

Planning and Other Legislation (Make Developers Pay) Amendment Bill 2023

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12 December 2023

Committee Secretary
State Development and Regional Industries Committee
Parliament House, George Street
Brisbane Qld 4000

By email: sdric@parliament.qld.gov.au

Dear Committee Secretary

Re: Submissions on Planning and Other Legislation (Make Developers Pay) Amendment Bill 2023

The Planning Institute of Australia (PIA) is the national body representing the planning profession, and planning more broadly, championing the role of planning in shaping Australia's future. PIA facilitates this through strong leadership, advocacy and contemporary planning education.

PIA welcomes the opportunity to provide the following submission on the *Planning and Other Legislation (Make Developers Pay) Amendment Bill 2023* (Bill) for consideration by the State Development and Regional Industries Committee (SDRIC).

Summary Statement

- PIA recognises there are issues with the current infrastructure charging and funding framework but acknowledges the complexity of this issue. There are multiple views, stakeholders, diverse interests, and challenges that need careful consideration and weighing up.
- PIA is not supportive of this Bill in its current format, as it appears to be an isolated proposed reform that does not address broader funding and growth needs.
- PIA supports the improvement of the efficacy and equity of infrastructure funding and charging, to ensure communities, particularly those experiencing growth, are provided with appropriate and timely infrastructure and facilities.
- PIA recommends the State Government commit to a systemic and holistic review of infrastructure charging and funding, in partnership with key stakeholders, with the aim of adopting an evidence-based and modernised approach to infrastructure funding and charging.

- PIA contends that infrastructure charges levied on development to fund trunk infrastructure, while an important element, is not intended to fully recover the costs of all infrastructure and is only one mechanism for funding infrastructure.
- PIA acknowledges the maximum adopted charge for infrastructure charges has been in place since 2011 and has stayed relatively consistent with a marginal increase over that time, and has likely not kept pace with CPI or the cost to construct infrastructure.
- PIA underscores the need for alternative funding sources to prevent an over-reliance on infrastructure charges and general rates revenue to fund infrastructure, ensuring a sustainable and diversified financial framework for the provision essential trunk infrastructure.

Preamble

Infrastructure charging and funding is a complex matter requiring the balancing of interests and rights involving a range of stakeholders, including Federal, State and local governments, developers, property owners and the general community. Under the *Planning Act 2016 (PA)*, infrastructure charges are levied on development to contribute to the cost of supplying 'trunk infrastructure', which is:

- (a) Development infrastructure identified in a Local Government Infrastructure Plan (LGIP) as trunk infrastructure;
- (b) Development infrastructure that, because of a conversion application, becomes trunk infrastructure; or
- (c) Development infrastructure that is required to be provided under a condition under s 128(3) of the PA.

As part of the infrastructure charging framework under the PA, local governments are required to adopt charges by resolution (adopted charges) for providing trunk infrastructure. The adopted charge is a regulated a maximum amount for each adopted charge (maximum adopted charge) set by the State Government. The State Government can thus 'cap' the amount of an adopted charge levied for trunk infrastructure by local government. Similar provisions apply to distributor-retailers under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* (SEQ Water Act).

Policy Objective of Bill

The Explanatory Notes state that the objective of the Bill is give local governments and distributor-retailers the flexibility to charge developers for trunk infrastructure according to the cost of delivering that infrastructure. To achieve this objective, the Bill proposes to remove the 'cap' on adopted charges by abolishing the power for the State Government to set a maximum adopted charge for trunk infrastructure that can be levied by a local government or distributor-retailer.

PIA Position

PIA acknowledges that the 'cap' imposed through the maximum adopted charge limits the amount of the adopted charge that may be levied as an infrastructure charge. However, it is important to note that adopted charges are not intended to fully fund the provision of all trunk

infrastructure but rather seek to represent an equitable contribution imposed on development. Further, a range of funding sources may be utilised to fund trunk infrastructure. For example, it is not uncommon for infrastructure agreements under the PA to be used to fund trunk infrastructure.

In setting the amount of relevant infrastructure charges, or considering funding sources for infrastructure more generally, it is important to not only have regard to the cost of supplying the relevant infrastructure, but to also consider issues of equity and the potential impact of infrastructure charges on project feasibility, amongst other matters.

The infrastructure charging and funding framework needs to support the financial sustainability of stakeholders – including State and local governments and developers – while providing certainty about when infrastructure will be planned and delivered to the community. The infrastructure charging regime also should acknowledge the long-term benefits of development to the community and to governments and consider the cost of infrastructure over the life of the development, amongst other matters.

With respect to the proposed removal of the maximum adopted charge, the Bill is not supported by sufficient evidence as to the effect of the proposed change or how this will improve the efficacy and equity of the infrastructure charging framework under the PA.

Further, the Bill is not supported by any consideration of the adverse impacts that may arise from the removal of the maximum adopted charge .

Recommendations

PIA recognises that there are issues with the current system but considers that ad-hoc changes to adopted infrastructure charges is not the solution. For the reasons outlined herein PIA is not supportive of the Bill in its current form and considers it would be likely to have unintended consequences.

Rather, PIA advocates for:

1. A commitment to a systemic and holistic review of infrastructure charging and funding, in partnership with key stakeholders, with the aim of adopting an evidence-based and modernised approach to infrastructure funding and charging.
2. The definition of trunk infrastructure is revisited in any review to ensure that it is consistent with the current policy framework, including the State Infrastructure Strategy, especially the inclusion of blue and green infrastructure, to ensure that contributions are being made to all networks required to support healthy and sustainable communities.

Should you wish to discuss this submission, please contact Nicole Bennetts RPIA, Queensland State Manager on [REDACTED]

Yours sincerely,

[REDACTED]

Sean Cullen RPIA
President, Queensland