TRANSPORT AND LOCAL GOVERNMENT COMMITTEE

Members present:

Mrs J.R. Miller MP (Chair)
Mr D.F. Gibson MP
Mr S.A. Emerson MP
Ms M-A. O'Neill MP

Staff present:

Ms L. Bates (Research Director)
Ms R. Stacey (Principal Research Officer)
Ms L. Sbeghen (Principal Research Officer)

PUBLIC HEARING—SUSTAINABLE PLANNING AND OTHER LEGISLATION AMENDMENT BILL 2011

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 14 DECEMBER 2011

Brisbane

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Committee met at 11.18 am

BALLARD, Mr Graeme, Project Consultant, Unitywater

BALTAIS, Mr Simon, Private capacity

BAXTER, Mr Don, President, Birkdale Progress Association

GRAYSON, Ms Nicola, Director, External Relations, Beer, Spirits and Wine, Lion

HOOD, Ms Antra, Partner, Minter Ellison Lawyers

LINDSAY, Mr Craig, Executive Manager, Lion

TUNNY, Mr Jonathan, Chief Executive Officer, Royal National Agricultural and Industrial Association of Queensland

CHAIR: Thank you very much for taking your places at the table. My name is Jo-Ann Miller and I am the chair of this committee, the Transport and Local Government Committee. The deputy chair is Mr David Gibson, the member for Gympie. The other members of our committee are Scott Emerson and Mary-Anne O'Neill, the member for Kallangur. Dr Mark Robinson, unfortunately, cannot be with us for this session and there is also Ms Lillian van Litsenburg.

The committee is considering whether to recommend the Sustainable Planning and Other Legislation Amendment Bill 2011 be passed and whether to recommend amendments to the bill. As such, the committee is focused on the provisions contained within the bill and the policy objectives that underlie the bill. The committee is a committee of the Queensland parliament and, as such, represents the parliament. It is an all-party committee which adopts a non-partisan approach to its proceedings.

I remind those present that the proceedings here today are lawful proceedings of parliament and subject to the Legislative Assembly's standing rules and orders. As such, I remind all visitors that any person admitted to this meeting may be excluded in accordance with standing order 208. The committee follows schedule 3 of the standing rules and orders of the Legislative Assembly when conducting public hearings. Have all witnesses had the opportunity to read these instructions? Everybody. Hansard, could you please take note of that.

Although the committee is not swearing in witnesses, I need to remind all witnesses that this public hearing is a formal process of the parliament of Queensland. As such, any person intentionally misleading the committee is committing a serious offence. I remind witnesses that Hansard will be making a transcript of the proceedings. I remind witnesses as well that they need to identify themselves when they first speak and to speak clearly and at a reasonable pace for Hansard.

I note that legal representation is present here today. Under schedule 3 of the standing orders legal advisers are limited to advising the witness on their rights and may not address the committee. It is the committee's intention that the transcript of the public briefing be made public. The findings of the committee will be subject to a report to parliament. The committee is to report by 6 February 2012. A copy of the committee's report will be forwarded to all witnesses.

Before we commence, can I ask that all mobiles and pagers be turned off or switched to silent mode. Our committee members here may use phones or any other electronic equipment to be able to access electronic documents. I also ask that if witnesses take a question on notice here today that they get back to us by 21 December 2011. It is now my duty to call representatives for the panel session on amendments to the Sustainable Planning Act 2009 and the Urban Land Development Authority Act 2007. I would like to welcome Simon Baltais, submitter; Don Baxter, President of the Birkdale Progress Association; Nicola Grayson, external relations director, Beer, Spirits and Wine, Lion; Craig Lindsay, technical manager, Lion; Jonathan Tunny, Chief Executive Officer, Royal National Agricultural and Industrial Association of Queensland; and Ms Antra Hood, Partner, Minter Ellison Lawyers. Antra, did you understand what I was saying before? Thank you. We also have Graeme Ballard, Project Consultant, Unitywater. Would each of you like to make a brief opening statement? We might start with Don Baxter, the President of the Birkdale Progress Association. You are limited to just three minutes.

Mr Baxter: Yes, I will read our original submission.

CHAIR: Sorry, are you going to read the submission that you gave to us?

Mr Baxter: That is correct, yes.

CHAIR: No, we do not need that, thank you. We have already read it. Can I just ask if you would like to make any other comments around your submission or any other further issues that you would like us to be further aware of?

Mr Baxter: No, I will just address it then through the—

CHAIR: You can address issues, but we do not need it read to us because we have already read it. So is there anything else that you would like to—

Mr Baxter: Not at the moment, thank you.

CHAIR: Simon?

Mr Baltais: Thank you. I am just here as a submitter. Even though I am on a number of committees and represent a number of organisations I am just here as a submitter. I did submit some more material earlier this morning. I do not know if you have that. I sent that to your secretariat. Can I table that if that has not been received?

CHAIR: What time was it sent?

Mr Baltais: It would have been early, probably one o'clock in the morning, and then a final version at around six in the morning.

CHAIR: Simon, I must say that we are very impressed with your ingenuity to send us a submission at one o'clock this morning.

Mr Baltais: That is okay. If I can table that further material?

CHAIR: We just have to have a bit of a look at it before we can have it tabled.

Mr Baltais: I can talk to it.

CHAIR: Only a couple of minutes, thanks.

Mr Baltais: Yes. My issue is around the components of encroachment and in regard to the impact that will have on the community and their rights; their access to challenge reductions and their ability to take a matter to court or a process of some sort that impacts on their quality of life, emphasising that there has been a history of this sort of issue over time. The legislation as has been set up allows that to happen. SPA now has components in there that allows for prohibition. This is the legislation that you should aim for. Rather than reducing the rights of individuals and impacting on their quality of life, you should be taking those provisions and preventing those situations arising. So that is in summary my main issues.

CHAIR: Okay.

Mr Baltais: My further material highlights case studies in the Planning and Environment Court and also highlights other material that might be useful to you. I would just like to emphasise that there is a growing body of science that shows, for example, pollutants like noise are having significant impacts on people's wellbeing. What has been suggested by this change in legislation is that it is okay to do that to people and I feel that that is not appropriate. There are other ways to deal with the issue of infill and encroachment. Where a development is incompatible with another type of development, then let us not reduce the quality of life of those individuals. Let us prevent that happening. That is all I have to say.

CHAIR: Thank you, Simon. We are going to seek leave to table this document subject to any defamatory remarks or any other issues that are there in there that should not be tabled.

Mr Baltais: Yes. All of that material is in the public domain and I did that on purpose. I did not seek any material elsewhere. It is all public domain information.

CHAIR: No, that is fine, but please understand, Simon, that we also have obligations here as a parliamentary committee. So is leave granted? Yes, leave is granted.

Mr Tunny: Thank you very much, Madam Chair. The RNA is in partnership with Lend Lease for the $2.9 billion redevelopment of the RNA showgrounds—an iconic Queensland site. We have three submissions that we are talking about here today—broad submissions that we would like to raise and some minor technical changes to deal with the RNA showgrounds' unique status as an urban development area. Broader protection we believe is required for iconic Queensland institutions such as the RNA showgrounds and the proposed regime will create an additional inappropriate layer of regulation for organisations such ours.

Firstly, in relation to minor changes in connection with the act, as you are aware we are part of the Bowen Hills Urban Development Area and fall under the ULDA. We understand that we are requiring some minor uncontentious changes to that act so that we can remedy what we believe is an unintentional oversight. We received a letter from the Attorney's office yesterday, so we understand that the Attorney is amenable to making those changes. We really do appreciate that.

In connection with broader protection, you are aware that we have been there for 136 years. So anybody who owns property around our showgrounds or who lives in the vicinity would be aware of our existence and the things that we do not only at the Ekka but also outside of the Ekka—our concerts, our conventions and trade shows et cetera. We understand from the registration process that there is extensive consultation required for the affected area so that people who will be affected will have generous opportunities to make their views about registration of the iconic site known. We would argue that, with the ULDA process—our master plan approval—we already have approval for the things that we do there with our concerts, our conventions and also the Ekka. We would submit that the proposed protection given by

the bill to iconic sites such as the RNA should be extended also to areas surrounding us—the affected area regardless of type, use, or when it was built or completed. We understand the way the legislation is written covers only new development that we will be protected from. So there are a lot of existing developments around us at the moment. Even if the protection is not generally extended, it is critical for the RNA that all development on the RNA showgrounds that is undertaken as part of our redevelopment—so that includes residential, commercial, retail—is covered whether or not it fits within the technical definitions of the bill.

Finally, could I address the regulatory burden. There are some burdens that the bill will place on organisations such as ours which we believe may not have very little public benefit. A good example would be that we have to reregister every 10 years as part of the complete reassessment process. If you look at the RNA, we have actually published our Ekka for the next 50 years. It is a formula that everybody knows. We have that on our website. So we are looking for a registration period of longer than 10 years.

The minister can unilaterally amend conditions imposed on the iconic site. Given that it is an iconic site, we have bookings for many years ahead. So that is something that we need to take into account if we have some bookings. It requires certain monitoring of information of an iconic site and for that to be placed on our website. We think that is more appropriate for a manufacturing facility, not something like ours where we have a significant range of events across the year and across the decades. Thank you very much, Madam Chair.

CHAIR: Thank you. Graeme?

Mr Ballard: I appear for Unitywater, which is the northern water distributor-retailer authority providing water and sewerage services to the Moreton Bay and Sunshine Coast Regional Council areas. The purpose of my statement is to provide some context to Unitywater's written submission, which I do not intend going over, and I hope this will be of some assistance to the committee in considering those matters. In this regard, I will accordingly confine myself in this statement to the Urban Land Development Authority Act amendments in our submission. Although our submission covered other matters, I think they speak for themselves. At the outset I must state that Unitywater is supportive of the state's objectives for housing affordability and regulatory efficiency that underpin the Urban Land Development Authority Act. Our issue is not with the policy intent; rather, it is with some of the implementation mechanisms. In particular, the amendments, particularly when viewed in the context of some of the major growth areas in South-East Queensland that have been placed under the jurisdiction of the Urban Land Development Authority, highlight certain shortcomings in the Urban Land Development Authority Act that we believe will be exacerbated by the proposed amendments. These relate to the infrastructure agreement and development approval provisions in the legislation in particular. We are concerned that the proposals potentially expose Unitywater to significant financial risk which in turn potentially exposes Unitywater's customers to higher water charges. Water prices are high already, as I know you appreciate.

