Discussion paper:
Infrastructure planning and charging framework review

Options for the reform of Queensland’s local infrastructure planning and charges framework

28 June 2013
The Department State Development, Infrastructure and Planning is responsible for driving the economic development of Queensland.

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Summary

In February 2013, the Queensland Government commenced a review of the local infrastructure planning and charges framework. The purpose of the review is to identify reforms necessary to deliver an infrastructure charges framework that supports long-term local authority (local government and distributor-retailer) sustainability and a prosperous development industry in Queensland.

The review also supports the Queensland Government's broader planning and development system reforms, which are targeted at ensuring sustainable development outcomes and supporting the state's continued growth and prosperity.

The options for reform presented in this discussion paper are focused on achieving four key outcomes: certainty, equity, local authority financial sustainability and development feasibility. They have been developed following a targeted stakeholder engagement process with local authority and development industry representatives. The reforms address the three principal areas of the framework:

- the scope and identification of trunk and non-trunk infrastructure under the infrastructure charges framework
- the infrastructure planning and charges mechanisms to apply under the new framework
- the supporting elements of the framework, including: conditions, offsets, refunds, credits, infrastructure agreements, dispute resolution and deferred payment of charges.

The Department of State Development, Infrastructure and Planning is seeking feedback from all interested stakeholders on how the infrastructure charges framework can best support a growing, sustainable and prosperous Queensland. Following the conclusion of consultation preferred reforms options will be identified for implementation from 1 July 2014. The finalisation and implementation of these reforms will be undertaken in consultation with key stakeholders.
1. **Purpose**

1.1 **About the discussion paper**

This discussion paper outlines options for establishing a long-term infrastructure planning and charges framework that is equitable, certain and supports local authority (local government and distributor-retailer) financial sustainability and development investment throughout Queensland.

The purpose of this discussion paper is to gather stakeholder views on possible reform options. The reform options presented in the paper focus on three areas of the framework:

- **Part 1**: Framework fundamentals—infrastructure scope, identification of trunk and non-trunk infrastructure and infrastructure planning
- **Part 2**: Charges mechanisms—charges mechanisms to apply under the new framework
- **Part 3**: Framework elements—supporting elements of the framework, including: conditions, offsets, refunds, credits, infrastructure agreements, dispute resolution and deferred payment of charges.

For each part, the discussion paper presents stakeholder views, options for reform and analysis of the key issues. The discussion paper includes both stakeholder views and analysis and commentary from the Department of State Development, Infrastructure and Planning (the department). Stakeholder views presented in the paper are clearly identified and should not be taken to be the position of the department.

The department has commissioned a number of specialist consultancies to undertake analysis and review of components of the framework. The department also established a working group involving representatives from peak bodies in the local government, planning and building and development sectors to facilitate the exchange of views on opportunities for improvements to current arrangements. This work has supported the development of reform options and analysis presented in this paper.

The options for reform are part of the Queensland Government’s broader planning reform agenda that includes the introduction of a single State Planning Policy (single SPP) and State Assessment and Referral Agency (SARA) reforms. These initiatives are a key component of the government’s reform agenda to build a resilient and competitive Queensland economy.

The timing of the review is linked to the economic and planning reform priorities of the Queensland Government.
1.2 **Scope**

The focus of the review is the infrastructure networks delivered by local authorities to support development including water supply, wastewater, stormwater, roads and public parks and land for community facilities. Any further reference to infrastructure in this document should be interpreted as a reference to these networks unless stated otherwise.

The discussion paper specifically excludes consideration of state charges and conditions, however, decisions taken around reforms to the local infrastructure arrangements may have implications for state agency planning and development considerations.

The maximum charge amounts to apply under the long-term framework are also not considered in this discussion paper. These charges will be influenced by changes to the broader framework introduced through the reform process (such as conditions, offsets and credits). Following the conclusion of consultation on the discussion paper, the department will commence a detailed analysis of the capped charges. For more information on this process, refer to section 6.1.

1.3 **Stakeholder working group**

The first stage of the review was undertaken using a stakeholder working group, consisting of local government and development industry representatives, to identify issues with the existing framework and consider options for reform. The discussion paper draws on the outcomes of the stakeholder workshop process in framing reform options and identifying their implications.

The following organisations were represented on the stakeholder working group:

- Local Government Association of Queensland
- Brisbane City Council
- Gold Coast City Council
- Townsville City Council
- Urban Development Institute of Australia
- Council of Mayors (SEQ)
- Property Council of Australia
- Planning Institute of Australia
- Queensland Master Builders Association
- Housing Industry Association
The working group was not tasked with reaching a consensus view on framework issues or reform options, but to provide feedback on issues and options to inform the review. Between February and May 2013, the department facilitated seven workshops with stakeholders.

The department has also met with and sought feedback from distributor-retailers during the preparation of this paper.

### 1.4 Timeframes

A new infrastructure charges framework is intended to commence from 1 July 2014.

The discussion paper will be available for public consultation, from the 1 July to 9 August 2013 and will provide stakeholders the opportunity to review the reform options presented in the paper, consider and analyse the implications and prepare a response to the department.

Following the conclusion of the public consultation period, the department will work to develop a preferred set of reform options taking into consideration feedback received during consultation. The preferred set of reforms will be presented for government approval in late 2013.

The department will work with key stakeholders during the implementation phase of the review to ensure the delivery of a fit for purpose framework. This will include providing guidance material and support for local authorities during the preparation for the commencement of framework reforms.

**Figure 1—Reform timeframe**
1.5 Consultation

The discussion paper is available for public consultation until 9 August 2013. Local authorities, development industry participants, the community and other interested stakeholders are encouraged to make a submission. Submissions should focus on:

- the impacts (financial, administrative, time) of proposed reform options outlined in the discussion paper
- alternative reform options or solutions
- evidence to support the existence of identified problems.

Questions have been posed throughout the discussion paper as prompts for feedback. A consolidated list of questions is provided in Appendix 1.

1.6 How to make a submission

Please forward your submission to the department at:

Post: Infrastructure Charges Framework Review
      PO Box 15009
      City East QLD 4002
Email: infrastructure.planning@dsdip.qld.gov.au

All submissions must include a nominated point of contact, with the full name and residential or business address contact details of the submitter.

