



Speech by

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SUSTAINABLE PLANNING BILL

Mr LANGBROEK (Surfers Paradise—LNP) (Leader of the Opposition) (2.30 pm): I rise today to make a contribution to the Sustainable Planning Bill. In doing so, I congratulate the shadow minister, the member for Gympie, on his contribution. I know that he has done a lot of research into this bill.

I would like to focus on one aspect of the bill that has far-reaching impacts on Queenslanders' lifestyle, and that is infrastructure charges. This is something that has certainly become an issue in my electorate of Surfers Paradise, as part of the Gold Coast City Council, and it is something about which I have had words to say in the local media on the Gold Coast. I have been misrepresented in the local media as well. It was reported by Geoff Chambers that I had asked that there be an administrator appointed to the Gold Coast City Council. I want to clarify very specifically that at no stage have I ever called for the appointment of an administrator to the Gold Coast City Council on this particular issue. But I have said that the Gold Coast City Council needs to do something about infrastructure charges, and I said that some months ago, because of the stifling effect they are having on development. We have seen that over the last year especially on the Gold Coast, yet the Gold Coast City Council has refused and in fact been intransigent about any attempts to modify its infrastructure-charging regime.

It is very interesting that, as mentioned by the shadow minister in his speech on the second reading, only one council has an approved priority infrastructure plan, or PIP, which sets the infrastructure charges for its region, and that council is the Gold Coast City Council. If we take the Gold Coast as a case study, it is clear to see that this system has major flaws, and I am going to go through some of those in a moment. The government has encouraged other councils to adopt similar programs based on the success or otherwise of the Gold Coast model. But, as I say, given the flaws that are inherent in the Gold Coast PIP, clearly something needs to be done before this system is adopted more widely throughout the state and has the same effect that it has had on the Gold Coast.

From the outset, I would like to point out that the ability for councils to charge appropriate infrastructure charges on development is a critical part of their financial management. I acknowledge that. All members here do. It is important for councils to have appropriate revenue sources. It allows councils to cover the additional costs incurred when development occurs. There are many former councillors in this House. I see the member for Buderim is here. He would be very aware that, in relation to development and the costs incurred by council, PIP charges ensure that the wider rate base does not carry the cost. In other words, if other people are made to pay these charges, mum and dad ratepayers will not necessarily have more expensive rates.

It is also clear that often the developers who construct the buildings required to provide the housing or business premises that are so crucial to our future are finding these charges excessive, complex and highly variable. There are numerous cases of this that I am sure members are aware of and can provide anecdotal evidence to that effect. The shadow minister, the member for Gympie, has met with the UDIA and other development groups who have expressed concerns about this.

The UDIA, I know from going to its annual general meeting on the Gold Coast, has looked at the cost of infrastructure charges on developments. Queensland's record of being the low-cost state was

blown out of the water by what it found. In New South Wales there is a \$20,000 limit for infrastructure charges, excluding water and sewerage. Victoria and South Australia average only \$5,200 in infrastructure charges. But on the Gold Coast infrastructure charges on a single house are around \$35,060 and for a single lot in a greenfield site they are \$48,986—so around \$50,000 per residence. Very obviously, if a developer has to pay those sorts of charges, they will be passed on and they will be passed on at the end—to the purchaser. So that is \$50,000 that a new home buyer will have to find in this tight economic climate, or \$50,000 that an investor looking to provide affordable rental accommodation will have to increase their rental return by to obtain some sort of yield and \$50,000 less in Queenslanders' pockets, impacting on their cost of living and thereby their lifestyle.

Very importantly, for all that we speak about the growth in population on the Gold Coast, South-East Queensland and Queensland in general, there is no doubt that we run the risk of having economic refugees in terms of housing. If we are going to say that the most affordable house and land package on the Gold Coast is \$100,000 more expensive than a comparable package on the outskirts of Melbourne, eventually something has to give and people will end up saying that they cannot compromise their lifestyle as much as is required of them to have to borrow more to be able to buy or they may not be able to buy in the first place. This is an embarrassment for our state. We have not yet seen numerous examples of economic refugees. But that is what governments are there for—to plan to make sure that these things do not happen.

All indications are that the costs are growing, and we have seen examples of that in the media recently. I recently spoke to a small lot developer on the Gold Coast who pointed out to me that in 1998 a two-lot subdivision in the suburb of Labrador took about seven pages of forms to fill out, he had to go through two offices and it went through council in six weeks. Now the same two-lot subdivision would take hundreds of pages, he would have to go through 12 offices and it may take up to six months to go through council. That is a significant impediment for development. Costs get passed on and they are being passed on to the developers, who have been seen and are seen by the Gold Coast City Council as a milch cow.

The Gold Coast has traditionally had an economic base of tourism, development and retail. We can ill afford with the current downturn in the economy to be affecting one of those major arms, and that is development, along with the other arm that has already been affected and that is tourism.

Ms Struthers: You didn't support our housing development at Southport. Why did you knock that back? \$2.6 million and you knocked it back—not in this area.

Mr LANGBROEK: If the honourable member wants to interject, we are actually talking about PIP charges, which I do not think the department of housing is up for.

Ms Struthers: You are talking about affordability of housing—12 units you knocked back.

Mr LANGBROEK: We are talking about development on the Gold Coast. The minister has no idea what this bill is about and is talking about ancient history.

Mr Hinchliffe: You were talking about affordability in rental properties.

Mr LANGBROEK: We are talking about PIP charges. Very clearly, what we are talking about here is that developers over the last year have found it very difficult with the current Gold Coast City Council's PIP regime. It has nothing to do with what the Minister for Housing is talking about.