The ULDA Act is premised on the Urban Land Development Authority having jurisdiction over the planning and regulation of development in declared urban development areas which, by definition, includes infrastructure funding, delivery and service standards for those areas. There are obvious advantages in a single state entity like the ULDA coordinating the planning, funding and provision of state supplied infrastructure. However, there are concerns when this model is applied to non-state service providers like Unitywater. The amendments make clear that the ULDA may make binding, long-term infrastructure funding and supply decisions for non-state service providers through infrastructure agreements. Development approvals may also be used to achieve the same outcomes. For an urban development area the scale of, say, Caloundra South, which is in the Unitywater service area, which has an ultimate resident population of up to 50,000 people and a development horizon of over 20 years, the financial implications are potentially significant.

When Unitywater was established in 2010 as part of the state's water reform agenda, the intent was to establish specialised water distribution and retailing entities with clear jurisdiction, expertise and scale to enable them to deliver improved and more efficient water and sewerage services to all of their customer base. How servicing costs are negotiated and apportioned impacts on the broader Unitywater customer base. To take certain funding and supply decisions away from Unitywater and place them in the hands of another less specialised and accountable entity is considered undesirable. Accordingly, Unitywater believes the amendments to the ULDA Act highlighted should not proceed in their present form and a broader more considered review should be carried out into the way infrastructure is negotiated and funded in urban development areas. Finally, I realise we only have a short time, so thank you for the opportunity to make this submission. I will do my best to answer any questions you may have about this matter or any of the other matters raised in our submission. Thank you.

CHAIR: Thank you, Graeme. Nicola?

Ms Grayson: Good morning, Madam Chair and committee. I will just make some short remarks to you. The brewery at Milton dates back to 1878 and we remain custodians of what has become an iconic part of Brisbane's heritage and a tourist attraction in its own right. The brewery is a central part of the community and we make a substantial contribution to the local economy every year through agriculture, retail, hospitality and tourism. We boast Queensland's most popular beer brand and the nation's second biggest selling beer, XXXX Gold, and this accounts for one in every three beers enjoyed locally. We are proud of the positive role that XXXX Gold has played in the community by establishing a growing midstrength brand category right across Australia.

CHAIR: Nicola, can I just pull you up there.

Ms Grayson: I just want to put in context the heritage and the icon of XXXX.

CHAIR: We understand how important XXXX Gold is, particularly in an electorate like Bundamba, which I represent.

Mr GIBSON: They like it in Gympie as well.

Ms Grayson: I will move on.

CHAIR: Thank you.

Mr GIBSON: Please do.

Ms Grayson: The Milton Brewery act in 2009 was introduced proactively by the Queensland government to provide clarity and certainty for our brewing operations in recognition of the heritage and contribution to the Queensland economy and to provide of course certainty and clarity for residents and developers in an environment of increasing development and intensification. The act has really enabled us to constructively co-exist with residents in the area and has allowed us to continue to invest in our brewery with confidence that we are able to continue operations at the site, and we really welcome and support the continuation of these provisions in the sustainable planning bill. In considering the criteria for registration—and this is a specific point on section 680I of the bill—we believe that the economic criteria should have regard to matters such as jobs, investment and tourism and we make the suggestion that perhaps this could be added as a non-exhaustive list in that section. Thank you very much.

CHAIR: Thank you. I just want to come back to Don. Don, is there any quick precis you can make that would be of benefit to our committee?

Mr Baxter: I would like to say in opening that the Birkdale Progress Association had a specific case a few years ago where a family came to us. They had started an industrial site at the back on their fence line. The residential buildings were there first. A paint shop was established on their back fence line. It took 10 years to the day, and they fought it till the time the paint shop actually stopped production. So to get justice in these situations is not very easy. This legislation is in denial of people's fundamental right to amenity and quality of life and will needlessly provoke conflict. It is indicative of the lack of understanding and respect the government has for people to present such legislation. This legislation is not about sustainable development. Quite the opposite. It is negative, destructive and encourages low-grade, high-density housing development adjoining industrial development. That is not in the best interests of the community.

Australia is a vast country by many other countries' standards, but inefficient planning and use of land does us no credit. This government's approach to land planning can only be described as mean, unintelligent and not in the interests of good community. Many other much smaller countries provide excellent examples of intelligent and efficient land use by using adequate buffers of green space, parkland and agricultural land between residential and industrial areas. There would be a minimum of conflict and general community approval if forward planning proposed all industrial areas to have robust green buffer zones combined with parkland and permanent rural areas. Adjoining residential areas would have cycle and walking paths for ease of access through the parkland for workers.

This legislation with its lack of respect for the people and their fundamental rights suggests a degree of desperation in the government driven by a perceived need to grow population numbers to the detriment of people's quality of life. The fact that the government would propose such provocative legislation is a major concern, for it reflects the magnitude of the gap of understanding between government and the people. There are many websites available on sustainable planning and, one I noticed was headed 'Sustainable infill and ground for redevelopment'. In it they highlight the many community and health benefits from well-planned development where intelligent uses were made of green space. There are obviously major cost benefits for a government in a healthy community. I could read some of the comments if I have the time.

CHAIR: Would you like that document to be tabled and then we can read it in our own time?

Mr Baxter: Okay. I could do that.

CHAIR: Is leave granted for that document to be tabled? Yes, leave is granted. We need to have that document please.

Mr Baxter: In closing, the Birkdale Progress Association soundly condemns this proposed legislation as un-Australian and undemocratic. It will destroy amenity and quality of life. It is not in the best interests of the community but is solely for the convenience of the government. We request that it be rejected outright. Thank you.

CHAIR: Thank you very much, Don. We will now open up for questions.

Mr GIBSON: I will work my way down, if that is all right. Simon and Don, where there is an existing use—and I will take the example of Milton brewery—you are not objecting in that sense. Your objections are more about where there is existing residential and we see development occurring, but not where there is existing use. You certainly do not have any objections along those lines?

Mr Baltais: No, that is correct. We would be concerned though if you intensified development around those areas where it is an existing problem. That would make sound planning sense to do so, but, yes, primarily our concern is around new developments.

Mr GIBSON: So it would be fair for the committee to enhance our understanding that your objections relate to those elements of the bill that do not deal with existing use?

Mr Baltais: That would be correct.

Mr Baxter: That is right. It is honestly provocative.

Mr GIBSON: Thank you for that. I just wanted to clarify. Jonathan, lovely to see you here. In your submission and then in your opening remarks you flagged a couple of things, and I have just jotted down some issues. With regard to the encroachment issue and how it does not apply to UDAs, within your submission to the committee you make it clear that you have been talking to the government for some time and you feel it is a drafting oversight. I believe in your opening remarks you indicated that you received correspondence from the minister indicating that he is willing to talk and engage with you further to look at appropriate amendments.

Mr Tunny: We have and we received that letter yesterday. We understand it is a letter directed to the committee and we are happy with the Attorney's approach with that. So I am sure with the effluxion of time that—

CHAIR: Yes. We decided earlier this morning to make that letter available to you as a committee.

Mr Tunny: Thank you.

Mr GIBSON: In the discussions that you were having with government in the lead-up to this legislation, your view was always expressed that you should have the protections that would be afforded to other areas provided to your area inclusive of it being a UDA?

Mr Tunny: That is correct. We are very similar to Lion. With our property being there for 136 years, the things that we do on that site are very important for Queensland and very important for Brisbane and bring tremendous economic activity for the state and for the show itself, the Royal Queensland Show. It has been there for 136 years, but there are also the other fantastic events that we have. For example, if you look at our concerts, which are arts facilities that are paid but not paid for by the government. So a lot of artistic events happen at the showgrounds which are a great contributor to the Queensland community. We would like to continue doing that.

Mr GIBSON: Could you for the benefit of the committee outline your concerns if there were not amendments put in and the bill was to be passed in its current form? How would that impact upon your arrangement?

Mr Tunny: As we understand it, we would not be covered by this bill. Because we are part of the Bowen Hills urban development area and we are under the Urban Land Development Authority Act, we are not covered. So we understand that was just an oversight which can now be corrected.

CHAIR: When you say that 'now can be corrected', you want the RNA to be included within the bill?

Mr Tunny: We would like the RNA to be included.

CHAIR: Okay. Thank you. We just wanted to clarify.

Mr GIBSON: Both in your submission and in your remarks you alluded to the unnecessary regulation, and there has been a fair bit in the media. I think we have over 92,000 pages of regulation that businesses and farmers have to deal with in Queensland. You have raised the concern about the 10-year re-regulation, but you have not indicated how long you would like. Could you for the benefit of the committee give us a time period? You indicated you plan out another 40 years of various Ekka dates. What time frame would you be looking at that you feel would be appropriate for your needs?

Mr Tunny: If the committee could recommend it, we would be happy to see 50-plus years. We have been there for 136 years. We have had 134 Royal Queensland shows. We have on our website the next 50 years, so it is really quite clear for people to see the Royal Queensland Show and what is happening, and that is what the RNA showgrounds regeneration is providing. It is providing that the RNA showgrounds and the Royal Queensland Show can continue in its inner-city site for the next 150 years.

Mr GIBSON: So 50 years?

Mr Tunny: Fifty-plus would be nice.

Mr GIBSON: Okay. Can I bounce across, because it is a similar issue I guess for Lion. Do you see that 10 years also being an unnecessary burden in the re-regulation process, or are you happy with that? Would you prefer to see something longer or less?

Mr Lindsay: Given the level of our capital investment and the term over which that capital investment is spread, we would probably be looking at a 25-year-plus registration term to give us the confidence when we do consider the types of capital projects that we look at. The replacement of a brew house and that sort of thing is not a short-term decision.

CHAIR: So if the RNA are saying 50-years plus, would you think that would be reasonable for Lion as well?

Mr Lindsay: We certainly would not object to that, no.

CHAIR: I am just getting it right for the record.

Mr EMERSON: Can I clarify that. You are quite happy with 20 years; Jonathon says 50 years. Jonathon, what is wrong with 20 years?

Mr Tunny: Our clear intention is to stay there on the site. So what we would not want to see in 21 years is that we have some challenges presented to us with regulation that we then cannot put on the Royal Queensland Show or have a Stereosonic or a Soundwave or a trade show.

Mr GIBSON: Craig, with regard to capital projects, would the ability to obtain finance or for the board to have confidence in making those investments be put at risk should there not be the provision of a time period greater than 10 years?

Mr Lindsay: If we are unable to have the confidence in the future of the site, then it does actually put a question mark on our ability to raise that capital through our investors, through our owners.

Mr GIBSON: And that would put the very operation of that particular site at risk?

