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Our Ref: A5995547

Committee Secretary  
State Development, Natural Resources and Agricultural Industry Development Committee  
Parliament House  
George Street  
Brisbane QLD 4000

27 February 2020

Dear Committee Secretary

**Mineral and Energy Resources and Other Legislation Amendment Bill 2020**

I refer to the invitation by the State Development, Natural Resources and Agricultural Industry Development Committee (the Committee) to make submissions on the *Mineral and Energy Resources and Other Legislation Amendment Bill 2020* before 9am on 27 February 2020.

Please refer the enclosed submission to the Committee.

For clarification of the enclosed submission please contact Unitywater's Manager Infrastructure Planning and Development, Ashley Lorenz or me on the contact details below:

Name:	Ashley Lorenz	Name:	Kenan Hibberd
Mobile telephone:	[Redacted]	Mobile telephone:	[Redacted]
Email:	[Redacted]	Email:	[Redacted]
Postal address:	[Redacted]	Postal address:	[Redacted]

Unitywater requests that the Committee invite Unitywater to appear at the public hearing in Brisbane on 03 March 2020 to provide an overview of the enclosed submission and any necessary clarification to assist the Committee with its enquiries. Please contact Ashley Lorenz, as referenced above, to arrange for Unitywater's representatives to appear at the enquiry.

Yours sincerely

Kenan Hibberd  
**Acting Executive Manager Sustainable Infrastructure Solutions**

Enclosed: Submission on the *Mineral and Energy Resources and Other Legislation Amendment Bill 2020*





## Submission to the State Development, Natural Resources and Agricultural Industry Development Committee

### *Mineral and Energy Resources and Other Legislation Amendment Bill 2020*

27 February 2020

This submission is made by the *Northern South-East Queensland Distributor-Retailer Authority* (trading as Unitywater) in response to an invitation by the State Development, Natural Resources and Agricultural Industry Development Committee (the Committee) posted on the following Queensland Parliament webpage:

<https://www.parliament.qld.gov.au/work-of-committees/committees/SDNRAIDC/inquiries/current-inquiries/1MEROLAB2020>

#### **Scope**

This submission is limited to *Part 17* of the *Mineral and Energy Resources and Other Legislation Amendment Bill 2020* (the Bill) – Amendment of the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* (the Act)

#### **Purpose**

The purpose of this submission is to indicate Unitywater's support for the proposed amendments to the Act and to seek the Committee's support for refinement of proposed amendments.

#### **Support for Proposed Amendments**

Unitywater supports public disclosure of investment of infrastructure charges payments as a practical governance measure to ensure these payments are utilised for the purpose that they are levied under the Adopted Infrastructure Charges Regime or terms of Water Infrastructure Agreements. Such governance is in the interests of:

- a. Unitywater's customers as it indicates whether the price they pay for services is subsidising the cost of development; and
- b. The development industry to confirm that infrastructure charges payments are being utilised to deliver trunk infrastructure to serve existing and future developments.

#### **Background**

Unitywater complies with the requirements of the Act in respect of:

- a. Maintaining an Infrastructure Charges Register;
- b. Making the information contained in the Infrastructure Charges Register available for inspection and purchase; and
- c. Providing access to Water Infrastructure Agreements for inspection and purchase.





In addition, Unitywater currently makes available copies of Infrastructure Charges Notices available to the public through a 'webapp' accessed from Unitywater's internet site. This is consistent with provisions of the Bill (Clause 212 – Amended s99BU (2) (a)).

Since Unitywater commenced on 1 July 2010, Unitywater has not received any applications or enquiries for a copy of its infrastructure Charges Register.

Unitywater has made the following previous submissions to the Department of Natural Resources Mines and Energy (the Department) on proposed amendments to the Act to disclose how infrastructure charges payments are invested:

a. **Submission No 1 (20 June 2019):**

This submission was in response to an invitation by the Department for Unitywater to provide an opinion on proposed amendments and was made following discussions with the Department earlier in 2019; and

b. **Submission No 2 (21 January 2020):**

In this submission Unitywater provided comments on a consultation draft of the Bill

The concerns (**Table 1**) raised by Unitywater in this submission are consistent with Unitywater's previous submissions to the Department.