Information considered confidential should be clearly identified. Please note that the content of submissions may be accessed under the Right to Information Act 2009.

1.7 Further information

For further information about local infrastructure charges in Queensland, please visit: www.dsdip.qld.gov.au or email infrastructure.planning@dsdip.qld.gov.au
2. Context

2.1 Introduction

As the fourth largest contributor to Gross State Product (GSP) and jobs in Queensland (ABS, 2011a), the development and construction industry is an important contributor to the state economy. In 2010–11 it directly employed 183,800 people, or 9.2 per cent of total employment, in Queensland (ABS, 2011a) and generated $22.3 billion in value to the state’s economy (ABS, 2011b). To support this important sector of the economy, the government’s Property and Construction Strategy identifies the need for reform to increase the competitiveness of the development sector and address growth in regulatory complexity and costs and charges levied on new development.

The infrastructure charges review will support the government’s objective to reinvigorate the development and construction industry. A key focus of the review is improving the consistency and transparency of the infrastructure charges framework as a means of supporting better project feasibility analysis and providing confidence to the development industry when planning projects.

The review is also focused on supporting the long-term sustainability of local authorities (local government and distributor-retailers). Infrastructure charges are levied by local authorities to support the delivery of trunk infrastructure necessary to accommodate new development and growth in local communities.

Infrastructure charges are one mechanism through which local authorities can collect money to fund new infrastructure. By providing a cost-effective and administratively efficient infrastructure planning and charges framework, local authorities will be better equipped to plan for and manage growth and development in local communities.

In addition, the diversity in size and income means that local authorities have differing capacities to fund services and plan, deliver and maintain infrastructure. Managing these demands has become particularly challenging for many local authorities since the global financial crisis, with revenue bases seeing only modest growth or no growth.

2.2 Infrastructure charges in Queensland

2.2.1 Framework history

Requiring monetary contributions from developers for the provision of infrastructure was first introduced into Queensland’s planning legislation in the early 1980s as ‘headworks charges’. Headworks charges were intended to contribute to the cost of water and sewer
infrastructure and, in certain circumstances, open space and parkland. Infrastructure Charges Plans (ICPs) were required under the Integrated Planning Act 1997 as the basis for charges.

In 2003, the requirement for the preparation of priority infrastructure plans (PIPs) was introduced. This was a move towards a ‘user-pays’ system of charging, which enabled the ‘full-costing’ of trunk infrastructure and the apportionment of charges based on demand. The introduction of PIPs and ‘PIP-influenced’ planning scheme policy (PSP) charges were sometimes characterised by sudden and noticeable increases in the level of contributions being made by applicants to the provision of public infrastructure. This caused uncertainty for the development sector and impacted on feasibility analyses.

Additionally, in 2008 the Capital Works Subsidy Scheme was terminated. The scheme had provided up to 40 per cent of funding for larger local government infrastructure projects, such as water treatment plants.

The trend towards user-pays charges, combined with the cessation of the Capital Works Subsidy Scheme and the onset of the Global Financial Crisis resulted in significant industry and local government concern regarding the cost of providing infrastructure and the increase in infrastructure charges.

In response, an independent Infrastructure Charges Taskforce was established in July 2010 to investigate options for the reform of Queensland’s infrastructure charges framework. In response to the taskforce’s recommendations, the maximum infrastructure charges framework was implemented through the State Planning Regulatory Provision (adopted charges) (SPRP) in July 2011.

The framework reforms introduced in July 2011 were intended as interim measures, with a long-term framework to be implemented from July 2014.

2.2.2 Maximum charges framework

The maximum charges framework sets a cap on the amount which local authorities can levy on development for trunk infrastructure. For example, the maximum charge for a three-bedroom dwelling is $28,000. Appendix 2 details the capped charges that apply across the range of residential and non-residential land uses that were introduced in 2011.

It is at the discretion of the local authority to set charges at any amount they consider appropriate, up to the maximum charge. There is no state government oversight of the charges set by local authorities. Local governments publish charges (usually on their websites) in an adopted infrastructure charges resolution and the method of calculating charges is simple by comparison to PIP and PSP calculations. Similarly, distributor-retailers adopt and publicise their charges, which are often collected by a local government on a distributor-retailer’s behalf. This has made it easy to determine an
infrastructure charge prior to lodgement of a development application, created more certainty for the development sector and simplified previously complex and costly charges calculation models for local authorities.

Since the introduction of the maximum charges framework, feedback from a range of stakeholders, and analysis undertaken by and on behalf of the department, has identified the simplicity and certainty of the capped model is a significant improvement compared with previous frameworks. However, a number of issues with the maximum charges framework have also been identified. These issues are discussed in detail throughout this report.

### 2.2.3 Distributor-retailers

In 2010, three local government-owned water utilities providers (distributor-retailers) were established in South East Queensland. The distributor-retailers own water and wastewater networks and provide water and wastewater services for their owner local governments. In 2012, Gold Coast City Council, Redland City Council and Logan City Council resumed responsibility for the provision of water and wastewater services in their respective local government areas. These services continue to be provided by distributor-retailers for the remaining South East Queensland local governments—Queensland Urban Utilities for Brisbane, Ipswich, Lockyer Valley, Somerset and Scenic Rim local governments, and Unity Water for the Moreton Bay and Sunshine Coast local governments.

South East Queensland local governments with a distributor-retailer only levy infrastructure contributions for three local infrastructure networks (local roads, stormwater and community facilities/parks), with the distributor-retailer responsible for water and wastewater networks.

The distributor-retailers currently use interim development assessment, appeals and infrastructure charging arrangements under the *Sustainable Planning Act 2009* (SPA). Infrastructure contributions are regulated under the maximum charges framework, with distributor-retailers and relevant local governments each levying a proportion of the maximum charge. The total infrastructure charge levied cannot exceed the cap.

The interim arrangements are intended to be replaced with a utility model, similar to that for electricity or telecommunications suppliers, from 2014. Under the utility model, distributor-retailers will continue to be subject to the same approach to infrastructure charges as apply to local governments under SPA.