Mr Lindsay: Definitely, yes.

Mr GIBSON: And all those products that we heard about that are enjoyed by all Queenslanders would be manufactured somewhere else?

Mr Lindsay: Yes.

Mr GIBSON: Jonathon—I know you would never partake of those products I am sure!—you flagged in your submission concerns with regard to the relevant development application. Could you go into a little bit more detail on that for the committee so that we can get a better handle on what the impact of that is on the RNA in a very practical way should the bill go through in its current form?

Mr Tunny: Are you directing me to part 4 of my letter?

Mr GIBSON: Yes, part 4.

Mr Tunny: We are part of the Bowen Hills Urban Development Area. We are governed by the Urban Land Development Authority Act. So our challenge is that we will not be part of this bill that is going through. Lion and other iconic places around Queensland will be covered, but we would not be covered. I believe there has already been an amendment like this before. An example is that the Coastal Protection and Management Act 1995 was amended for a similar challenge that we are now facing.

Mr GIBSON: If the amendment does not go through, with regard to this particular area, what impact would it have on the RNA?

Mr Tunny: We can see people in the future complaining about the things that we do that we have been doing for 136 years on that site which would then put our business in jeopardy and put a significant number of other businesses who rely on coming to the show to do their trade, to do their rides, or whatever it may be on our 22 hectares, in jeopardy as well.

Ms O'NEILL: Some of the witnesses here today have said that they do not support the amendments in the bill—so Simon and Don. How do you see that we would overcome the difficulties associated with instances where there is urban encroachment on industrial or commercial premises? If we are talking about existing industrial estates or mushroom farms or whatever it is, how would we handle that if these amendments were not to go through?

Mr Baltais: My view is that the only choice you really have is to prevent those circumstances arising. What has been suggested by the bill is that you are going to take away people's rights, you are going to degrade their quality of life, simply because you want to pursue a policy of infill. That is just not appropriate. What you have to do is ensure that there is a sensible buffer between any new development and the current business that is in place. That is a good outcome for all concerned. It will not impact on the business that is there and it will not impact on those residents who move into that area. So you have to find suitable sites for residential development and keep them separated from those businesses that would cause them grief. That to me seems to be the sensible way to go. SPA has a prohibition provision. You can prohibit development, and that would be the option to adopt.

Ms O'NEILL: I know that people want to live in certain areas. For example, there was a time when there was some land available beside Luna Park in Sydney and they built some residential apartments there, and then there was a long protracted battle about noise from Luna Park. You would think that if you were going to buy a house near Luna Park you would probably know that there would be noise. Is it that kind of thing? I can understand the issues about fumes and smoke and a whole range of things where there are noxious industrial estates nearby. But other times people are willing to trade location for being next to something that might be noisy. So you are saying that we would not be able to go down that path.

Mr Baltais: There are two different situations. One is where a new greenfield site is placed adjacent to an industrial site, for example. You must avoid that circumstance. The other is where you have a pre-existing business and you already have residential around it. That is a different scenario. You want to avoid intensification of that residential development if there are already problems.

The bill does make allowances for intensification. Those businesses would not be excluded from community action, for example, if they intensified the pollutants coming from that site, and that is fair. Obviously things can change over time—technology will change; the pollutants might be different; the intensity might be different. I think you need to be cognisant of that. Because a business decides that this is a great idea and it is going to be great for business, they cannot then impose on those local residents.

So if the business is operating in a certain way and people buy into that, that is fine. But also be mindful that housing affordability is a big issue and people will move into a certain site for cost reasons. But over a period of time, as I naturally see in many cases that I have had to take to the Planning and Environment Court—over three months, six months, 12 months—the noise or the odour becomes a major problem. It is not obvious when they initially move into a premises. It becomes fairly obvious when you put up with it 24/7 for six, seven, eight or 10 years, and if the intensity increases then that is even worse.

Ms O'NEILL: So you are talking about two separate things—one is intensification.

Mr Baltais: Yes, one is intensification where there is a current business with residential development around it. The other one is the actual encroachment of residential development on an existing business. I think that latter example must be prevented, and you can do that through prohibition. You cannot be allowed to bring residential development up against a business that imposes not only on the lifestyle of the individual resident but also on the business.

CHAIR: Simon, you mentioned a sensible buffer area. What would you describe as being a sensible buffer? That question is to you, Don, as well.

Mr Baltais: You recently released State Planning Policy 5/10 with regard to industrial sites and setting up a buffer depending on the intensity of that development. I think it is a kilometre if it is a very sensible development of some sort and the buffer reduces to 500 metres. Do not quote me verbatim on those figures, but you have already established figures. In the Redland City Council, for example, there was a buffer of 500 metres around chicken sheds in residential developments—again, that was to reduce the impact of odour. So there is already in existence a range of provisions to establish a buffer between industrial development and residential development. I do not need to emphasise that. The government has already been through that. DERM and the EPA, as it was previously known, have already gone through those exercises. So the acknowledgement of buffers between those types of developments and residential developments are well established.

Mr GIBSON: Graeme, I do not know if you were here for the earlier hearing.

Mr Ballard: No, I was not.

Mr GIBSON: We were talking to the departmental officers about infrastructure agreements. We were asking about the pressures that would be flagged when they shift to local government, but you are obviously in a very similar arrangement. You outlined that very succinctly in your opening statement. What consultation process would you like to see in place so that when these infrastructure agreements are ultimately passed on to you some time down the track—and my understanding is that you do not have the right to refuse them—they are ones that you have factored into your business operations?

Mr Ballard: From the point of view of an organisation like Unitywater or any other water entity, as the ones who ultimately take responsibility for funding and supplying this infrastructure, the basic proposition should be that Unitywater should be a party to any agreement that is entered into and, as is allowable under the Sustainable Planning Act, if the circumstances warrant, the developer and the water entity could be allowed to enter into an agreement independently subject to the policy position that is established through the development scheme in an urban development area, for instance.

As you say, it is not something that a body like Unitywater has any interest in saying no to. Our business is to supply water and we want to do it as efficiently and cost-effectively as possible. But our interest is obviously to our customers and ensuring that the infrastructure is provided in the most cost-efficient way. If we are in a position to be able to negotiate directly in a way that we know that the agreement we entered into is the one that will be binding on the organisation because the organisation itself has made the decision to enter that agreement, then obviously there can be no criticism or complaint from within the organisation about the appropriateness or otherwise of that approach. So being a party to any infrastructure agreement is, from our point of view, fundamental.

The second point I would make, which is more difficult in the context, is in relation to using an alternative mechanism to achieve the same outcome—that is, a development approval. To give you an example of that, an application has been submitted in the Yarrabilba growth area—this is not in the area that Unitywater operates—to use a framework type development approval to establish, essentially, the equivalent of an infrastructure outcome over the whole estate, and that would be binding in the same way that an infrastructure agreement would be. Given that the planning authority, the Urban Land Development Authority, is providing a mechanism for other entities to actually be parties to those development approvals, that is a bit more troublesome.

I think the same principle should apply that, when it comes to infrastructure funding, the negotiation of decisions—the commitment-agreement to the long-term funding and supply of infrastructure—is something that properly sits with the infrastructure entity itself. In my case, that is Unitywater. So however the development intent for one of these urban development areas is achieved—whether it is a development approval or whether it is an infrastructure agreement—there should be some mechanism within the legislation to ensure that the infrastructure service provider is a party to that approval agreement and so on, that it has actually formally agreed and signed off rather than having the commitment passed on to it.

Mr GIBSON: Graeme, they are fairly major concerns that you have and I can understand the basis for them. Can you advise the committee whether during the drafting of this bill Unitywater was consulted by the department or by the ULDA at any stage?

Mr Ballard: No. There was no consultation. I was aware—and that was only through people I know—that a bill was being prepared, but I had no knowledge of what the content was.

Mr GIBSON: So the first opportunity you have had to raise these concerns has been through the committee process once the bill was introduced into the House.

Mr Ballard: Yes.

Mr GIBSON: Can I now just touch on the issue of an appeal process, which we also discussed earlier. Obviously we are looking at a bill that, should it be passed, will become law. Unitywater has not had the opportunity to be involved in any process currently. What process would you like to see in place to deal with the situation of when you may disagree with infrastructure agreements that are transferred to you in the future and you find that the cost arrangements are unreasonable?

Mr Ballard: The way I would look at it is that these are policy decisions of government. So I can understand the concerns about having a court decide what the policy of government should be. From my point of view—and I am here speaking for Unitywater—the best solution would be to be involved at the outset; in other words, during the negotiation phase and the development approval, whichever path is going to be taken. I am not in any way trying to suggest that the ULDA does not engage with Unitywater or councils or anything else. It is that there is a responsibility, liability, governance issue here—we input but we do not have any veto or any direct ability to say, 'From Unitywater board's point of view, this is the best solution.' We can put that case and I would probably expect that the ULDA would be sympathetic, if not adopt it, but that is something that is in someone else's hands. So, from our point of view, rather than having an appeal mechanism—but if that were the only thing available, yes, that would be okay—I would rather nip it in the bud and have it dealt with at the outset so that when it comes to infrastructure it is a requirement that it is dealt with by way of agreement and that the water utility must be a party to an agreement involving the supply of water and sewerage infrastructure, for instance. It is a matter that must involve the water utility. The water utility must be a party.

Mr GIBSON: Within the area that Unitywater services, are you aware of any existing infrastructure agreements that you will be obliged to take on that you have not obviously had any input?

Mr Ballard: No, none at this stage.

Mr GIBSON: Okay, thank you.

CHAIR: Are there any other questions? No? Are there any concluding comments at all? Gentlemen, you might like to get on to talking to the minister, given the letter that we have provided to you.

Mr Tunny: We appreciate the minister writing.

CHAIR: Yes. I would put your skates on. Thank you very much for being here today. We certainly appreciate it. We will reconvene in five minutes.

Proceedings suspended from 12.01 pm to 12.08 pm

HUNTER, Mr Max, President, Institute of Plumbing Inspectors Qld Inc.

McGUINNESS, Mr Michael, Chief Executive Officer, Master Plumbers Association of Queensland

CHAIR: Good afternoon, we are now going back into session. I would like to call Mr Max Hunter, the President of the Institute of Plumbing Inspectors Queensland, and Mr Michael McGuinness, the Chief Executive Officer of the Master Plumbers Association of Queensland. Would you like to give an opening statement and then we will go for questions after that. Thank you. Max?

