

State Development Infrastructure and Industry Committee

From: Warren Oxnam [REDACTED]
Sent: Friday, 16 May 2014 4:49 PM
To: State Development Infrastructure and Industry Committee
Subject: Maranoa Regional Council submissions - Sustainable Planning (Infrastructure Charges) and Other Legislation Amendment Bill 2014.

Maranoa Regional Council submissions

Thank you for the opportunity to make a submission on *the Sustainable Planning (Infrastructure Charges) and Other Legislation Amendment Bill 2014*.

The attached submissions cover three matters that officers of the Maranoa Regional Council believe are of concern to the elected members of the Council. Unfortunately, there has not been an opportunity to have the Councillors consider and endorse the comments in the submission attached.

The three matters are:

1. Ability to require a financial contribution rather than a works contribution in an additional payment condition associated with development completely or partly outside the LGIP.
2. Ability to require a contribution to local road impacts as an ongoing condition based on use levels rather than impose a large establishment contribution at commencement.
3. Amendment of the definition of GFA for industrial and commercial land to include all areas used except those for landscaping, staff recreation and the parking and manoeuvring of staff and visitor vehicles (combined with a significant reduction in the maximum charge rate per square metre of GFA)

Submission 1:

Ability to require a financial contribution rather than a works contribution in an additional payment condition associated with development completely or partly outside the LGIP.

Sections 650 and 651 require the assessment manager to give the developer the option to undertake works rather than pay a financial contribution. There are circumstances where the work to be done is for practical and efficiency purposes better done as part of other works being done by a local government. Where this circumstance arises, the assessment manager should be able to just require a financial contribution without the option for the developer to make an election to make a work contribution instead of a financial contribution.

Section 651(1)(e) could be amended in a minor way to accommodate this circumstance:

(e) that the applicant may, where it is practical to do the work, instead of making the payment, elect to provide part or all of the trunk infrastructure;

Submission 2:

Ability to require a contribution to local road impacts as an ongoing condition based on use levels rather than impose a large establishment contribution at commencement.

Additional impacts on local roads

In some rural areas there are industries that put substantial tonnages on the local government road system and consequently impose heavy impacts on those local roads. Local governments need a system to recover the costs of additional impacts on local roads above those that would occur from non-intensive agricultural and pastoral use of land.

Activities that generate the additional impacts include:

1. Mining
2. Oil and gas industries
3. Quarries
4. Feedlots
5. Saleyards
6. Storage facilities
7. Processing and manufacturing facilities
8. Tourist attractions and facilities

Recovery of the additional impact costs

The proposed system sees the recovery of the additional impact costs by local governments through:

1. Rates
2. Infrastructure charges
3. Development condition requirements
4. Registration, permit and user fees
5. Impact funding agreements
6. Royalties
7. Grants & subsidies

If the impacts are not recovered by one of the methods listed above, the local government road system will deteriorate.

The most consistent measure of additional impact is the additional tonnes transported on the road system above those associated with non-intensive agricultural and pastoral uses.

It follows that a storage facility for grain, where the grain is produced on local farms, does not create any additional tonnage on the local road system. By contrast, a storage facility for waste water, where the water is produced because of oil and gas industry activities, does create additional tonnage on the local roads.

The use of rates for additional road impact cost recovery is a “blunt” economic tool in that it is hard to adjust the rates quickly enough to respond to fluctuations in business operations. For example, a quarry business may produce a million tonnes of extracted material one year and 100,000 tonnes the following year.

Alternatively, the payment of a network access charge based on actual tonnages produced and carried on the local government road system is a “fine-tuned” economic tool for impact recovery as it responds to month-by-month fluctuations in business operations.

The Maranoa Regional Council has supported a ‘network access charge’ as the fairest and most effective mechanism of recovering additional impacts on local roads.

A (not the) network access charge allows access to all sections of the local government road system (for the class of vehicle being used). This flexibility is essential as businesses cannot accurately predict which roads they will need to use over a 30 year operating horizon.

The network access charge is based on the assessment of the total of all additional loads on the local government road system. The difference between the road standards for fit-for-purpose roads required for non-intensive uses and new intensive uses across the network is the additional impacts cost. This cost is divided by the total additional tonnage to derive a cost per additional tonne carried.

A network access charge is effectively a time-payment and business-responsive system for the long-term impacts of development. Otherwise, Council would have to impose a larger upfront charge to cover the impacts.

Impact of proposed legislative changes

The proposed changes to the *Sustainable Planning Act 2009* (SPA) do not appear to support local government use of a network access charge to help prevent deterioration of the local government road system from additional impacts.

In the context of the "*Hard Choices*" that governments have to make, it is logical to give local governments the scope to charge road users a flat amount for each additional tonne of material carried on the local government road system as an alternative to the use of rates alone.

Proposals for change

There are a number of mechanisms that could be used within SPA (and the new act) to support such an approach.

The simplest approach is to:

1. Include or amend SPA provisions so that a local government can have a special LGIP for its rural road network.
2. For the rural road network LGIP only, allow the local government to have an ongoing infrastructure charge based on the actual tonnage carried on local roads.

Submission 3:

Amendment of the definition of GFA for industrial and commercial land to include all areas used except those for landscaping, staff recreation and the parking and manoeuvring of staff and visitor vehicles (combined with a significant reduction in the maximum charge rate per square metre of GFA).

The current GFA definition was intended for multi-unit residential development. It acts to distort the design of development and fails to adequately accommodate many impact causing activities.

An alternative definition for industrial and commercial land, which includes all areas except those for used landscaping, staff recreation and the parking and manoeuvring of staff and visitor vehicles, will remove the current distortions and inequities.

If the new definition is combined with a significant reduction in the maximum charge rate per square metre of GFA, it will not result in an increased cost for commercial and residential development, but it will result in a fairer and less distorted system.

The current definition favours outside industrial activities, outdoor storage, transport terminals with large unloading and manoeuvring areas and outdoor plant and equipment facilities while penalising most activities carried out under cover.

The new definition should have a separate name, for example Commercial-Industrial Floor Area (CIFA)

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