### 2.3 Interstate snapshot

The levying of local infrastructure charges is not unique to Queensland, with each state having established infrastructure charges frameworks. There are, however, significant
differences in the regulatory and policy approach adopted by each jurisdiction, including: definitions of infrastructure, what is considered local versus state infrastructure, methodologies of calculating, and administration of infrastructure charges. Additionally, some jurisdictions require information on the infrastructure contributions framework to be accessible to the public (as is the case in New South Wales and Victoria), while others deal with charges on a case-by-case basis through negotiated agreements (for example South Australia).

All of these factors make it difficult to undertake a constructive comparison of infrastructure contributions between states. **Appendix 3** provides an overview of the infrastructure framework arrangements for New South Wales, Victoria, South Australia and Western Australia.
3. Outcomes

To support the development of reform options, four reform outcomes have been identified. These outcomes seek to deliver an infrastructure planning and charging framework that balances the competing demands facing local authorities and the development industry through a certain, equitable and efficient infrastructure charging methodology and administrative framework.

Table 1—Reform outcomes

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development feasibility</td>
<td>Makes Queensland a desirable place for the development industry to do business by:</td>
</tr>
<tr>
<td></td>
<td>• linking the quantum of infrastructure charges to a development’s demand for infrastructure.</td>
</tr>
<tr>
<td></td>
<td>• minimising risks to development associated with infrastructure contributions (including time delays, increased holding costs and uncertainty).</td>
</tr>
<tr>
<td>Local authority financial sustainability</td>
<td>Supports the long-term financial sustainability of local authorities and the planning, delivery and maintenance of local infrastructure by local authorities.</td>
</tr>
<tr>
<td></td>
<td>The framework is cost-effective and administratively simple to implement and maintain.</td>
</tr>
<tr>
<td>Certainty</td>
<td>The framework is simple to understand, implement and use.</td>
</tr>
<tr>
<td></td>
<td>Infrastructure charges are supported by transparent published methodologies and charging schedules.</td>
</tr>
<tr>
<td>Equity</td>
<td>Only infrastructure essential for development is eligible for infrastructure charge contributions.</td>
</tr>
</tbody>
</table>

The outcomes listed in Table 1 have not been used to test reform options presented in the discussion paper. Following consultation a preferred set of reform options will be tested against the outcomes.
4. Reform overview

The infrastructure charges review has identified options for the reform of key parts of the framework, including:

- Part 1: Framework fundamentals—infrastructure scope, identification of trunk and non-trunk infrastructure and infrastructure planning
- Part 2: Charges mechanisms—charges mechanisms to apply under the new framework
- Part 3: Framework elements—supporting elements of the framework, including: conditions, offsets, refunds, credits, infrastructure agreements, dispute resolution and deferred payment of charges.

An overview of the key parts is presented in Figure 2, with detailed discussion of the issues, stakeholder observations and reform options presented in the following sections of the paper.

Figure 2—Reform options structure
A number of reform options are presented for each issue, including the option to retain existing framework practices (status quo). Options are presented to generate discussion and feedback regarding framework improvements.

The supporting discussion and analysis sections do not identify preferred reform options, with submissions able to provide variations and alternatives to the options presented. Preferred options will be determined following the consideration of stakeholder feedback.
5. Part 1: Framework fundamentals

There are three fundamental factors that need to be considered when determining the most suitable approach to funding the delivery of infrastructure:

- **5.1 Infrastructure scope**—identifies infrastructure included within the infrastructure framework and therefore eligible to be funded through charges and conditions.

- **5.2 Identification of trunk and non-trunk infrastructure**—differentiates between infrastructure generally servicing one development and infrastructure designed to service multiple development sites.

- **5.3 Infrastructure planning**—informs local authority decisions about the most efficient and effective development pattern for an area.

This provides a basis for determining whether infrastructure costs should be:

- funded by a developer
- shared between developments
- funded by a local authority through other revenue sources.

In this regard, the framework fundamentals underpin, and directly impact, all components of the framework. The following section outlines the proposed approach to identifying infrastructure scope, trunk/non-trunk infrastructure and options for infrastructure planning.

### 5.1 Infrastructure scope

Infrastructure scope identifies the type of infrastructure to which the framework applies. In this regard, it directly impacts the amount a developer can expect to contribute when a development approval is received, either through an infrastructure charge or condition.

Under the PIP regime, the scope of infrastructure was established through Statutory Guideline 01/09—Priority infrastructure plans and infrastructure charges schedules (Statutory guideline 01/09) and the definition of ‘development infrastructure’ under SPA. Both Statutory guideline 01/09 and SPA included infrastructure essential for development and infrastructure that could be considered as desirable (for example, barbeques and shade structures in parks), but not essential.

The maximum infrastructure charges, introduced under the adopted infrastructure charges framework in 2011, represent a level of charges broadly benchmarked on the scope of infrastructure from the PIP regime.
5.1.1 Stakeholder issues

Stakeholders have indicated that some local authorities charge for infrastructure which is not essential and in some cases the charges are excessive.

The review process identified the inequity of requiring developers to pay for infrastructure which did not directly benefit that development but had a broader community benefit.

5.1.2 Reform objective

Provide an equitable and certain scope of infrastructure.

5.1.3 Reform options

Table 2—Infrastructure scope options

<table>
<thead>
<tr>
<th>Option</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Status quo</strong></td>
<td>Trunk infrastructure is identified through a PIP or Water Netserv Plan (Netserv Plan) in accordance with the scope of infrastructure currently allowed in SPA or applicable to a distributor-retailer. Infrastructure charges and conditions contribute to the provision of this infrastructure, including infrastructure such as barbeques, shade structures in parks and play equipment.</td>
</tr>
</tbody>
</table>

| **2. Introduce an essential infrastructure list** | The state introduces an essential infrastructure list with reduced infrastructure scope (an example essential infrastructure list with reduced infrastructure scope is provided at Appendix 4) |
| | Local authorities identify infrastructure through a local government infrastructure plan (LGIP) or Netserv Plan in accordance with the essential infrastructure list. |
| | Local infrastructure charges and conditions are limited to essential infrastructure only. |
| | Other ‘desirable’ but non-essential infrastructure is funded through alternative sources such as rates (or user charges in the case of a distributor-retailer) or not provided. |
| | Does not preclude the use of infrastructure agreements about matters that are not on the essential infrastructure list. |
5.1.4 Implications of reform options

The scope of infrastructure adopted will provide a basis for local authority infrastructure planning and the levying of infrastructure contributions. It will also inform other elements of the infrastructure charges framework, such as the determination of credits, offsets and refunds.