Mr Hunter: Thank you, Madam Chair. I am president of the IPIQ, commonly known as the Institute of Plumbing Inspectors Queensland. Thank you for accepting our submission in relation to the bill before parliament. I have had an opportunity to read all the other submissions that have been put in by the parties and I accept the comments that have been made for or against and also the concerns. I appreciate that. Having been in the industry for quite a few years myself and having been a plumber and a drainer and also on the tools and operating in different states of Australia, I can appreciate the need that has been brought forward in relation to the changes that will come and are being proposed. I consider myself to be a progressive sort of a person and also my organisation. I also indicate to them at certain times that we must go for consistency and the correct interpretation of the act and the regulations that we abide by. I can also see the necessity for the reduction in red tape that we now live in in these days and the amount of regulation that we must adhere to. I am quite positive in the fact that we must look at a consistent approach to a well-structured and meaningful change to any legislation that we may live under and abide by. On behalf of my members I intend to see that we do the right thing by whatever comes about. Thank you.

CHAIR: Thanks very much, Max. Michael?

Mr McGuinness: Yes, good afternoon, Madam Chair and committee members. I thank the committee for this opportunity to speak on behalf of the association members today on the Sustainable Planning and Other Legislation Amendment Bill 2011. The association through its membership effectively provides advocacy and membership services to over 7,000 operating plumbers and drainers in Queensland and is well placed to provide expert advice on issues facing the industry today. The MPAQ has consistently expressed concern about the red tape surrounding plumbing and drainage approvals and the time taken for work to be approved and inspected by councils. The government should be commended in taking this progressive step in reforming the current plumbing laws to streamline the way in which some plumbing work can be undertaken without an onerous approval process. The association recognises the important role undertaken by the plumbing industry council in implementing these reforms and the role also undertaken by plumbing inspectors through local government in monitoring compliance.

It should also be acknowledged that MPAQ as a peak industry body also has an important role and that is to drive and deliver industry reform through effective representation and the advocacy of concerns during the development of planned government intervention. In this context the association has a strong relationship with the department through Clem Brumby and his team at Building Codes Queensland in the collaborative process in progressing and consulting on legislative reform.

A welcome change under the reforms will be the requirement for the plumber to provide a copy of the notifiable work form to the consumer. This means that the consumer will have confidence that the work complies with the plumbing laws as these forms can be issued only by a licensed plumber or drainer. This also includes those provisionally licensed in the workforce. Of concern, though, is the lack of detail that has been provided about or around the proposed audit programs, specifically whether it is mandatory or not for local governments. It is noted that the committee has also aired this concern with the department. MPAQ recommends that the audit program should be mandatory for local government to undertake within an appropriate inspection regime and defect notice provisions. This will provide certainty for the industry. It is also acknowledged that the department has already advised MPAQ that, should the bill be passed, additional provisions will be drafted in the regulations to provide an effective defect notice process, further strengthening the proposed reforms.

It is also important to recognise the magnitude of the reforms and what that will mean. Using our current membership, just on a conservative approach, we estimate that a staggering 15,730 forms would be needed to be submitted each week should full compliance with the law be achieved—and we support that. On this point, though, the proposed five per cent—or one in 20, or five in 100 inspections—is considered unacceptable and should be extended to at least 25 per cent. Just using an average distribution on those figures that I spoke about before, this would equate to approximately 11 inspections a day for each council or 3,932 inspections per the 15,730 forms submitted each week if there was full compliance. Under the proposed five per cent, this would be approximately two inspections a day for each council or 787 inspections per 15,730 forms.

There is no doubt that mandating that the licensee submit a form notifying the work undertaken is a process that would benefit industry and the consumer. However, it needs to have a staged and sensible approach to ensure successful implementation. Whilst the association supports the bill's amendments to change the scope of work referred to as notifiable work, at present some routine plumbing and drainage work requires an approval from council before work can commence and requires up to four inspections from the relevant local government. There are rules that ensure that defective work is rectified before the final compliance certificate is issued by council.

The inspections are an important part of the surety process provided to the consumer that the work complies and provides a quasi continuing professional development program for the plumbing trade sector. To enhance the overall achievement of these proposed reforms, it is also recommended that a mandatory continuing professional development program be introduced. This could easily be achieved with the plumbing industry council being given the responsibility to monitor licensees against a predetermined CPD program. They are best placed to determine, through their complaints investigation and compliance processes, where industry requires up skilling and reskilling. MPAQ looks forward to working with the department in developing the necessary regulatory amendments in a staged and sensible approach and encourages the committee to recommend to parliament to progress the passage of the bill.

CHAIR: Michael, you spoke about the staged implementation. Have you spoken to the department about that?

Mr McGuinness: We have had discussions and I think there is a recognition that there needs to be some sensible approach undertaken. Unfortunately at this stage it is difficult, I guess, for the department to actually come out and consult to some extent until the bill is actually passed, and we understand that and take that on board.

CHAIR: Because you do understand that once an act is proclaimed into law it then becomes a law?

Mr McGuinness: We understand that and we also understand that there should be further consultation on the development of the regulatory framework in the regulations on how that law should be implemented, and that is what we look forward to having discussions with the department on.

CHAIR: Okay. So are you seeking a deferred proclamation on your particular provisions of the bill for later on? In other words, are you seeking for the act to be proclaimed to come into force but your particular sections would come into force later on depending on the negotiations with the government and the department?

Mr McGuinness: We are advocating that the act should be proclaimed. For example, with the inspection regime or the audit process, that is not a legislated specified number, shall we say; you should undertake an audit process for the work completed. We understand that. Irrespective of whether or not our association views it as being five per cent or 25 per cent or 50 per cent, we understand that that is not actually going to be legislated. So the actual passage of the bill should not be held back just because we might have a disagreement over five per cent or 15 per cent.

CHAIR: Okay. Has there been any discussions in relation to the drafting of the regulations?

Mr McGuinness: We have had discussions on what the proposed scope of work should be. The association supports that proposed scope of work and what those extensions should be. Again, we are comfortable with that going forward. Our initial concern was around how a defect notice should be undertaken and issued by a plumbing inspector going out and finding substandard or non-compliance work in the forms. We are satisfied on the advice provided back from the department that, should the bill be passed, those concerns will be addressed through an appropriate inclusion in the regulations.

Mr GIBSON: Michael, I just want to touch on the audit program. You suggested a level of 25 per cent. How did you come to that number?

Mr McGuinness: We had a discussion amongst our council members yesterday at a meeting and we spoke about what would be considered a relevant or an appropriate level of inspections. Some gravitated to 50 per cent and some gravitated to 100 per cent. The feeling of the council was that is not necessarily in the intent of the legislation. Council did concede though that around 25 per cent or a quarter of the work was a much better measurement of compliance as opposed to five per cent of the work, and that is where the 25 per cent has come from.

Mr GIBSON: And your fear with regard to the five per cent is that we will not capture the problems that potentially could be there?

Mr McGuinness: The approach taken by the association at five per cent was what happens if all five per cent of those jobs are noncompliant? Let us take 787 jobs out of 15,000 forms. If they were noncompliant, does that mean that the other 95 per cent were noncompliant? It is not an appropriate measure.

Mr GIBSON: Okay. So it is more about the measure itself and being able to have some confidence in what that is showing and we need to have a larger statistical sample for that?

Mr McGuinness: That is correct, yes.

Mr GIBSON: Max, if I can just bring you in at this point with regard to the audit program. With regard to your association's views on the five per cent, would you like to see a different number or are you comfortable with what is being proposed?

Mr Hunter: No, to be quite honest. In relation to the inspectorial side of things, going on the recent figures that came out with the recent solar heat pump program, there were quite a number of defects noticed in the industry. On reflection of that and having spoken to the PIC and also the Building Codes Queensland people, I think we in the plumbing industry need to focus on a method of education of the plumbing industry itself. I quite believe that plumbers—having been one myself, and still am—do not like paperwork to be quite honest. They are out there doing their job in adverse conditions quite often when we

are in a society that wants expediency, cost cutting and lowest price, and that does not make for a good outcome for the person who is trying to do the right thing. The adage in the plumbing industry when I came into it—and it still applies today—is that you do it once and you do it right. To have someone from the inspectorial side come around and ask them to do it again creates a fair bit of conflict in the industry. In the proposed bill that is before parliament at the moment there is an area there for education and awareness to the public that they should ask for the licence of the person doing the job.

Getting back to your original question, the majority of members that I spoke to around the state of Queensland indicated that they would like the status quo and things to remain as they are. But we do not live in a perfect world. Due to the fact that the consumer changes their lifestyles, we want to cut red tape and we want to cut regulation. A lot of people would tell you that we are overregulated, and I quite agree, being a conservative type of person. But I do not live in the rat-race that people live in in the cities. There is a lot of work that goes undetected. But on the inspectorial side of things, we would like to encompass all inspectors and all jobs as much as possible, but in a perfect world you are not going to achieve that. So if the structure that the PIC have put forward, which is also backed by Building Codes Queensland, is put in place, we are quite confident that government bodies will administer that. We would fall in line, so to speak, and go along and learn as much as possible and be guided by them.

Mr GIBSON: Max, just to pick up on something you said. This is more for the benefit of the committee; it does not directly relate to the bill. You talked about the noncompliance of the solar hot-water systems. What level was that at?

Mr Hunter: It started off around about 80 per cent.

Mr GIBSON: Sorry; 80?

Mr Hunter: Yes, 80 per cent noncompliance.

Mr GIBSON: Eighty per cent noncompliance?

Mr Hunter: Yes, noncompliance. It ranged from the fact that when the solar program did come in—we are talking solar and heat pumps—initially the licensed personnel—that being the plumbers—were not even putting in the forms. They were installing without notification. Once the program was brought in where the forms had to match up to the rebate system, which was brought in by DEEDI, it did drop back to about 60 per cent. I am taking those figures reliably from the Gold Coast City Council and also the Brisbane City Council. They advocated that quite clearly to the government departments, and it was noted. Therefore, courses were then introduced for licensed persons to undertake a two-day or three-day course for solar heat pump installation as an accreditation to your licence. I myself did do that course, merely for the fact of learning the pitfalls and the pros and cons of the industry, and I learnt quite a lot. It was a very good course. Those plumbers who did go and do the course, even though they went along grudgingly and said that it was a waste of time, came out a lot better people and learnt what the industry of solar installation is all about.

Mr GIBSON: So this really reiterates that point that you made in your submission with regard to continuing professional development?

Mr Hunter: Correct, yes. I firmly believe in that and so does the IPIQ.

Mr GIBSON: It is a good example of it.

