit from developed land, to be re-invested to the benefit of the wider community.
- The County and City Managers’ Association (CCMA) is strongly committed to seeing development contribution schemes continue on the grounds that:
 - Schemes are devised and set by Council and represent an enhanced role for councillors;
 - Local funding relates to local need;
 - Local authorities are accountable and schemes are transparent;
 - Development Contributions are time-bound and all monies raised are ring-fenced;
 - In accordance with Water Pricing Policy, local authorities need to fund future water/wastewater needs through development contributions;
 - Betterment Levies underpin substantial investment in local communities to redress the historical under investment in local infrastructure.

*Appendix C Development Contributions under Section 26 of Local Government
(Planning and Development) Act 1963*

The Local Government (Planning and Development) Act of 1963 provided the first formal statutory basis for the levying of charges on planning gain. However, contributions under section 26 of that Act could only be used to meet costs incurred for “works (including the provision of open spaces), which have facilitated the proposed development”. In other words, there was an explicit and direct link between the contribution charged and the development in respect of which the charge was made, meaning that works that might be considered as being more generally beneficial to a community could not be funded by way of section 26.

This limitation on planning gain is recognised in the NESC Report Housing in Ireland: Performance and Policy (no. 112 November 2004). The report directly links under-investment in local infrastructure (particularly housing, but also including the provision of roads, water services, waste water services), with the constraints imposed on local authorities by the provisions of section 26. The section 26 mechanism was also widely criticised by development interests as being too haphazard, unevenly applied across the country and lacking in transparency.

The review and consolidation of the planning code, which resulted in the Planning and Development Act 2000, provided an opportunity to revise the development contribution system in order to improve its transparency and increase the range of infrastructure that can be funded under this mechanism.

Appendix D - County Development Board – functions & constituent members

County/City Development Boards were established in each county and city in Ireland in early 2000. The CDBs are led by local government and are also representative of local development bodies together with the State agencies and social partners operating locally. For the first time, CDBs brought together the key players at local level to engage in a process of long-term planning for each county or city.

- Each CDB has now drawn up an agreed 10-year Strategy for Economic, Social and Cultural Development for its county or city in 2002.
- CDBs are currently reviewing their strategies to examine progress to date, and to identify limited number of key priorities and actions to improve co-ordination and delivery of public services at local level. The review is to be completed by the end of 2005.
- The CDBs aim to ensure the avoidance of duplication in the delivery of services at local levels, as well as filling gaps in meeting the needs of their communities.
- There is an emphasis by CDBs on counteracting social exclusion as well as on economic and cultural development.

The table below sets out the typical membership of a CDB.

Current Typical Composition of County/City Development Board		
Sector	Members	Number
Local Government	<ul style="list-style-type: none"> • SPC Chairs • Cathaoirleach/Mayor • County/City Manager • Urban Representative 	typically 7
Local Development	2 representatives for each of the following three types of local development bodies: <ul style="list-style-type: none"> • County/City Enterprise Board • LEADER II Group(s) • ADM-supported Partnership Companies and ADM-supported Community Groups 	
State Agencies	As appropriate: <ul style="list-style-type: none"> • Health Board • FAS • Teagasc • An Garda Síochána • VEC • Dept. Education Regional Office • County/City Childcare Committee • Enterprise Ireland • IDA Ireland • Regional Tourism Organisations • D/SCFA regional officer • SFADCO/Udarás 	typically 10
Social Partners	<ul style="list-style-type: none"> • Employers and Business Organisations (one member) • Trade Unions (one member) • Agricultural and Farming Organisations (one member) • Community and Voluntary Organisations (two members) 	
TOTAL		Typically 28