The scope outlined in the example essential infrastructure list (Appendix 4) is a basis for analysis of potential impacts on the framework of a reduced scope of infrastructure. The example list presented is intended to be refined based on stakeholder feedback.

The list was developed based on the principle that a direct nexus must exist between the infrastructure scope and a development site. For example, the amount of parkland contributions has been reduced to better represent the need for local and district parks. This is based on the assumption that demand for parks is more clearly attributed to the population that live and work within close proximity to a park.

A number of issues were identified during the workshop process regarding the likely impacts of the example essential infrastructure list, including:

- a reduction in parkland area standards. This could result in unintended consequences such as:
  - increased cost to local governments to purchase land after development or at the time of development
  - requirement for local governments to use infrastructure agreements to obtain land.

- parkland embellishments, which are not included in the example list, may not be provided and would be required to be funded through alternative revenue sources

- developers are required to mitigate stormwater impacts on-site. Off-site solutions are funded from sources other than charges

- the potential for fewer dedicated public transport corridors (such as a bikeway or pedestrian path outside of a road corridor). The lack of mechanisms to share costs on these networks and to have them within the upfront planning would mean that such opportunities, particularly in greenfield areas, may be lost

- road charges being limited to road networks which have a clear nexus with the development. Higher order roads, such as local government arterial roads, that
are subject to large volumes of through traffic, will not be subject to local charges¹

- impacts on the delivery of infrastructure that is non-essential.

**Quantitative analysis of essential infrastructure list**

To gain an understanding of the quantitative impacts of limiting infrastructure contributions to essential infrastructure only, an analysis of the potential financial implications was undertaken on behalf of the department. The analysis uses information from six existing local government PIPs as a benchmark for the cost of infrastructure under the current framework.

A reduced scope of infrastructure was applied to existing PIP data by removing infrastructure items which are inconsistent with a proposed essential infrastructure list. The analysis specifications and assumptions are outlined in Appendix 5. The scope used in this analysis is different from the example essential infrastructure list provided at Appendix 4. These variances were necessary to ensure a consistent and simple basis for the analysis. The example essential infrastructure list in Appendix 5 has been refined since the analysis was undertaken to reflect some of the feedback received from stakeholders.

The results of the analysis show a reduction in infrastructure costs for a developer, regardless of location, based on the reduced scope of infrastructure. This reduction varied depending on the type of development as shown by the examples in Table 3.

The findings presented below do not represent new infrastructure charge amounts but are indicative of the potential impact of the reduced infrastructure scope on trunk infrastructure delivery costs. This information is presented to inform discussion and analysis of the options presented in this paper. The impacts in the table are aggregated across all networks and are not evenly spread.

¹ Note: all state infrastructure is excluded from the scope of infrastructure within the local infrastructure framework.
Table 3—Impact of reduced infrastructure scope

<table>
<thead>
<tr>
<th>Use type</th>
<th>% reduction in infrastructure costs (not a reduction in infrastructure charges)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached residential</td>
<td>24%</td>
</tr>
<tr>
<td>Attached residential</td>
<td>20—28%</td>
</tr>
<tr>
<td>Worship</td>
<td>39%</td>
</tr>
<tr>
<td>Bulk goods</td>
<td>47%</td>
</tr>
<tr>
<td>Retail</td>
<td>18–20%</td>
</tr>
<tr>
<td>Office</td>
<td>21–27%</td>
</tr>
<tr>
<td>Education</td>
<td>34%</td>
</tr>
<tr>
<td>Indoor sport and recreation</td>
<td>19%</td>
</tr>
<tr>
<td>Industry</td>
<td>26%</td>
</tr>
<tr>
<td>Hospitals</td>
<td>25%</td>
</tr>
</tbody>
</table>

Tables 4, 5 and 6 demonstrate the impact, on a ‘cost per development type’ basis, of applying the reduced scope to existing PIP charges methodologies using standard apportionment (i.e. no discounted cashflow methodology). As a desktop study, one infill and one greenfield site was selected for each local government area. Because of the limited sample size, the cost calculation results cannot be taken as an average representation of costs across all local government areas.

The information presented in Tables 4, 5 and 6 are not indicative of new capped charge amounts. Please refer to section 6.1 of the paper for more information on capped charges.

Table 4—Residential impact
(Cost per three-bedroom dwelling)

<table>
<thead>
<tr>
<th>Sample</th>
<th>Cost scenario</th>
<th>PIP infill</th>
<th>PIP greenfield</th>
<th>Essential infill</th>
<th>Essential greenfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>City 1</td>
<td>$27,172</td>
<td>$26,059</td>
<td>$19,147</td>
<td>$20,412</td>
<td></td>
</tr>
<tr>
<td>City 2</td>
<td>$29,736</td>
<td>$26,983</td>
<td>$24,777</td>
<td>$21,954</td>
<td></td>
</tr>
<tr>
<td>Regional 1</td>
<td>$22,047</td>
<td>$22,047</td>
<td>$13,182</td>
<td>$13,182</td>
<td></td>
</tr>
<tr>
<td>Regional 2</td>
<td>$21,732</td>
<td>$21,677</td>
<td>$18,008</td>
<td>$17,916</td>
<td></td>
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<tr>
<td>Regional 3</td>
<td>$18,837</td>
<td>$21,767</td>
<td>$13,521</td>
<td>$16,919</td>
<td></td>
</tr>
<tr>
<td>Regional 4</td>
<td>$19,205</td>
<td>$22,144</td>
<td>$14,767</td>
<td>$15,175</td>
<td></td>
</tr>
</tbody>
</table>
Table 5—Commercial (retail) impact
(Cost per square metre gross floor area)