Mr Hunter: Certainly is. You never stop learning.

CHAIR: No. I think they call it lifelong learning, Max. Are there any other questions? If not, we want to thank you very much for coming in today. Well done.

Mr Hunter: Thank you, Madam Chairman.

CHAIR: We will reconvene at 12.30.

Proceedings suspended from 12.24 pm to 12.33 pm

DOSS, Mr Kerry, Manager, City Planning and Economic Development Branch, Brisbane City Council

HALLAM, Mr Greg, Chief Executive Officer, Local Government Association of Queensland

PIPER, Mr Ron, Project Director, Urban Development, Sunshine Coast Regional Council

ROEBIG, Mr Brian, Chairman, LGsuper

SYMONS, Mr Tony, Policy Research Officer, Moreton Bay Regional Council

TODD, Mr David, Chief Executive Officer, LGsuper

CHAIR: Thank you very much for coming this afternoon. I call the witnesses for the local government panel session. I welcome Greg Hallam, Chief Executive Officer of the Local Government Association of Queensland; Mr Kerry Doss, Manager of the City Planning and Economic Development Branch, Brisbane City Council; Mr Tony Symons, Policy Research Officer of the Moreton Bay Regional Council; Mr Ron Piper, Project Director of Urban Development, Sunshine Coast Regional Council; Mr Brian Roebig, Chairman of LGsuper; and Mr David Todd, Chief Executive Officer of LGsuper. Have you all had the opportunity to read the instructions? Hansard will note that the witnesses have had the opportunity to read these instructions.

If there are any questions that we ask of you today that you take on notice, we ask that you provide this information back to our committee by Wednesday, 21 December. We would like to ask if each of you would like to make a brief opening statement. If you do not mind, we will start with Tony at the end. Tony, do you have a brief opening statement for us?

Mr Symons: I had not intended to make a statement.

CHAIR: That is fine. Ron.

Mr Piper: My name is Ronald Piper just for the record, but I do not answer to that very often. I am the Project Director of Urban Development at the Sunshine Coast Regional Council and I am a professional engineer who has been involved in planning, development and infrastructure for over 30 years. I have worked on both sides of the planning fence through senior positions with both local government and large developers including Pelican Waters Lensworth and the Investa Property Group.

My background has afforded me some insight into practical processes which encourage and facilitate state and local government and developers to work cooperatively and effectively to achieve optimum long-term outcomes for local communities and developers. Unfortunately there are key elements of the bill which are counterproductive to the attainment of these outcomes. This is apparent from the council's written submission in respect of the bill which has been prepared in conjunction with council's legal advisers. I propose only to deal today though with two matters in our submission; namely, the making of ministerial decisions without consultation and the infrastructure agreements made by the ULDA, although I am happy to try to answer questions as well.

Turning to the issue of ministerial decisions without consultation, the bill will significantly reduce current levels of ministerial accountability required by the longstanding principles of procedural fairness and natural justice. Under the bill, a minister could make various decisions which materially affect the rights and interests of the local government, developers and private landowners without any obligation to consult with any of these parties prior to making a decision. The bill's provisions are contrary to the fundamental legislative principles and no sound basis has been provided for the departure from these principles. It is submitted therefore that the amendments to the Sustainable Planning Act in clauses 65, 67, 68 and 74 of the bill be removed.

I would like to turn now to the issue of the ULDA infrastructure agreements in clause 129 of the bill. The bill provides that local governments would assume all of the ULDA's obligations for non-state infrastructure under an infrastructure agreement including any infrastructure not funded by the landowners whether that be through an infrastructure agreement, infrastructure arrangements or development conditions on infrastructure. This may impose a serious financial burden on local governments and their ratepayers and residents. This is becoming apparent from the Caloundra South development on the Sunshine Coast.

The responsibility for the planning of development and infrastructure for Caloundra South was taken away from council and transferred to the ULDA. The ULDA is embarking on an approvals process which will result in 20,000 residential lots, 650,000 square metres of general industry and business use and 168,000 square metres of retail and commercial use. The estimated cost of the infrastructure to service the development is in the order of hundreds of millions of dollars. It would clearly be an unjust and unfair imposition on the council and its ratepayers and residents to be required to fund this infrastructure. We therefore submit that the bill be amended to ensure that local government does not assume the ULDA's rights and obligations under an infrastructure agreement or at the very least that the transfer of those rights and obligations only apply in those instances where the local government is a party to the infrastructure agreement.

Critically, I would invite the committee to consider why legislation would be introduced to empower the ULDA to negotiate infrastructure agreements, arrangements, conditions which are binding on local government when local governments are capable, willing and ready to negotiate the infrastructure agreements on their own behalf. Thank you for your time.

CHAIR: Thank you very much, Ronald. Greg.

Mr Hallam: I am the CEO of the Local Government Association of Queensland, the peak body for the 73 councils in the state. My submission goes to two matters—first is the ULDA Act 2007 and then the Sustainable Planning Act 2009. I will be quite brief because the matters are quite limited. In respect of the ULDA Act, the LGAQ seeks the retention of an accessible and locally accountable planning and development system that secures the rights of Queensland communities to effectively participate and influence decisions impacting upon their lifestyles and wellbeing, and that goes to the points just made by Ron Piper.

The LGAQ does not support the current ability of the ULDA to assume planning powers of local government without consultation and without formal agreement by the relevant local government. The proposed amendments to transition ULDA infrastructure agreements to councils once a UDA ceases could potentially further compromise councils' long-term financial sustainability by misaligning financial commitments, standards of service and obligations upon that council to provide infrastructure for the balance of the council area. I might elaborate on this point a little.

We have had a number of meetings with the ULDA and most recently with the three major councils with UDAs—Ron's council, as well as Logan and Ipswich. Depending on the outcomes of certain matters next year, it may well be that there could be an immediate transfer of all of those lands back to councils' control. That also would trigger the passing back of a very substantial liability. The councils are concerned on a number of fronts. First, the councils are not a participant or a signatory to those agreements. Second, the agreements will have profound long-term, 20- and 30-year, impacts on their ability to raise revenue, to raise capital. Third, there are concerns about what it might mean for areas outside of the UDA if—and this could well be the case—all of their capital program is committed by another party to that area for the next 20 years.

The third area of concern with respect to the ULDA Act changes is that it is unclear as to whether general contracts will also pass back to the council. So it is clear about infrastructure agreements. But, for instance, where there has been a 20-year contract let for grass mowing—bearing in mind that they have high standards, very, very good standards, in terms of things like reverse cambering of pavement and bioswales. Those of you who have been down to Northshore Hamilton will see that style of development and in some other places as well. There are long-term agreements being entered into by the ULDA that would impose an operational cost on councils as well. So the question is: will they apply? It is unclear in the legislation and, again, councils have no say in agreements that could substantially affect their ability to provide services.

Turning to the Sustainable Planning Act, there are two issues I would like to raise. The first is that the legislation currently says that, with respect to increasing the maximum infrastructure charge values by the roads and bridges index, the minister 'may' increase that amount. By virtue of the commitment we were given and the public commitment given the day after the Premier's Infrastructure Charges Taskforce report was released—and I was a member of that taskforce—it was made very clear that that would apply. We would like those words to reflect that arrangement. So rather than 'may', it should be 'shall'—that it is automatic that those moneys be indexed by the roads and bridges index. For example, if it is not, the pass-on costs—and we have done these calculations—in this year alone would be around $23 million. That is each and every year. On the current rate it would be about $23 million in extra costs local government would have to wear if that was not passed on. We are talking ultimately hundreds of millions of dollars—compounded it is close to $300 million over a decade.

The second matter is that in the legislation there is an inconsistency between the methodology of inflating the maximum infrastructure charge by the minister—albeit he or she has discretion—and what council might raise the index by, bearing in mind that not every council currently charges the maximum amount. The maximum amount has been 28 and 20 respectively for larger and smaller lots. By agreement with the government—and we saw this as necessary—councils were limited. They could not increase it in one fell swoop from 20 to 28. They could only increase it by a fixed amount to protect everyone's interests. We were a party to that agreement. But it seems incongruous that that figure inflater would be CPI while the minister's figure inflater is the RBI. So we would want those two to be one and the same. That concludes my submission.

CHAIR: Thank you. Kerry.

Mr Doss: I have five points, some of which have already been spoken about by previous speakers. The first one of most importance to us is the ability of the ULDA to pass on the requirements of infrastructure agreements to local governments. In terms of budgeting for these items, the City of Brisbane Act requires that we cannot enter into a contract—which an infrastructure agreement is—unless we have allowed for that in the budget or we seek a special resolution of council. That puts the onus on us for responsible financial management.

The other thing with that is that the ULDA may enter into infrastructure agreements that the Brisbane City Council would not normally contemplate. There may be matters and items which are over and above matters that the Brisbane City Council would normally enter into—and Mr Hallam has already mentioned that in certain of their areas they are already providing items to a higher standard that council would require.

There is also no obligation to pass on a funding stream with that infrastructure agreement. At the present time it does not appear that there is a fully funded model for the infrastructure that the Urban Land Development Authority supplies in those areas. So we would potentially have an unfunded liability passed on to the Brisbane City Council. Overall, we do not support this and could not contemplate the idea of infrastructure agreements coming across to us when we have had no involvement in those agreements being struck.

I would like to reinforce the points about infrastructure charge indexation that Mr Hallam has made. It is very important that they are indexed using roads and bridges indexes rather than CPI and that that is carried out across-the-board. Clause 76 relates to the call-in of applications and proposes a five-day consultation provision. The council would seek that that is extended to 20 business days to allow the council to look at the ramifications of those proposals. We also looked at clauses 65, 67, 68 and 74 and would like to emphasise the point that the natural justice of the council being consulted before it being directed to include certain provisions in its planning scheme needs to be followed up. We therefore object to that.

The last and final point is in relation to the provisions relating to plumbing and drainage and that is that for the provisions to be successful there is a need to ensure that adequate resources are put into the audit and compliance of plumbing and drainage matters such that, where there is more self-assessment and more control, we follow up and make sure that we do not get problems flowing through the system. Thank you.

CHAIR: Brian?

Mr Roebig: Thank you for inviting me today. LGsuper administers superannuation arrangements for all council employees in Queensland. Up until 30 June, it was all council and regional council employees. On 1 July, City Super, which provided superannuation arrangements for the Brisbane City Council, was merged into LG. So today, it is all council people. We administer the outcomes of industrial agreements between employers and employees. We do not play any part in setting it. So when we look after the whole scheme, Brisbane City Council employees have different arrangements—a la contributions and benefits from the Gold Coast and from Townsville, for example. They are all different. They are not all brought into the same position.

