

Submission No. 28  
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| Our Ref   | A9475983:pg   |
| Your Ref  | 11.1.19C      |
| Date      | 16 May 2014   |

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

Dear Sir

**SUBMISSION TO STATE DEVELOPMENT, INFRASTRUCTURE AND INDUSTRY COMMITTEE – SUSTAINABLE PLANNING (INFRASTRUCTURE CHARGES) AND OTHER LEGISLATION AMENDMENT BILL 2014**

Moreton Bay Regional Council (Council) supports the State Government in their initiatives to provide certainty to the infrastructure planning and charging framework in order to generate development and maintain the financial sustainability of local government.

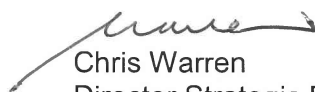
Council does not support however key parts of the Bill, such as, the conversion of non-trunk infrastructure, on the basis that the State Government have not provided any detail or consulted on the content of the draft State Planning Regulatory Provision and possible statutory guideline/s. These documents are essential to understanding the financial implications for local government and the development industry of the draft Bill, yet nothing has been made available.

Failing to allow an automatic escalation of the capped rate, in accordance with PPI, places significant financial pressure on local governments. Local governments have endured 3 years with no indexation of the capped rate, which continues to transfer funding for new development infrastructure onto the existing rate base. The inequities in this approach are emphasised by the introduction of new clauses that permit trunk infrastructure constructed by a developer to be refunded or off-set based on establishment costs, which includes annual market increases.

The attachment enclosed, contains the matters that Council believe requires amendment to the draft Bill prior to proceeding.

Council appreciates the ability to make this submission. Should you require any further information, please contact Paul Gleeson on (07) 5433 2613.

Yours faithfully



Chris Warren  
Director Strategic Planning & Development

Enc MBRC's detailed submission.

## Attachment 1 - MBRC Detailed Submission

| Section of Draft Bill   | Commentary   | Recommendation  |
|-------------------------|--|---|
| <p>s.633,<br/>s.657</p> | <p>Of major concern and uncertainty is s.633 and its related sections (s.657, etc.). Part 1 of the new section requires a local government to adopt in their AICR a methodology to determine offsets and refunds. This is a positive move. Part 2 however, requires the methodology to be consistent with the parameters under the SPRP or a guideline made by the Minister. The draft SPRP and/or guideline have not been provided.</p> <p>This creates a significant amount of uncertainty. This issue is made worse by the introduction of mandatory refunds. This is a significant part of the infrastructure charges reform that has been withheld.</p>   | <p>For works, MBRC would be satisfied if developers were required to follow a similar process to LG procurement, this is particularly relevant as the developer is contracting the construction of Council trunk assets. For land values, it will be critical that the State Government provide adequate flexibility to ensure undevelopable or constrained land is not valued at developable levels.</p> |
| <p>s.629(2)</p>         | <p>If the establishment cost is to be used to determine the value of off-sets and the establishment costs are naturally indexed, then the revenue used to pay these off-sets must be indexed. It is unreasonable to permit the unfettered approach to off-sets and refunds, whilst making increases in the maximum charge under the SPRP subject to Ministerial approval.</p> <p>As evidenced in recent years the failure to increase the maximum charge in line with PPI creates a widening gap between revenue and establishment costs, which is borne by the local government.</p> <p>Even if an LG lowers the infrastructure charge to the “fair value” amount, they cannot index this number without Ministerial approval. If Ministerial approval was granted, within 3 years the “fair value” charge will be at or close to the capped rate. What happens at this time? Is the cap then viewed as “fair value”?</p> | <p>The “fair value” and the maximum charges under the SPRP should be automatically increased annually to reflect PPI, without the need for Ministerial discretion.</p>  |

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|--------------------------------|---|--|
| <p><b>s.649,<br/>s.654</b></p> | <p>Part (5) establishes that an LG must refund a developer in circumstances where the total cost of the trunk assets constructed by the developer, exceed the charge for the development. The rigidity of this clause means that LG's will need to budget annually for refunds. Flexibility needs to be provided to enable LG's to look at alternatives to refunds, which also suit developers.</p>   | <p>The draft Bill should provide alternatives including the transfer of credits to other sites.</p>  |
| <p><b>s.658-<br/>s.662</b></p> | <p>The draft Bill establishes a new process for considering particular non-trunk infrastructure to be trunk. This duplicates the Negotiated Decision Notice phase of IDAS. The proposed process has timeframes on both parties, information request periods and decision periods. If changes are agreed to, then this process will require an amendment to the Decision Notice.</p> <p>This action appears contrary to the planning reform agenda, which aims at reducing the level of regulation.</p> <p>Any negotiations or considerations of whether an item of non-trunk infrastructure is performing a trunk role should be made during the reconfiguration or material change of use application stage for the development. This would provide certainty for both parties at the time a decision or negotiated decision notice is issued.</p> | <p>The draft Bill, should require this matter to be dealt with during the application stage for the DP or PA. The detailed cost estimates can then be determined post the issue of a development permit.</p> <p>The applicant is entitled to challenge conditions during the Negotiated Decision Notice phase of IDAS. This is the appropriate time to change the status of an infrastructure item, not through a duplicated regulatory process.</p> |