<table>
<thead>
<tr>
<th>Sample</th>
<th>Cost scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PIP infill</td>
</tr>
<tr>
<td></td>
<td>PIP greenfield</td>
</tr>
<tr>
<td></td>
<td>Essential infill</td>
</tr>
<tr>
<td></td>
<td>Essential greenfield</td>
</tr>
<tr>
<td>City 1</td>
<td>$508</td>
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<td>$363</td>
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<td></td>
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<td></td>
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<td>$98</td>
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</table>

Table 6—Industry impact
(Cost per square metre gross floor area)

<table>
<thead>
<tr>
<th>Sample</th>
<th>Cost scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PIP infill</td>
</tr>
<tr>
<td></td>
<td>PIP greenfield</td>
</tr>
<tr>
<td></td>
<td>Essential infill</td>
</tr>
<tr>
<td></td>
<td>Essential greenfield</td>
</tr>
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<td>$64</td>
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<tr>
<td></td>
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<td>Regional 1</td>
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<td></td>
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<td>Regional 4</td>
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<tr>
<td></td>
<td>$46</td>
</tr>
<tr>
<td></td>
<td>$45</td>
</tr>
</tbody>
</table>

Have your say

**General**
Do you support the removal of items from infrastructure scope that do not have a clear nexus with a development site?
What infrastructure items would you include/remove from the example essential infrastructure list *(Appendix 4)*?

**Local authority focus**
What impacts do you believe the tightening of infrastructure scope will have on your local authority's operations and activities?
What will likely be the approach to the delivery of infrastructure no longer covered by the essential infrastructure list?
5.2 Identification of trunk and non-trunk infrastructure

Local infrastructure fits into two categories:

- trunk infrastructure
- non-trunk infrastructure.

The classification of infrastructure as trunk or non-trunk has implications for a local authority’s ability to levy an infrastructure charge and the rules for conditioning, credits and offsets.

**Trunk infrastructure:** higher level infrastructure that is shared between different developments (for example, sewer mains and water treatment plants).

**Non-trunk infrastructure:** not shared with other development and is generally internal to a development site (for example, access streets within a residential subdivision).

For trunk infrastructure, a charge may be levied and/or a condition applied as part of a development approval for a developer to provide trunk infrastructure works or land. Non-trunk infrastructure is not included in charges, with developers generally conditioned by a local authority to provide the infrastructure that is required to service their development.

The costs associated with infrastructure that is neither trunk nor non-trunk cannot be recovered through an infrastructure contribution (i.e. a charge or condition). This infrastructure is required to be funded by the relevant local authority through another source, such as rates or grants or is not provided. The distributor-retailers have only one other source of revenue to fund such matters, which is user charges for water and sewerage services.

5.2.1 Stakeholder issues

Since the commencement of the maximum charges framework there has been motivation for local authorities not to identify trunk infrastructure within their infrastructure planning documents. Infrastructure not identified can then be considered non-trunk, enabling local authorities to condition a development to deliver the infrastructure in addition to paying a charge and reducing the amount of offsets, credits and refunds available.

Some stakeholders have indicated that local authorities deem all unidentified infrastructure as non-trunk infrastructure, regardless of whether the infrastructure item
will be shared with other existing or future developments. In these cases, the developer is responsible to provide and fund the infrastructure and is not entitled to offset it against a charge.

### 5.2.2 Reform objective

Provide a clear and consistent approach to identifying trunk and non-trunk infrastructure.

### 5.2.3 Reform options

<table>
<thead>
<tr>
<th>Option</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Status quo</td>
<td>Trunk infrastructure is infrastructure identified by the local authority in a LGIP or Netserv Plan. All other infrastructure is considered non-trunk.</td>
</tr>
<tr>
<td>2. Introduction of 'deemed trunk' principles</td>
<td>Trunk infrastructure is infrastructure which will be shared between developments. Trunk infrastructure is identified in a LGIP or Netserv Plan. The state prepares a detailed guideline identifying standard specifications of trunk infrastructure to ensure consistency across LGIP and NetServ Plans. A trunk infrastructure test process, included in regulation, is to be used by local authorities and developers to determine which unidentified infrastructure is trunk infrastructure.</td>
</tr>
</tbody>
</table>

### 5.2.4 Implications of reform options

Currently, the definition of trunk infrastructure is directly linked to the infrastructure identified in a local government PIP. That is, if the infrastructure is shown in the PIP, it is ‘defined’ as trunk infrastructure. This approach necessitates the identification and documentation of all trunk infrastructure within a PIP. Such an expectation is unreasonable, as trunk infrastructure requirements are influenced by many factors over time, including changes to the planned type, location, design and intensity of future development.

Netserv Plans operate somewhat differently but typically identify trunk water and sewerage infrastructure as well as non-trunk or reticulation infrastructure.

On this basis, it is reasonable to assume that some infrastructure not identified in a local authority's infrastructure plan could be trunk infrastructure. As such, a clearer and more
consistent basis to determine whether unidentified infrastructure is trunk or non-trunk is necessary.

In this regard, it is proposed that a set of tests could be implemented to achieve this. The tests would be based on:

- infrastructure identified in a LGIP or Netserv Plan
- state specifications for trunk infrastructure (e.g. minimum pipe diameter for trunk water reticulation)
- principle-based evaluation.

Using the tests an applicant could appeal to the local authority for conditioned infrastructure to be deemed trunk infrastructure and therefore eligible for an offset or refund. Additionally, the state specification and principle-based tests could inform the following processes:

- the development of plans for trunk infrastructure within a LGIP and Netserv Plan
- decisions on offsets and refunds when issuing a development approval which includes conditions for unidentified trunk infrastructure
- negotiations regarding offsets and refunds following the issuing of a development approval
- dispute resolution processes.

A possible trunk infrastructure test process is outlined below.

The proposed test process could be introduced upon the commencement of the new framework (from 1 July 2014) or deferred (e.g. by two years) to provide local authorities time to transition to the new arrangements.
Proposed trunk infrastructure test process:

Test 1: Is the infrastructure included in a local authority’s infrastructure plan?
Where infrastructure is included in the plan it is considered trunk infrastructure.

Test 2: Does the infrastructure meet the minimum specification for trunk infrastructure?
All infrastructure which is conditioned and is at or above the minimum standard, could be deemed trunk infrastructure. For example:

- infrastructure which is identified after detailed network planning as additional to that in the infrastructure plan and meets the minimum standards
- infrastructure which provides an alternative solution to the planned infrastructure in the infrastructure plan and meets the minimum standards.