The submission of 21 January 2020 was preceded by meetings with the Department on 15 November 2019 and 5 December 2019. The outcome of the meeting of 15 November was agreement to publication of:

- a. A copy of the Infrastructure Charges Register each quarter on-line in portable document file format (\*.pdf) with suitable explanatory notes;
- b. An annual report that provides a summary of:
  - i. The value of infrastructure charges payments received by local government or service catchment area;
  - ii. Details of the delivered trunk infrastructure; and
  - iii. Details of disbursement of receipted infrastructure charges payments;

At the subsequent meeting on 5 December 2019 agreement was reached on the principles and scope of Distributor Retail Authorities' obligations under the proposed legislative change. The agreed principles are:

- c. **Practicality:** The outcome must have some practical value in informing the Distributor Retail Authorities' customers, the development industry and the broader community about investment of infrastructure charges payments to deliver trunk infrastructure for provision of services;
- d. **Prudent and Efficient:** The outcome must not result in an increase in the cost to serve;
- e. **Ease of Administration:** The outcome must not impose an unreasonable administrative burden on the Distributor-Retailer Authorities. The changes should assist the Distributor-Retailer Authorities to meet their existing reporting obligations for infrastructure charges payments under s99BT and s99BU of the Act and be achievable using existing systems and processes or relatively minor changes to the same; and



- f. The **scope of reporting** will be limited to quarterly reporting of the Infrastructure Charges Register and an Annual Report.

### Unitywater's Recommendations for Refinement of the Bill

Unitywater's assessment is that terms of the Bill may be interpreted in ways that are not consistent with the principles agreed with the Department on 5 December 2019. **Table 1** provides a summary of Unitywater's concerns and recommended refinements of the Bill.

Bill Reference	Concern	Recommended Refinement of the Bill
Clause 211 – Amended s99BT (3)	<p><b>Searchability of the Infrastructure Charges Register</b></p> <p>Based upon discussions with the Department it is understood that the infrastructure charges register may be published on-line in portable document file formats (i.e., *.pdf format) and the standard functionality for browsing/searching portable document files will satisfy s99BT (3). While this may be the present interpretation of the Department it is possible that conjecture may arise over time. Hence, to give certainty to investment in business systems and procedures to comply with the future amended Act) it is considered prudent to define the term “electronically searched and/or provide relevant detail in the explanatory notes to the legislation.</p>	<p>Define “electronically searched” as meaning searchable by the standard functionality for the format of digital file in which the Infrastructure Charges Register is published on-line.</p>
Clause 212 - Amended S99BU (1), (5) and (6)	<p><b>Duplication of Information:</b></p> <p>Amended s99BU (2) will require a copy of each Infrastructure Charges Notice to be included in the Infrastructure Charges Register. Amended s99BU (1) and (5) requires information that is contained in Infrastructure Charges Notices, and Unitywater's Infrastructure Charges Schedule and Schedule of Works. Hence, this will result in an unnecessary administrative burden to maintain duplicate information accurately and will increase the cost of the information management system that the Distributor Retailer Authorities will need to establish and maintain to report each quarter and annually as specified in the Bill.</p>	<p>Change the Bill to eliminate requirements for duplication of information in the Infrastructure Charges Register. Specifically:</p> <ol style="list-style-type: none"> <li>Delete paragraphs (e), (f), (h) and (i) of s99BU (1) as this information is contained in the Infrastructure Charges Notice.</li> <li>Delete paragraphs (g) of s99BU (1) as this information is contained in the</li> </ol>