The bill before us today is to enable two arrangements that both employers and employees want in place—and there is plenty of evidence of that. The first regards financial hardship and that is something that Brisbane City Council employees have been able to avail themselves of since 2009. It is a temporary facility that affects the five per cent contribution that their employees have to make. We had advised this committee that there were six people affected by that. Indeed, there are two people affected by it and the circumstances are—all this information is from the Brisbane City Council by the way. We do not administer this; the employer does—they were casual employees transferred to permanent and as soon as they became permanent they had to make a five per cent contribution. In other words, they took home less pay. So the employer said, 'Let's phase this in over three years' and that is what is happening with those people. It was previously handled in the trust deed of the City Super scheme. Because of the nature of our scheme it has to be elevated to act status.

The second facility is about contribution caps. The federal government introduced these about two years ago. People on an income about $138,800 gross are affected by this. If they have contributions on a salary greater than that, their contributions are taxed 15 per cent on the way into the super fund and then, because it is excess, it is another 30 per cent on top of that. There are currently about 800 council employees in Queensland affected by this. Nearly every other superannuation fund in Australia has already addressed it. We have been asking the government here to address it for 15 months now and we have waited this long. I understand that for QSuper it had been addressed some five or six months ago. It is urgent that these matters be put through. There are a lot of people being disadvantaged by it and I would urge your support of the bill and its hasty enactment. Thank you.

CHAIR: David?

Mr Todd: Thank you. I would just simply encourage the committee to support the urgent passage of the proposed legislation in relation to the hardship and contribution caps. I was going to mention that, but Brian has already done that. So that is all I would like to say. Thank you.

CHAIR: Thank you. We will open up to questions now.

Mr GIBSON: Can I just pick up on what you have just indicated there? You said that QSuper had made the changes. Did they do that through legislation or were they able to make the changes just through their own internal arrangements?

Mr Roebig: I cannot answer the question and the only reason I have information is I read the transcript of a meeting here and Bill Hastie gave you that information about a fortnight ago. So I am going off that. I am the none the wiser than you—and it is also on the website; David just told me. So I am sorry, I cannot help you further than that.

CHAIR: You are very thorough.

Mr GIBSON: Thanks for that. What I would like to do now is ask some questions with regard to the local government side of things. Today in earlier hearings we have heard from both departmental officers and then from Unitywater with regard to the infrastructure agreements and you have all flagged some major concerns. Can I start with Kerry. Was the Brisbane City Council consulted? You made a statement there about natural justice. With regard to the proposed changes, were you consulted by the department or was the BCC consulted by the department?

Mr Doss: I am not aware of the Brisbane City Council being consulted on changes in relation to IAs in this proposed bill.

Mr GIBSON: For the benefit of the committee, can you advise how many IAs there would be in place that would be binding on the BCC?

Mr Doss: I have no awareness of what the ULDA has in place in terms of infrastructure agreements. In terms of the impacts, the council has at the moment in the order of some 15 to 20 infrastructure agreements and some of those can be for sums of 4½ to $5 million and greater than amounts over a long period of time.

Mr GIBSON: But these are infrastructure agreements that the council has entered into?

Mr Doss: They are ours. So that is the only example that I can give you.

Mr GIBSON: You also in your remarks flagged the clash between your own act and what this bill proposes to do. Just so that I am clear and for the benefit of the committee, the only way that you can get around this clash between your legislation and what is being proposed in this bill would be for the council to pass its own motion adopting this new contract that they have had nothing to do with.

Mr Doss: Yes. I would imagine that we would have to, upon receiving notice that the requirements of that infrastructure agreement were coming to us, either seek a special resolution of the council to take into account that matter or at our quarterly budget review cycle to include those matters in there. That would probably mean that other items that we had set aside funding for would be knocked off the schedule of works that we have.

Mr GIBSON: So these changes, should this bill go through, in effect will have some fairly dramatic impacts on the ability of the council to plan because of the unknown in what these infrastructure agreements may hold?

Mr Doss: That is correct.

Mr GIBSON: Have you advised the department of these concerns?

Mr Doss: We have advised in our submission on the bill.

Mr GIBSON: I understand that that is to us as a committee, but directly to the department have you raised those concerns and sought any clarification as to what they are proposing?

Mr Doss: Not at this stage, no.

Mr GIBSON: Greg, have you raised those? It is a unique situation with the BCC and I am keen to hear.

Mr Hallam: Yes. With due regard to my colleagues of Brisbane, the relative size of their problem is not as big as those councils—Ipswich, Moreton, and Sunshine Coast where there are four ULDAs. The infrastructure agreements will run to billions. I have had at least three meetings with the chair, particularly the CEO of the ULDA—formal meetings—on these points. We have raised at length the concerns about timing and I went into that in my initial statement—that local government must know in advance when those liabilities will transfer. It comes down to, in a very practical sense, when you do shift the boundaries of the UDA. So you declare an area described in metes and bounds—or whatever the modern equivalent is—and then at some point you do it lot by lot. Do you do it right throughout the year? Do you do it at a point in the year? If you go to the councils with the larger UDAs, it is not just a question of delaying or not proceeding with some other infrastructure; it goes to questions of debt and rating and you only do that at one point in the year and that is at your budget meeting. There is no other opportunity to do that. You can adjust expenditures throughout the year at budget review, but there is only at one point in the year where you can deal with debt and rating and that is at the budget meeting.

Mr GIBSON: So when you raised these concerns with the department, or with the ULDA, what has been their response?

Mr Hallam: It is the elephant in the room.

CHAIR: So there has been virtually little response back in relation to that?

Mr Hallam: They acknowledge it is an issue and it is one that they will individually negotiate with the three councils. That is their response.

Mr GIBSON: So—

CHAIR: Hang on, from the LGA's point of view, is that an adequate response?

Mr Hallam: No. We do not seek to represent these councils individually. So we are talking about Ripley, Flagstone, Yarrabilba and—help me out, Ron—

Mr Piper: Caloundra South.

Mr Hallam: Caloundra South. How could I forget.

Mr GIBSON: That small, warm fuzzy area.

Mr Hallam: Yes. We just had a meeting with Ron and his colleagues from those three councils just a fortnight ago to have another discussion about these things. It is a matter truly for the individual councils and the ULDA, but we seek to represent local government on these fundamental principles that are enshrined in legislation. So on the negotiations about how and when debts and liabilities are accrued and transferred, how it is funded ultimately—because I think the point was made very well by Mr Doss that there is no revenue stream that comes with it—each council is making decisions in respect of those matters for its own council. So the issues for us are knowledge, agreement and timing.

CHAIR: And sustainability?

Mr Hallam: Yes. I should put on the record—and I checked these figures with Treasury Corporation yesterday—that as at yesterday the local government debt is $4.8 billion. That is real debt. That is up from $2 billion three years ago. It goes to a forecast $6.2 billion by the end of June next year and that is before we lose the 40 per cent subsidy. The 40 per cent subsidy that we used to get for infrastructure cut out on 1 July this year. So we will be paying 100 per cent of the infrastructure. That trajectory will escalate quite dramatically when the Treasury Corporation has forecast our—as in local governments—aggregate debt to go to $22 billion by 2031.

Mr GIBSON: And that is not factoring these types of infrastructure agreements?

Mr Hallam: That is without regard to these.

Mr GIBSON: Is there any other example that you are aware of where local governments have found themselves bound to agreements by the state in such a way?

Mr Hallam: No.

Mr GIBSON: In any other states in Australia do we see this type of example?

Mr Hallam: No.

Mr GIBSON: Would you say that this approach is unheralded?

Mr Hallam: Certainly, I am not aware of a precedent, Mr Gibson, no.

CHAIR: Worldwide?

Mr Hallam: Honestly, my knowledge does not extend that broadly. I think I would need to be very clear on the record that we support the concept of a ULDA, but where it is done in agreement with the councils. In the first instance, there is an agreement for those powers to transfer to the ULDA for a period—and there are some very good reasons why that should happen at times. But, as I said, no-one has yet made infrastructure cheaper. All we have been doing is pass the parcel around the room and we have not yet had a community debate about standards—about whether we can afford these standards—and we do run the real risk of in 15, maybe as little as 10 years time, the haves and the have-nots in the same council area. So by virtue of these arrangements you could have some of these UDAs having a level of infrastructure that other people cannot afford and yet paid for by ratepayers outside of that area—that is, within the council but outside the UDA area.

CHAIR: But councils have the authority to declare benefited areas there, do they not, for their local government rating?

Mr Hallam: They do. So are you advocating a special rate?

CHAIR: I am just saying that councils could have a benefited area within that boundary.

Mr Hallam: That is correct.

CHAIR: For example, in Ripley the council could declare that UDA area a benefited area and rate accordingly?

Mr Hallam: That is absolutely so. You are absolutely right. You have to increase the taxation on those people by way of a special rate or the whole community pays. There is no other way to do it.

CHAIR: Greg, in Ipswich we already have the haves and the have-nots in relation to our new areas, which you would be aware of, compared to our older areas that do not even have kerbing and channelling. So that is already underway in that city now.

Mr GIBSON: Just picking up on that, a large part of the mandate of the ULDA is of course affordable housing. We may end up in a situation where the product was affordable but the ability to live in it is less affordable than it is in other areas. Is that a fair comment?

Mr Hallam: Very much so. We have spent the best part of half a million dollars the last few years doing a very detailed econometric analysis of the determinants of pricing, and by and large it is not supply sided. The thing that determines the price of housing in the market—we have done a 20-year long analysis for South-East Queensland—is existing stock and the external market and for units alternative investment opportunities, returns through the stock market and the like and more broadly for first home owners it is CPI, real wages and those sorts of matters. There is no doubt the beauty of a new ULDA is that it helps bring product to market in a coordinated and organised way. Because of their special powers, they can do it quicker. Certainly some of my mayoral colleagues would contend that they could do it quicker with those powers as well. I do not want to suggest by any means that they are a totally flawed model, but the

unfinished business is who pays and what say does council have in that quantum. As I said, as much as it is an issue for Brisbane—and I do not deny it is—it is a much bigger issue for a Logan that has two UDAs or an Ipswich or a Sunshine Coast.

CHAIR: Which takes us back to the sustainability of local government, which is another inquiry that this committee has underway as well. So basically what you are talking about here, given the debt burdens and your trajectory, is that some of these councils will be unsustainable in the long term.