Test 3: Where the infrastructure does not meet the minimum specification, does it provide a ‘trunk function’?
In addition to tests 1 and 2, a further principles-based test could be applied for infrastructure that does not meet the minimum standard but provides a ‘trunk function’ by:

- facilitating development of other premises by enabling increased development or overcoming deficiencies in service through its provision
- provides a link between a group of premises and the defined and mapped trunk network
- would otherwise have been identified as ‘trunk’ infrastructure where the demand and development pattern was fully known in detail at the time of developing the infrastructure plan.

Stakeholder feedback

During the workshop process, stakeholders raised a number of concerns regarding the introduction of principles to provide for deemed trunk infrastructure. It was noted that some trunk infrastructure which is required at the time of a development approval is necessary to maintain public safety (e.g. traffic permeation, sewerage discharge, fire-flow). This infrastructure will ultimately be shared and could be considered as trunk. However, the need for the infrastructure only arises due to a particular development and would not have otherwise been built. The equity of the community or other developments being required to pay for this infrastructure is therefore questionable.
This proposal also requires local authorities to accept increased responsibilities and workload and a decrease in revenue. Currently, some local authorities are not able to sufficiently recover the cost of infrastructure delivery through infrastructure charges, with some authorities quoting a cost recovery from infrastructure charges at less than 50 per cent. The above proposal will likely further diminish this return while requiring a higher degree of planning and administrative processes. Additionally, distributor-retailers are also required to return 30 per cent of their infrastructure revenues to their owner local governments, further impacting their cost recovery from charges.

The proposal may also impact on a local authority’s decision to approve development as the approval may create a contingent financial liability for the authority.

**Have your say**

<table>
<thead>
<tr>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you support the development of a ‘test-based’ approach to support the identification of trunk and non-trunk infrastructure?</td>
</tr>
<tr>
<td>What do you consider the implications of identifying trunk infrastructure using this approach will be?</td>
</tr>
<tr>
<td>Would you support the introduction of a standardised minimum specification for trunk infrastructure (e.g. minimum pipe diameter for trunk water reticulation)?</td>
</tr>
</tbody>
</table>

### 5.3 Infrastructure planning

Section 88 of SPA requires all local governments to adopt a PIP into their planning scheme. Likewise distributor-retailers are required to prepare Netserv plans. PIPs and Netserv Plans include detailed plans for the provision of infrastructure for up to 20 years or longer, the cost of that infrastructure and background information that informed that planning, including design standards and population and employment growth projections.

Infrastructure planning provides critical information to inform local authority decisions about the most efficient and effective development pattern for an area.

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2 Developed under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*
As well as informing land use planning, infrastructure planning has key functions within the infrastructure framework, including:

- providing the basis for imposing infrastructure conditions on development
- informing decisions about what infrastructure will receive an offset, credit or refund
- supporting other local authority business processes such as financial plans, asset management plans, budget cycles and capital works programs.

### 5.3.1 Stakeholder issues

Prior to the introduction of the maximum charges framework, local authorities were concerned that the level of detail required in PIPs and the process for approval of PIPs was onerous and resources-intensive.

With the introduction of the maximum charges framework the level of detail required in a PIP was reduced. However, as PIPs form the basis for conditioning practices within the infrastructure framework, the reduction in detail has impacted on the clarity and consistency of conditioning, crediting, offsets and refunds processes.

Other stakeholder concerns include:

- the assumptions that underpin PIPs vary significantly between different local government areas
- PIPs are time consuming to amend, which impacts a local government's ability to levy contributions which are reflective of the up-to-date information.

### 5.3.2 Reform objective

Establish a planning process which supports infrastructure contribution, while being less complex to draft and understand.
### 5.3.3 Reform options

**Table 8—Infrastructure planning reform options**

<table>
<thead>
<tr>
<th>Option</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Status quo</strong></td>
<td>Local governments are required to include a basic level of infrastructure planning in a planning scheme. Distributor-retailers undertake detailed infrastructure planning in Netserv Plans. A less prescriptive state government approval process is maintained.</td>
</tr>
</tbody>
</table>
| **2. Standardised infrastructure planning** | Local authorities would be required to include an infrastructure plan in their planning scheme. The inclusion of infrastructure plans in a planning scheme could be deferred for 12 months after a planning scheme is adopted.  
The state would provide guidance to support standardisation of format and content within a PIP. This will support local government in drafting infrastructure plans, support a fast review process and make the plans easier to understand and use.  
Infrastructure plan approval processes would be expedited through a third party review process.  
A less rigorous process for amending infrastructure plans would be implemented where the amendments are not significant.  
Local authorities will have two years in which to draft a new infrastructure plan.  
Those local authorities which have not drafted an infrastructure plan which is consistent with the new methodology or do not require detailed infrastructure planning, will be required to levy charges under a lowered cap amount. |

Note: Distributor-retailers must provide in their NetServ Plans, a high level of detail on their current water and sewerage networks and proposed network extensions – which underpins their charging, and the price monitoring of their capital works programs and pricing by the Queensland Competition Authority. Similarly disciplined approach would be required of distributor-retailers to substantiate using planned charges, however there may be some variances to allow for the existing requirements for economic oversight.
5.3.4 Implications of reform options

Section 6 of the discussion paper outlines the two options which local authorities may choose for determining infrastructure charges, which are:

- capped charges that are based on maximum rates prescribed by the state government (similar to the current SPRP charges but subject to some refinement of rules)

- planned charges are calculated based on the infrastructure and associated costs identified in the infrastructure plan (subject to refinement of rules).

While the infrastructure planning requirements for a capped or planned charges arrangement would be the same, a greater level of rigour would be required for the latter option. Those local authorities that undertake a planned charges arrangement would be required to justify how they arrived at the calculated costs and associated charges.

Table 9 outlines the proposed infrastructure planning processes for a LGIP that would be required for the capped and planned charges under reform option 2.