Bill Reference	Concern	Recommended Refinement of the Bill
	<p><i>[Note the Infrastructure Charges Schedule and Schedule of Works are statutory documents adopted and maintained by Unitywater in accordance with requirements of the Act.]</i></p>	<p>Infrastructure Charges Schedule.</p> <p>c. Delete s99BU (1) (k) (ii) and (iii) as this information is contained in each infrastructure agreement and the Distributor-Retailer Authorities are obliged under s99BT to provide copies of infrastructure agreements for inspection and purchase.</p> <p>d. Delete paragraph (b) of s99BU (6) as this information is contained in the Schedule of Works.</p>
<p>Clause 212 – Amended s99BU (6)</p>	<p><b>Forecasting of Infrastructure Charges:</b>                      It is not possible to forecast the quantum of infrastructure charges with any reasonable degree of accuracy. This is due to many factors beyond the control of the Distributor Retailer Authorities including the timing of development and payment of infrastructure charges. Developers may act on an approval any time within a four-year period. Developers are not open to disclosure of the timing of development for commercial reasons.</p> <p>In addition, it is considered that a forecast of infrastructure charges has no useful purpose as infrastructure charges payments will always lag infrastructure by years, in some instances for more than a decade; i.e., in most instances trunk infrastructure is delivered at the start of the development to provide the necessary service capacity and contributions to the cost of the infrastructure, through infrastructure charges payments, are</p>	<p>Delete s99BU (6)</p>



Bill Reference	Concern	Recommended Refinement of the Bill
	<p>made over the following years as development is completed.</p> <p>Hence, given that there is no practical way to forecast infrastructure charges with any degree of accuracy or relate the forecast to actual payments it is considered that the effort to produce and maintain a forecast would serve no useful purpose and be an inefficient use of time and resources.</p>	
<p>Clause 212 – Amended s99BU (6)</p>	<p><b>Forecasting of Infrastructure Charges:</b></p> <p>Alternatively, if Unitywater’s recommendation to delete s99BU (6) is not accepted by the Committee, Unitywater considers that the term “infrastructure charges to be levied” should be a defined term.</p> <p>Based upon discussions with the Department it is understood that the intent of the Bill is to require disclosure of infrastructure charges <u>payments</u>; i.e., revenue received by the Distributor-Retailer Authorities from developers to pay for delivery of necessary trunk infrastructure. Given that Infrastructure Charges Notices are not tax invoices and the ‘payment’ of infrastructure charges is only made when a development is completed not all infrastructure charges amounts shown on Infrastructure Charges Notices, are receipted by the Distributor-Retailers because not all development approvals are acted upon by developers within the currency period of the approval.</p> <p>Hence, to be consistent with the intent of the Bill the term “infrastructure charges to be levied” should defined to mean the infrastructure charges payments (revenue) received by the Distributor-Retailer Authorities.</p>	<p>Define the term “infrastructure charges to be levied” to mean the infrastructure charges payments (revenue) received by the Distributor-Retailer Authorities or change the term to “infrastructure charges payments”.</p>
<p>Clause 212 – Amended s99BU (1)(d)</p>	<p><b>Locality to Which the Charge Applies</b></p> <p>Unitywater supports disclosure of the locality of trunk infrastructure that is funded by infrastructure charges</p>	<p>Define the term “locality” to mean “a geographic area that can be a local</p>



Bill Reference	Concern	Recommended Refinement of the Bill
	<p>payments in terms of water supply or sewerage scheme area or local government area.</p> <p>The reason for this is that this approach aligns investment of infrastructure charges payments with expenditure within the wider service network. Reporting by suburb would be misleading. For example, expenditure on upgrade of a sewage treatment plant costing tens of millions of dollars would be reported in a specific suburb, whereas the upgrade would benefit development in many suburbs.</p> <p>To avoid any conjecture over the term "locality" it is considered that this term should be a defined term.</p>	<p>government area or a sewerage service catchment or a water supply scheme area."</p>

**Contact Person**

For clarification of this submission please contact Unitywater’s Manager Infrastructure Planning and Development, Ashley Lorenz as follows:

Mobile telephone: [REDACTED]  
 Email: [REDACTED]  
 Postal address: [REDACTED]

Alternatively, please contact Unitywater’s Acting Executive Manager Sustainable Infrastructure Solutions, Kenan Hibberd as follows:

Mobile telephone: [REDACTED]  
 Email: [REDACTED]  
 Postal address: [REDACTED]