Mr Hallam: I think we would never get to that point, but, yes, if you were to project that through. We did a major piece of work with the Treasury Corporation two years ago around infrastructure charging where we used the six financial sustainability ratios that councils are required to use, and clearly some councils' financial position is in peril. There is no doubt about that. If you look at what has happened in New South Wales, particularly the greater Sydney metropolitan area, there has been a capital strike. So that we never get to the situation where we have a debt of that magnitude or rating at that level, councils simply stop spending. Then who supports the new infrastructure? My view is that we do not get to that point because Treasury, the Auditor-General and the department call in the markets before we ever get to that point. The consequence of that is that there are then real limits on growth because councils are not able to fund that big trunk infrastructure.

CHAIR: And also the social infrastructure as well.

Mr Hallam: Absolutely.

CHAIR: I think what we are doing here is talking about the roads and footpaths. One of the things that I would also like to get your comments on is in relation to the social infrastructure, and I will give you an example. Springfield does not have a community centre funded by Ipswich. It does not have a library. It does not have anything like that. The reasoning that they are given by the councillors is that their rates have to be spread over other areas of Ipswich. Have you got any comment in relation to the social infrastructure that should be required by councils as well?

Mr Hallam: Yes, I do, and I have been on the public record about this for a while now—for at least 12 months. One of the consequences of the government withdrawing infrastructure subsidies is local governments pull back on spending on social infrastructure and services. That is not just anecdotal; the figures bear that out when you look at budgets, grants to community groups and spending on community infrastructure. Two things have happened. We have built to higher standards. In the last 10 years we have gone to tertiary, water and sewerage which means we have the world's best standards. We have garbage dumps that you can live in. We are now going to a drainage standard that is extraordinary in terms of providing water quality. It all costs. So there are two drivers: sheer numbers of people and the standard we build to.

When you couple that with the fact that we have lost a subsidy, we have a cap on infrastructure charges and the South-East Queensland councils have lost some of their water dividends, the sums do not add up. Local government has lifted its rating very substantially. In real terms we have had about a 10 per cent increase over this term, which I think is very good. The ratepayers might not agree, but in terms of financial sustainability it had to happen. But we are now at the limits of what we can do. There are only X number of ingredients in the mix. We have seen the first drop in local government employment now in probably five years. On our figures, our employment has dropped from 42,500 to 40,000 in the last 12 months, and that is a reaction to what is going on. So there are less people employed, and that will continue. It is also the fact that we have to cut back on some of those really important social fabric issues and we go back to a narrow remit.

As we have passed the parcel around, as I mentioned before, local government has been left holding more of it relative to the development community. There are absolute consequences for all of that. It is a good thing that we have a much better focus on asset condition and asset management—that is long overdue—but all of those things combined mean that we are in a very interesting situation, and I have been public about it for some time. I think the consequences are that within a relatively short period of time we have to take some pretty dramatic steps and stop doing some things such as cut back on levels of servicing. I think we have tested the limits of community tolerance on rate increases, to be honest. I think we cannot go too much further. We have, as I said, lifted by 10 per cent real our take. But that is not something we can go on and on and on with. The community just will not wear it and cannot afford it.

CHAIR: So do you think in terms of our sustainability inquiry that there may in the future be less than 73 councils in Queensland?

Mr Hallam: My honest view of that is that numbers do not matter. I have been adamant about it since day dot. All of the evidence world-wide says that you could achieve about a three per cent deficiency out of amalgamation. We are talking about trying to find 20 per cent, not three per cent. So would it help? Only at the margins. I think we have all seen the political and other cost of amalgamation. For me if you are going to amalgamate there has to be a really big and obvious benefit—one you can quantify—and you can get your payback within a term. That is the difficulty. We have always supported amalgamation, but for the right and proper reasons, and obviously giving the community a say in the process. But it will be other reforms that will have to be implemented to address financial sustainability, and it is not just unique to Queensland. We are the most affected simply because we have the broadest infrastructure remit. The local government sector in Queensland is the largest in the country.

CHAIR: Yes, but it also has a lot of full-time councillors that they do not have in New South Wales and Victoria too, Greg.

Mr Hallam: That is true, although our numbers are much lower per council than those jurisdictions.

CHAIR: Yes, but when they are part time, and I noticed your comments on the Salaries and Allowances Tribunal the other day. I am sure that some of their colleagues interstate would be very interested in that considering that they do not have full-time positions and they are running councils, in some instances, much bigger than what we have in Queensland.

Mr Hallam: I note your view, Chair.

CHAIR: Yes, but not just my view but many people. In fact, I had a phone call from someone who said to me at eight o'clock this morning that they think that local government in Queensland is in fact overgovernment in terms of what I just said. In relation to the reports that you spoke about, the LGAQ and the QTC reports, are they available to us?

Mr Hallam: Yes, absolutely.

CHAIR: Can you—

Mr Hallam: I would have to seek the QTC's permission.

CHAIR: Yes please.

Mr Hallam: We have signed an agreement that I cannot pass it to another party unless they agree.

CHAIR: No. But if they do agree, would you be able to supply them to us?

Mr Hallam: Yes, we would; absolutely. In fact, they are very important. They are probably the most fundamental piece of work that I have been involved with in the last decade. It does go to some pretty big threshold questions.

CHAIR: Yes, that is right. Can I just flesh out a couple of things you spoke about. In relation to developments, they are very good—we have to say that—compared to what they were even 10, 20 or 30 years ago. Do you think that perhaps with the housing market et cetera, because the infrastructure is now so good, working people cannot actually afford housing now?

Mr Hallam: I think there is an element of truth in that. I was talking to my colleagues outside before we came in and what is left to be done is a question of standards. If the other variables in the equation do not change—and apologies for the language; it is the economist in me—then standards remain the issue. Are we overproviding and do we have to provide? If I go back a step, the market has to respond to the mix and some developers are doing a great job in getting product down to an entry level and not everyone is going to go into a four-bedroom McMansion first up. So I think some of the better design principles are really starting to come through where we are seeing much smaller lots but people can afford to get in at an entry level and then trade their way up. Certainly, the UDA are to their credit locking in a set percentage of development. But I do think we have to go back, and it is on the DLGP's work list. They made a major commitment as a consequence of the Infrastructure Charges Task Force and the Building Revival Forum to look at that question of standards. It may well be that some of the things contemplated are just not affordable. But, as I said, I think the market is still yet to fully respond and provide that entry level accommodation. Clearly there is less profit margin on a small one bedder than there is on someone building a four bedder, but if the market is not buying then people have to adjust.

Mr GIBSON: Ron, without getting into the politics of Caloundra South but just from the work that council did beforehand, what sort of infrastructure figures were you looking at? Potentially what could you see in an infrastructure agreement being passed back to council? What numbers would you think would be from your earlier work from the Sunshine Coast council?

Mr Piper: With regard to the earlier work, bear in mind that we have a fairly fundamental principle of user pays, if you like. If areas have not been planned and are brought forward, then those bring-forward costs should be funded through the development. We will not get into all sorts of debates about affordability and how we go there, but no-one is actually arguing at this point what it actually costs. I think this debate is really about who is going to pay for it. Just from your point, we actually drew up a draft infrastructure agreement. Fundamentally if you draw up a draft infrastructure agreement for a project of this sort of size—and we are talking 50,000 people—the issue is what infrastructure is needed, when it is needed and then comes who pays for it or what drives it. The Sunshine Coast council have built Caloundra Road through to Bells Creek Road. If the development did not happen, no, they probably would not have. So therefore that would be a cost to them. If you add those up—all of those costs including the social infrastructure we talked about, not necessarily built form but land for community facilities and parks and recreation facilities and what not—it would be several hundred million dollars, probably getting close to a billion if you start adding in state controlled roads and extra roads. It is an unserviced area. That is the reality. It is an unserviced area.

Mr GIBSON: Should this bill pass and we find ourselves in a situation where at some point that UDA is going to cease and the infrastructure agreement will be transferred back to council, can you give the committee a feel for how major that impact would be, or otherwise, on a budget of a council the size of the Sunshine Coast?

Mr Piper: I do not have those numbers. Our executive director of financial services would be able to supply that sort of number if you would like. But the issue I think is more around this notion of the ULDA has always publicly said that it will only be there for seven years at the most. Caloundra South is a 35-year project. It would seem ludicrous to me to have a set-up where you do not involve the local government in the negotiations and the putting together of those infrastructure agreements or arrangements.

Mr GIBSON: Would it be fair to say to all the local government gentlemen here with regard to these infrastructure agreements that your preferred position then is that you are involved in the negotiations right from the start so that you know what you will get once that UDA ceases to be and the infrastructure agreement is moved on to council?

Mr Piper: So that we have agreed what we will get rather than just that we will know what we will get. It would be nice to know as well though, I must admit. It would be very handy to know, but it would be better to have agreed.

Mr GIBSON: Ron, just on that previous question, it would assist the committee both in this hearing and in our hearing with regard to the financial sustainability of councils to know particularly where this does have a major impact on a budget and, as has been flagged, your concerns with regard to the no-funding stream. If you are able to provide that information to the committee, that would be of assistance.

Mr Piper: I will take that on notice.

CHAIR: You were talking about roads, and I am very interested in this because sometimes in areas the state builds schools. Greg, I know that you are aware of the infrastructure agreement with local government where the council has to pay for 50 per cent of the road outside the front of the school.

Mr Hallam: Correct.

CHAIR: I am just interested in your comments on how some councils have gone back to the education department to almost try to lay-by a road like you would lay-by toys at Target for Christmas presents. Some councils have actually gone back to the education department to try to get the department to fund all of that upfront because they are saying that they do not have the money to pay for it. It would seem to me that, if councils are that cash strapped that they cannot even afford to connect roads or build roads when they know that they are going to build schools in the first place, there is something awfully wrong with the sustainability of those councils.

Mr Hallam: I am very happy to take that question, because it is one that I have been passionate about since day dot. I can recall my earlier days at the LGAQ dealing with this matter. There are two issues at hand: one is the quantum; the other is the timing. Again, it comes down to this—I am happy to say it and I have said it publicly—Education are the worst offenders in government. There are some great agencies like Emergency Management and others that will give us two, three or four years notice. But when there is a mad panic to open a new school, the council does not get notified until the year it is to open. We have provided examples previously to government and the media where it could be three schools or four schools. It could be high schools, primary schools, TAFE, whatever. All of a sudden out of the blue the government announces a new school because it is under pressure from a community, and we have to find that money in a year.