Table 9—Proposed infrastructure planning process

<table>
<thead>
<tr>
<th>Infrastructure planning process</th>
<th>Capped charges</th>
<th>Planned charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application of consistent estimates of growth in population and employment.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Develop a common set of assumptions about the type, scale, location and timing of development.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Identify the capacity for localities to accommodate growth.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Determine the required standard of infrastructure services (desired standard of service).</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>For purposes of each infrastructure network, conversion of population and employment estimates to standard demand units (e.g. equivalent persons or ‘EP’ for water and sewer networks) that can be applied across different types of residential and non-residential development.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Determine the planned demand for different geographical locations.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Use maps and schedules of works to identify existing and future trunk infrastructure (and its estimated timing) necessary to service development.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Determine the construction costs associated with the identified infrastructure.</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Demarcate the priority infrastructure area or equivalent area for a distributor-retailer where services can be provided most efficiently in the next 10–15 years to service development (the infrastructure planning horizon is not limited to this period and extends to the extent of the urban zoned land in the planning scheme).

| ✔ | ✔ |

Using the estimated cost of infrastructure, develop a cost schedule per network demand unit.

| ✗ | ✔ |

The methodology outlined in Table 9 is similar to the process that was in place prior to the introduction of the capped charges regime for local governments and would be more resource intensive for local authorities than the current system. The proposed option to reinstate a higher level of detail into infrastructure plans is intended to bring greater clarity and consistency to the infrastructure conditioning, offsetting, refunding and infrastructure agreement processes for local governments.

While the imposition of capped charges and associated conditions are not necessarily dependent on the quality of an infrastructure plan, the extent of certainty provided by infrastructure plans about the provision of trunk infrastructure should benefit the local government development assessment and approval processes from an operational point of view. This outcome should be of benefit to both local government and the development sector.

Infrastructure planning requirements for distributor-retailers are established through the *South East Queensland Water (Distribution and Retail Restructuring) Act 2009*. To avoid over-regulation and duplication of process a review of these requirements prior to incorporating Netserv Plans into the standardised infrastructure framework will be undertaken. The department is working in collaboration with the Department of Energy and Water Supply on this issue.

**Standardisation of infrastructure planning methodology**

To assist local authorities in developing infrastructure plans which contain a high level of consistency and rigour, the state is proposing to standardise some aspects of the planning process. There are three key ways in which the standardisation of the planning may be implemented through the new framework:

1. **Standard methodology for apportioning costs**

   Infrastructure plans identify trunk infrastructure and costs associated with providing it. By apportioning the cost of trunk infrastructure across the demand for infrastructure...
(generated by residential and non-residential uses) within an area serviced by a network, it is possible to calculate an average cost rate per unit of demand (e.g. per house).

There are two common methodologies used to apportion the cost of infrastructure:

**Average cost methodology:** The total cost of infrastructure (including existing and future infrastructure) is divided by the total estimated demand (including existing and future demand), to calculate a cost rate per demand unit for a network (service) area. This methodology apportions the cost of all trunk infrastructure across all of its users.

**Incremental cost methodology:** The estimated cost of remaining infrastructure capacity and any future infrastructure that is necessary to service future demand is divided by the future demand.

In practice it is difficult to determine remaining capacity for different components making up a network, which changes constantly as new development takes up capacity. At the same time, existing development may also benefit from future infrastructure. It is a complex process and accuracy or appropriateness of methodology is difficult to verify by third parties. It often results in a higher charge rate than average apportionment methodology. Stakeholder feedback is sought regarding the most suitable methodology for use by local authorities.

2. **Standard schedule of works model**

Infrastructure plans include maps identifying existing and future trunk infrastructure and schedule of works spreadsheets to capture data and generate outputs (e.g. to calculate a cost rate per demand unit). For purposes of discussion, this will be referred to as the schedule of works model.

Currently, the approach and format local governments follow to capture, calculate and present data is not prescribed and results in variation of methodologies and outputs. Standardisation of the schedule of works model could provide benefits such as a simplified third party review process and improved developer and public understanding of infrastructure plans. Benefits to local authorities would include the simplification of infrastructure plan development due to the availability of an ‘off the shelf’ schedule of works template which can be populated with local data to suit individual circumstances.

The state has developed draft standardised templates for the individual infrastructure networks and a supporting user manual for potential use by local authorities. The schedule of works model calculates costs per demand unit based on the average cost methodology. In addition it includes a standard approach to the application of a discounted cash flow methodology to calculate the net present value of future infrastructure costs and revenues. The use of this methodology would be optional.
Copies of the schedule of works template and its user manual can be downloaded from the department’s website at the following link: [www.dsdip.qld.gov.au/forms-templates/infrastructure-charges.html](http://www.dsdip.qld.gov.au/forms-templates/infrastructure-charges.html). Local authorities are encouraged to test the template and user manual and provide feedback as part of the consultation process.

3. **Standard demand generation rates**

Where a local authority requires a developer to provide trunk infrastructure it is relevant to consider how to apportion the share of use and associated cost of that infrastructure between developments. A solution used by infrastructure planners is to determine a common unit of demand that can be applied for different types of development. For example, a typical unit of demand used for water and sewerage is ‘equivalent persons’ (EP). Based on consumption data, network planners are able to determine the average rate of demand per square metre for different types of non-residential uses or the average rate of demand for a dwelling type.

This approach is generally applied by network planners for water, sewer and roads to estimate the demand for infrastructure and the associated costs. It is important that the concept of demand is applied consistently throughout the infrastructure planning process as well as during its implementation. Total demand for a network service area is used to determine the required capacity of the network to service development and informs its design. The same total demand figure is used to calculate the cost per demand unit for that network service area. When assessing development applications against the LGIP to calculate demand generated by the proposal, these demand generation rates should be calibrated to be consistent with the planned demand.

Where calculation of charges is based on infrastructure plans, the demand impact of proposed development is measured to calculate charges. For this purpose demand generation rate tables for different use types are used to calculate demand that will be generated by individual development applications. Currently these table formats differ between local governments and are not always appropriately calibrated. To address this, the following process may be applied as a possible test to improve accuracy:

- based on the assumptions of the LGIP, determine the total planned demand for each network service area (identify the average demand assumptions for different use types which was used to calculate the total planned demand)
- determine the total infrastructure cost for the service area
- determine the average cost rate per demand unit (total cost divided by total demand)
- test the demand generation table against this information to ensure its demand generation rates are consistent and will not result in over recovery of costs for the network service catchment.
An alternative is to consider options to generate a standard demand generation table generally based on average rates of demand for different uses. Specialist input will be required for this and need to be developed in consultation with key stakeholders.

