



Submission No. 002
11.1.11
1 October 2015

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Mr Jim Pearce MP
Chair
Infrastructure, Planning and Natural Resources Committee
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Pearce

Submission on Local Government and Other Legislation Amendment Bill (No. 2) 2015

I refer to your letter of 23 September 2015 inviting the Local Government Association of Queensland (LGAQ) to make a submission on the Local Government and Other Legislation Amendment Bill (No. 2) 2015.

It is understood the objectives of the Bill are to:

1. correct an inconsistency between the *Local Government Electoral Act 2011* (LGEA) and the *City of Brisbane Act 2010 / Local Government Act 2009* relating to making an accepted how-to-vote cards available for inspection at the local government's public office during the caretaker period for a local government election;
2. remove an obsolete reference to mayoral first-past-the-post voting in the LGEA;
3. enable local governments to seek an extension of up to two years to have a Local Government Infrastructure Plan (LGIP) in place;
4. enable an applicant to advise a local government that they are not seeking information about an offset or refund in an Infrastructure Charges Notice (ICN); and
5. enable an applicant for a connection approval to advise a distributor-retailer that the applicant is not seeking information about an offset or refund in an ICN.

The LGAQ welcomes the opportunity to provide a submission to the Committee on the Bill and offers the following feedback.

The LGAQ has no concerns with the proposed amendments in relation to items one and two above notwithstanding our ongoing opposition regarding the change in voting methods from first past the post (FPTP) to Optional Preferential Voting (OPV) as the system for electing mayors in undivided councils. The LGAQ was consulted formally by the Department of Infrastructure Local Government and Planning (DILGP) and responded accordingly in August 2015.

LGIP Extension

The LGAQ welcomes the ability for local governments to seek an extension of up to two years to have a Local Government Infrastructure Plan (LGIP) in place.

The requirement introduced by the former State Government in 2014 for all local governments to have an approved LGIP by 1 July 2016 was considered unreasonable and unlikely to be achieved by most local governments. The arbitrary 1 July 2016 timeframe was understood to be the 'stick' to encourage councils to formally amend their priority infrastructure plans (PIPs) to LGIPs, however the timeframe does not consider the context in which councils have already developed their PIPs. Many councils have already undergone multiple State Interest reviews of their existing PIPs, including reviews by the Queensland Competition Authority. To require



local governments to 'jump through additional hoops' is particularly wasteful considering councils must also review their LGIPs within a statutory 5-year timeframe. The LGAQ maintains a reasonable approach would allow councils to continue having regard to their existing PIPs as LGIPs and for the State Government to support those councils without existing PIPs / LGIPs.

The LGAQ recommends the State Government work with each local government to agree to a transitional timeframe (having regard to the 5 year mandatory LGIP review timeframe) that reflects each councils' unique circumstances, including planning scheme drafting status and financial considerations.

Applicant discretion on offset or refund details in an ICN

The LGAQ acknowledges the explanatory notes where the –

The requirement for an ICN to include information about any offset or refund that may apply has been effective in encouraging local governments to take proper account of the trunk infrastructure being delivered by the developer when the local government determines the appropriate charge. It has also provided applicants with certainty in relation to the value of their contribution to the cost of providing the trunk infrastructure. However, where the offset or refund is large enough to necessitate the approval of the local government's budget committee, this takes a considerable period of time to obtain, resulting in delays in development approvals. The current arrangement does not allow for an applicant who is either unconcerned about the prospect of an offset or refund, or is prepared to receive information about these matters at a later time, to advise the local government that they are not seeking information about an offset or refund in an ICN. The Bill allows an applicant to do so. (Emphasis added)

Although LGAQ agrees with the balance of the explanatory note, it should be clarified that the quantum of the offset / refund may not necessarily be the trigger, but in fact, it is the overall structure of the delegated authority determined by the council that will determine the application decision-making process (which may contain threshold triggers). Further, the reference to approval by "budget committee" is not necessarily correct, as some local governments will not have such a committee and these matters may be decided before full council.

Irrespective, the proposed amendments seek to ameliorate the impacts of changes that came into effect in mid-2014 that both the LGAQ (and councils) strongly cautioned the State Government and industry of the potential consequences. The proposed amendments, although supported in-principle, are only a partial solution to the much greater concern of restoring equity in the offsetting and crediting arrangements implemented under the former State Government mid last year.

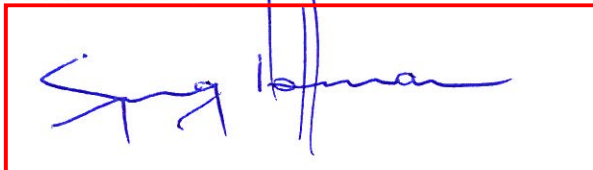
As per LGAQ's previous submissions to the State Government, including the *Planning and Development (Planning for Prosperity) Bill 2015* dated 13 July 2015, the LGAQ maintains the existing offset and refunds framework is grossly inequitable. Applicants now have the ability to apportion 100% of the trunk infrastructure costs to councils (even where most of the infrastructure is necessary for the development) and councils are being forced to commit to offset and refund the full market cost of the infrastructure associated with new development. This heavily benefits the developer, shifts their costs to councils and the community, and creates significant incentives for developers to exploit the system to maximise their access to councils' money. It also is likely to result in inefficient infrastructure delivery. These changes, in conjunction with the conversion application process, are undermining local governments' ability to effectively program capital expenditure in the short and medium terms without risk of change and budget blow-outs.

The cumulative impacts of the offsets and refunds framework are already being felt by councils, particularly where large developments with substantial infrastructure require refunds, resulting in limiting councils ability to plan and budget appropriately and posing a genuine risk to councils' financial sustainability. The net effect is the potential making of a system that benefits only the larger developments (that typically build trunk infrastructure as part of the development) by drawing down the infrastructure charges revenue collected from all development that is meant to be spent on trunk infrastructure to benefit all network users.

The LGAQ is currently providing recommendations to the DILGP addressing these concerns through feedback on the draft Planning Bills recently released for public consultation. These recommendations include amending the legislation to:

- clearly state that the local government must only offset the cost of the share of infrastructure that can be apportioned to users of premises other than the subject premises and that the offset should only apply to infrastructure that has been, or is to be, the subject of a levied charge by the local government;
- allow councils to also recalculate the establishment cost of trunk infrastructure (identified in the schedules of works) needed to be provided and ensure final completion costs are verified through a transparent and accountable process; and
- state that credits will only be provided for a previous use that is no longer taking place where it is demonstrated that an infrastructure requirement that applies, or applied to, the use or development has been complied with.

Yours sincerely



Greg Hoffman PSM
GENERAL MANAGER – ADVOCACY