The question is not so much that we have to find the money but that we have to find it in a particular year without notice. In some instances they are good, but I am sure my colleagues can give you plenty of examples in their areas where they have not had that notice. Logan and the Gold Coast are the ones I most recall. The truth of the matter is that, for all sorts of reason, the government often buys the cheapest bit of land and it can be a long way away from existing facilities and then transfers those costs effectively on to the council. Councils have to put in bikeways and all sorts of things. We believe that the state, like any other developer, should pay 100 per cent. That has been our attitude for a while.

CHAIR: Yes, but you have an agreement with the education department that local government will pay 50 per cent of the road outside the school boundaries.

Mr Hallam: Correct. But the point I made before, and I will go back to it again, is—indeed, it is a state-wide agreement; it is not just with Education.

CHAIR: That is right. It is a state-wide agreement.

Mr Hallam: It was an agreement that I made with Terry Mackenroth and Glen Milliner a dozen years ago.

CHAIR: That is right.

Mr Hallam: The point is this: if they have not got the money in the year, they have not got it.

CHAIR: Yes, but what if they have been in consultation with particular local authorities for three to four years out? You cannot claim that.

Mr Hallam: No. I am not aware of those matters. But I can give you a number of instances—and I am happy to go back and provide them—where out of the blue we have had new developments, new schools, dropped on us without knowledge. If, indeed, the council has been made aware then it should be in their proper planning. I do not excuse the councils in that sense. But, equally, it is not fair on a local government to have to find in a budget $10 million or $15 million if we are talking three or four schools—by the time you do your set-downs, pick-ups, bikeways and all of those sorts of things. It is always the same

councils because they are the high-growth, high-pressure areas who have to find the money. We need better planning and more orderly arrangements. Why should the state be treated differently? If it is a private school, the developer of the school—the church or whoever it is—pays 100 per cent.

CHAIR: Yes. But if they have had, say, three to four years notice that a school is coming and they have been involved in all of the planning with the education department—I understand that in the last few years in particular the education department has gone to great lengths to go to local government to say, 'We are planning this.' What I am trying to say is that it is incredible to me that after that time the councils then go back to Education trying to lay-by roads so that the road will be paid off over a period of three, five or 10 years because the councils are saying that they cannot afford it. I understand what you are saying about that 12-month time frame. I completely understand that but not if they have been given three to four years notice, which again goes to the very sustainability of those councils. It is not just in relation to Education. We also have a situation with the Ipswich Motorway where there are side roads which have also been put on TIC as well in relation to them not having funding to supply that, and that includes Smiths Road as well.

Mr Hallam: I suppose it does come down to a question then of: are we the agent of the state or are we making our own decisions? It is balancing what the council has to do in its own right and what is state imposed. I am not making excuses for local government. But, having been a council CEO and having sat in that room, you have a finite amount of capital. You could be dealing with five separate state agencies. You could have Main Roads who want an upgrade of a piece of infrastructure where there are state and local government interests. I went through that in Townsville with rail—having to put 28 rail crossings in in a year to get nickel through to Yabulu, which was not a Townsville city issue but we had to do it. All I am saying is that we accept the point you make but look at the totality of the requirements on the council. How much of that is driven by the state? The council has to find a happy medium between them meeting their citizens' needs, as expressed to them directly on local government matters, for infrastructure spend and what the state requires—whether it is Education, Main Roads, QT or another party.

CHAIR: Just to bring this to finality, is it acceptable for local government to go back to the departments, whether they be state or federal, to ask whether they should be lay-bying this infrastructure in the first place anyway?

Mr Hallam: That is not the preference.

CHAIR: No. That is what I thought, too. No, thank you for your honesty there, because I think that is an issue. It fundamentally goes to the heart of planning and sustainability of the council.

Mr Hallam: I will give you a recent example. Just bear with me for one tick. I sat in at a meeting of the Wide Bay-Burnett ROC three months ago. I drove up to Biggenden. That involves some big councils such as Bundaberg, Gympie, the Fraser Coast and some of the smaller ones as well. The dilemma is this. Three meetings before that the then Deputy Premier had been there and was telling them not to necessarily go to the absolute maximum on infrastructure charges—not that they could; there are limits on it. At the next meeting the Treasury Corporation was there telling them that they had to really be careful about their borrowings. At the next meeting they had very senior people from DERM there telling them that they had to now meet the new water quality SPP—state planning policy—and, by the way, it would impose $10,000 a lot for any subdivision above six. That is what they have to deal with—the incongruity, the lack of a whole-of-government response to these things. They really are tearing their hair out. So can we do better? Yes, but we have to do better together.

CHAIR: Greg, can I just say that we understand that, because we have had a number of submissions where local government has said that state government departments work in silos. We have had that certainly drilled into our heads over these last few months and we understand where you are coming from.

Mr Hallam: Thank you.

Mr GIBSON: If I can move on to something far more exciting: the plumbing and drainage elements of this bill. We have heard from the plumbing organisation and we have had discussions with Building Codes Queensland with regard to the five per cent of the audit regime being proposed. Earlier today—I do not know if you were here—there was some discussion about that being, perhaps from the Master Plumbers, as high as 25 per cent. I would like to get some feedback from the LGAQ and from the Brisbane City Council to start with—and the other councils as well if you wish to—with regard to whether the audit regime at five per cent is seen to be acceptable or would you rather a higher or lower number and, if so, what would you see as an alternative?

Mr Hallam: I will let my colleague, who is more expert in these matters than I am, address that.

Mr Doss: I would have to come back to you with some figures from the council as to what regime we thought was appropriate. I do not have that at hand.

CHAIR: Kerry, can you take that on notice, please, and get back to us by 21 December?

Mr Doss: Yes, certainly.

Mr GIBSON: The other thing is that there was some discussion in the BCC submission—and I think also from the Gold Coast submission—with regard to the fee level and whether that would be appropriate for the councils to be able to cover the cost of any auditing work. Again, if you wish to take that an notice and provide something back for us—

Mr Doss: Yes, I can certainly come back.

Mr GIBSON: From the LGAQ's perspective on that fee level, are there any comments that you would like to make?

Mr Hallam: My understanding from my discussion with my colleagues is that the fee was set at an appropriate level. It is always the indexation method that is the issue. We do not want to ever have a situation where we are discouraged to do the right thing by the fact that it is going to cost us. So as I said, my understanding is that the fee is reasonable but it is a question of how it is adjusted over time.

CHAIR: Are there any other questions at all? No. Greg, can I just ask you, given your thoughtful contribution here today in relation to the standards of these new developments, would the LGAQ consider leading a public consultation on that?

Mr Hallam: Certainly, as you would recall, we have now held four public inquiries over 15 to 20 years and the idea of those is to have a community debate. We are certainly happy to participate in that discussion. As I said, in terms of the Premier's Infrastructure Charges Task Force, we have had three items that were not in our remit but we thought they were really critical—and that was one of them. To the government's credit, they have taken that up. There is a piece of work to be done. I think in the first instance, it has to be shaped within government and within local government and then perhaps some parameters around it. We can go out into the community and say, 'At the end of the day, there is a trade-off. What is it that you want and what are you prepared to pay for?' because it is difficult. At the minute everyone thinks, I believe—rightly or wrongly—that they are free goods, that there is not a limit. For whatever reason they are encouraged to believe that. The reality is that they are not. In my experience the standards when I started in my career in local government 30 years ago were nothing—not comparable. So we have come a very long way. My true belief is that the difficulty is we cannot afford them. It is a question of the basic laws of economics: a finite resource, someone misses out, someone else pays. Is that fair and equitable? So it is trying to find that balance between doing things efficiently and fairly and equitably.

CHAIR: Especially when you spoke earlier about the haves and the have-nots. I think what we are seeing in Queensland is the have-everythings, which is probably Brisbane really, to be honest. Because they have kerbing and channelling and things like that. So you have the have-everythings, the haves, the have-nots and the have-absolutely-nothings, which would be out in the rural shires. Do you know what I saying? If you are talking about a local government system, there has to be some equality somewhere, does there not?

Mr Hallam: There has. Can I just as a final point indicate that, certainly in my lifetime in local government, the rural towns are immeasurably better communities than they once were. I am talking about the towns themselves. Thirty years ago, 20 years ago, they were really poor quality—their infrastructure in every sense, their physical, social and other infrastructure. I believe that current and former governments and federal governments have poured hundreds of millions of dollars into those communities. That, along with the fact that we had one vote, one value in those communities for the best part of 20 years now—whatever a generation is—meant that town people were actually getting to make some decisions about allocating money. So I think the best improvement that I have seen in my career in local government has been in the rural towns. I think the actual towns themselves are that much better off than what they were in physical and social infrastructure. I think the councils are heavily funded. If you were to look at a small category 6 council—whatever the description is these days—they receive the highest FAG payments in the country. So if you look at the rural and remote in Queensland, the small, sparse, big-area councils, they get a lot of assistance, which they need. The communities that seem to really struggle are those that have an urban form but no CBD. If you have a CBD, you have a serious revenue stream. If you do not have a CBD—so you fringe Brisbane or you fringe provincial or you are a country town without much of a country centre, a town centre—you have some big issues about how you fund your infrastructure.

CHAIR: Yes. I think we learned some of that information when we were out at Longreach in particular and also when you had the better cities program, where they were literally pouring hundreds of millions into towns and cities right across Australia, that had an enormous impact on upgrading, which was really good.

Mr Hallam: But even simple programs like the RCLP and the RCIP—and both governments have been committed to those programs—and streetscape improvement, if you go to all of those towns now you see they all have sealed roads, quite wide pavements and treed community facilities. They are really good. I was at Thargomindah a fortnight ago and I was really quite surprised with the amount of stuff that they had, including community housing. They had a child-care service and an after-school service, which was unthinkable 20 years ago. So those communities have come a long way. They have helped stabilise their populations, because people can retire into those communities, they can have a decent life, they can go to the pub or do what they need to do socially and have their kids looked after. There are all sorts things that exist in those towns that were not there 20 years ago.

CHAIR: I suppose that comes to the fundamental issue of what local government is in the future. What really is the role of local government in terms of what it is to do and the delivery?

Mr Hallam: Correct. It is the discussion we have every decade without resolution.

CHAIR: Thank you very much for coming here today Tony, Ron, Greg, Kerry, Brian and David. We appreciate your input today. We would now like to conclude our session. I would like to thank Lillian, Scott, David and Mary-Anne for being here with us today, our Hansard reporters, our staff of the committee—Lyndel and Liz—and say thank you very much and we wish you a merry Christmas.

Mr Hallam: And you, too.

The committee adjourned at 1.33 pm