In the recent budget we saw the Premier and Treasurer take an axe to the state grants and subsidies that local governments relied upon to fund infrastructure such as water and sewerage, and the larger South-East Queensland councils will be the hardest hit. It is estimated that slashing these subsidies to the bone has added more costs—about \$5,000 to the cost of a new house. Once again, the state government's cost shifting is increasingly hitting local governments' bottom line. Councils face a hard choice: either they hike up their rates or they increase their infrastructure charges. As I said before, rather than passing on to ratepayers, often increasing infrastructure charges is the more attractive option to council. However, this is a false economy. On the Gold Coast alone, it is estimated that the property development industry is the lifeblood for 49,000 people. It is estimated that 13 per cent of the Gold Coast workforce is employed in development and construction. These are real jobs for real people on the ground, not the mirage of employment that the Premier paints with her 100,000 jobs when clearly when you look at the statistics there are 50,000 more unemployed than last year and 14,000 more since the election.

These development jobs may not be new. They may be just an hour a week and they may not be productive. These are the 100,000 jobs which the Premier promised at the election. As I said, they may not be new jobs, they may be as little as an hour a week and they may not be productive, whereas many of those with jobs in development and in the building industry are supporters of those opposite and are having to deal with the complications of unemployment caused by, amongst other things, these restrictive PIP charges that have happened under this government's watch.

We have these infrastructure charges which are levied by councils under PIPs, and they typically cover sewage, water, transport, community and recreation facilities, and stormwater infrastructure. Over the last decade the Integrated Planning Act, which I referred to, has made the process much more complex. The bill before the House does not address this issue but continues the system established

under the IPA. As the provision of such infrastructure is the responsibility of councils, these charges are designed as user pays to ensure the development carries the cost of infrastructure provision instead of the general ratepayers. But the question many people are asking is: why are these charges so high?

Councils often calculate charges on planned density, not actual density, thereby imposing higher charges for infrastructure capacity which may not be used. I note my parliamentary colleague the honourable member for Coomera has a practical example of this inconsistency that he intends to speak on, or may already have spoken on. The infrastructure charge may also include costs compensating for poor planning and infrastructure provision in the past or catch-up. For example, there may be long overdue need for the provision of a new road or car park, and councils may allocate the cost of this upgrade to the infrastructure charges of a new development. In this way, developers are carrying the costs for infrastructure that benefits the wider community and should be funded from the general rate base.

Many of those opposite and those in the community who have never been in business may not see an issue with these charges. They may well say, 'We need infrastructure. Someone must pay, so let's just slug the developer.' That is clearly what we have seen and has become an issue over the last year as many developers have found it difficult to move their product and have faced difficulties obtaining finance to enable them to progress on new projects.

This is a false economy. For example, as recently as June ALDI supermarkets cancelled two new centres because the Gold Coast City Council charges were \$1.5 million. This has directly impacted the lifestyle of those on the Gold Coast, as now two neighbourhoods are not able to choose to buy from ALDI. This adds to the cost of living and reduces competition in the grocery market—all of this clearly because of skyrocketing infrastructure charges. Thankfully, this has been recognised by the Gold Coast city mayor, Ron Clarke, and, as he said a month ago, they are going to do something about this.

The Gold Coast was calculating the charges on possible future planned density, not actual density, and it is estimated that ALDI was charged 10 times what some neighbouring councils charge. It is estimated the infrastructure charges for the development of a suburban shopping centre on the Gold Coast is around \$7 million. Just over the border in the Tweed shire the comparable cost would be \$4 million. Yesterday in the *Gold Coast Bulletin* it was reported a tupperware business run by a mum from home is facing \$10,000 in development charges. The question is: how can this be reasonable?

We have already seen developers moving their businesses away from the Gold Coast. Projects all over the coast have stalled. As I said, the Gold Coast City Council is starting to recognise that such a charging regime is short-sighted and counterproductive, but the changes are yet to be seen. Yesterday, again in the *Gold Coast Bulletin*, the Gold Coast City Council released a report that found a critical lack of infrastructure and development on the Gold Coast. The council planning chief, Warren Rowe, went as far as warning developers they must start building. This misses the point, because such development will only occur in an environment that is less hostile to the private sector.

The South East Queensland Regional Plan has estimated that the current population of the Gold Coast of 466,500 will go up to 749,000 by 2031. Some 143,000 new dwellings will be required—a 70 per cent increase. The associated development infrastructure will be critical. Infrastructure charges, combined with the drastic land shortage on the Gold Coast, will make this aim very hard to achieve.

There have been numerous practical solutions on how to reform infrastructure charges on the Gold Coast—firstly, a possible restriction on infrastructure charges so fees never exceed a set percentage of the total project cost and, secondly, charging for the actual limit of the building works detailed in the development application rather than the potential of the site. Unfortunately, such moves by the Gold Coast are glacially slow and are not guaranteed to occur. Reforming the infrastructure charges regime in Queensland is critical for our future, and especially for other cities and other shires which may be inclined to follow the example that has been set so far on the Gold Coast. These efforts will improve the quality of life for Queenslanders and provide a long-term benefit for Queensland. It is time this government began listening to all Queenslanders. You may be assured that an LNP government will.

Before I conclude, in my MPI I talked about presenting the opposition's blueprint to parliament this morning. I seek leave to table that document in parliament now.

Leave granted.

Tabled paper: Integrity and Accountability in Queensland—Issues Paper No. 2 [\[895\]](#).