



16 May 2014

Submission No. 19

11.1.19

16 May 2014

14 Edmondstone Street  
South Brisbane QLD  
4101

PO Box 3573

South Brisbane QLD  
4101

Tel: (07) 3846 1298

Fax: (07) 3846 3794

The Research Director  
State Development, Infrastructure and Industry Committee  
Parliament House  
George Street  
BRISBANE QLD 4000

Dear Sir or Madam

RE: Sustainable Planning (Infrastructure Charges) and Other Legislation Amendment Bill 2014

I am pleased to provide this response to the Bill.

HIA congratulates the State Government on the review of the infrastructure charging framework.

The extensive consultation process gave all participants the opportunity to hear about the challenges faced by both sides of the debate and to contribute to the discussion about what was required to reach a better outcome.

The consultation process revealed to all participants that the complexity of the current legislation has resulted in only a handful of people across the state having a comprehensive understanding of how the legislation is meant to work. The result of the complex legislation has been Local Governments either intentionally or by accident imposing requirements and acting in a manner that they are not entitled to and a development industry baffled and frustrated by the apparent arbitrary nature in the way charges and conditions are imposed and where only the better resourced larger players in the industry are in a position to challenge Council requirements.

From HIAs perspective in broad terms the review encompassed three fundamental components

1. A review of the legislative framework governing infrastructure charges covering matters such as
  - a. defining trunk infrastructure,
  - b. certainty around credits, offsets and conditioning,
  - c. the appeal process,
  - d. the role of PIPs
2. A review of the mechanics of establishing the charge including capped charges versus planned charges
3. The identification of alternative funding models.

In relation to the first component HIAs view is the Bill takes significant steps towards establishing

Housing Industry Association Limited ACN No 004 631 752

Northern Queensland • Queensland • New South Wales • ACT/Southern New South Wales • Hunter • Victoria • Tasmania • South Australia • Western Australia/Asia  
• Head Office Canberra •

an infrastructure charges framework that provides for greater certainty, consistency and transparency for all players involved in the development pipeline.

The establishment of the Essential Infrastructure List is a significant tool that should ensure all parties are clear up front on the ground rules.

The ability to have infrastructure recognised as trunk infrastructure provides the much needed flexibility in recognition that not all scenarios can be catered for while also recognising that there are significant variations between metropolitan and regional councils and the associated scale of infrastructure.

Similarly the proposed requirements around conditioning, offsets and refunds, and credits should facilitate a significant improvement in certainty for applicants. To date these issues have been the cause of substantial confusion and frustration.

As a package these amendments should significantly improve the ability of an applicant to predict the infrastructure requirements of a development application significantly improving confidence on behalf of potential developers.

In relation to the second component HIA is somewhat disappointed in the Governments response in arriving at the actual dollar value of the charge and the unwillingness of the Government to require Councils to reduce charges to the fair value rate.

During the course of the Working Group's meeting there was no evidence provided to suggest that the current capped infrastructure charges are inadequate to meet the "council financial sustainability" test and in fact HIA notes that councils have introduced concessions on the capped charges for preferred types of development, further indicating that the current cap on charges does not impact on their financial sustainability. (Moreover the positive response to these concessions by industry further suggests that project feasibility can be influenced substantially by the level of charges).

Having said that, HIA acknowledges that it will take some time for the true value of the proposed approach to wash through the development approval maze.

In relation to the third component while HIA had hoped the review would facilitate a more detailed exploration of alternative funding models, HIA acknowledges that a solution to this issue will not be addressed through simply amending legislation.

However, given the ongoing significant challenges associated with identifying revenue streams to fund the delivery of infrastructure HIA urges the government to continue investigation in this area.

If any assistance is required in relation to this response, please do not hesitate to contact me.

Sincerely

A handwritten signature in black ink, appearing to read 'M. Roberts', written in a cursive style.

Michael Roberts  
Assistant Director Environment and Planning - Queensland