**Third party review and amendment processes**

The following options are proposed to streamline the review and amendment processes for infrastructure plans by introducing:

- a third party certification process
- a simplified and shortened process for amendments, which are not significant, to infrastructure plans.

**Third party review**

A third party review process is intended to address concerns from local government that the pre-2011 PIP review process was onerous, resource consuming and did not include an appropriate scope. It is proposed that these reviews will be undertaken by an independent non-government entity.

An improved review process would involve third party certification which would be undertaken for all infrastructure plans regardless of whether the local authority adopted a capped or planned charges approach.

As infrastructure plans form the basis for the calculation of infrastructure charges under the planned charges option, a more detailed review process would apply to ensure these charges are justified. All inputs that affect the calculation of the charges outputs would be reviewed. To facilitate consistency, transparency and review processes, use of a standard schedule of works spreadsheet model would be required.

The state’s role in the review process would include certification of all third party review entities and auditing of the review process. Further work to progress this proposal will be undertaken by the department based on feedback received.

**Streamlined process for amending infrastructure plans**

PIPs are currently difficult and time consuming to amend, which can lead to the inclusion of outdated or incorrect information. This impacts a local government’s ability to levy contributions which are reflective of the circumstances on the ground. It is proposed that a streamlined process for making minor amendments to infrastructure plans would address this matter.

**Transitioning infrastructure plans**

Existing PIP and Netserv Plan infrastructure scope and schedule of works requirements vary from the above proposals. Upon implementation of the new framework, possible changes to infrastructure scope, rules about charges, conditions and offsets will apply
generally. Consequently, until new infrastructure plans are adopted, local authorities will be required to assess the relevance of identified trunk infrastructure and associated conditions on a development application case by case basis to ensure it complies with the new rules.

To streamline development assessment and approval processes, it is desirable that existing infrastructure plans be updated to reflect the new framework requirements. To incentivise a fast and efficient transition from the current capped charges arrangement to the new framework, it is proposed that all local authorities will have a set period from the commencement of the reforms (e.g. two years) in which to complete and adopt a new LGIP or updated Netserv Plan. Those local authorities that do not complete an infrastructure plan within the set period will be restricted to a reduced capped amount, until a plan has been adopted.

An additional option is to require local governments to include an approved infrastructure plan within a planning scheme within a year of the planning scheme’s adoption. This will facilitate the continued development of planning schemes and allow local governments to prioritise resources.

Also, it is recognised that many local governments do not have detailed future infrastructure plans due to either limited or no growth occurring. In these instances, a lesser degree of rigor will be required in their infrastructure plans and as a result the council would be restricted to a lesser capped charge. This would apply for local authorities whose network planning is limited. In these instances, the ability to condition for necessary trunk and non-trunk infrastructure would still apply if development occurs, however much lower infrastructure charges would apply.
## Have your say

### General
Do you support increased standardisation of the infrastructure planning process through:
1. a standard methodology for apportioning costs
2. standard schedule of works model
3. standard demand generation rates?

Of the options presented in the paper, which standard apportionment methodology do you prefer? Why?

Do you support the introduction of a third party review process for infrastructure plans (LGIP and Netserv Plans)?

### Local authority focus
What do you consider the impacts of a standardised infrastructure planning process would be on the time and resources required to undertake infrastructure planning?

Should the standardised infrastructure planning approach apply to both Netserv Plans and LGIPs?
6. Part 2: Framework mechanism options

6.1 Capped charges

The central element of the infrastructure charges reforms introduced in July 2011 was the establishment of maximum charges for residential and non-residential development. The capped charges were established through the SPRP 3 and replaced previous PIP and PSP charging mechanisms.

Under the existing framework, when levying infrastructure charges, local authorities are limited to the maximum charges as specified in the SPRP, however, retain the flexibility to set charges at an amount equal to or below the maximum.

6.1.1 Stakeholder issues

The certainty and simplicity of capped infrastructure charges has been supported by both local authorities and development industry stakeholders. However, stakeholders have also identified a range of concerns with the capped charges, including:

- that the charging metric (per bedroom for residential development and per square metre of GFA for non-residential development) does not link a development’s infrastructure charge with its infrastructure demand

- the need for better alignment of charge categories and land use/development types to reflect demand for infrastructure

- charges for non-residential development being too high on the basis that the existing methodology apportions a high degree of traffic generation to non-residential developments.

6.1.2 Reform objective

Establish capped charges that have regard for local authority financial sustainability and development feasibility.

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3 A copy of the State Planning Regulatory Provision (adopted charges) 2012 may be obtained from the Department of State Development, Infrastructure and Planning website (www.dsdip.qld.gov.au)
6.1.3 Discussion

The maximum charges applicable to the long-term framework will be influenced by the possible reduction in the scope of infrastructure and changes to supporting elements of the framework (such as conditions, offsets and credits). As a consequence, a meaningful evaluation of the capped charges can only be undertaken once reforms to the broader framework have been confirmed.

In this regard, the discussion paper does not propose reform options for the existing capped charges. Instead, following the conclusion of consultation on the discussion paper, the department will commence a detailed analysis of the capped charges. The analysis will:

- quantify the impacts of the framework reforms on the capped charges and identify new cap ranges where appropriate
- consider options for the differentiation of charges based on location and development type
- be undertaken in parallel with the implementation of other elements of the reform agenda and be informed by expert infrastructure planning and financial analysis
- take into consideration local authority sustainability and development feasibility impacts
- include consultation and engagement with local authorities and development industry stakeholders to support informed and evidence-based decision-making
- include consideration of the transport demand apportionment methodology for non-residential charges.

It is proposed that the capped charges analysis will be complete by 31 January 2014.

Charge differentiation

During the stakeholder workshops, three options for the differentiation of charges were considered:

- statewide charge
- location based differentiation (i.e. urban charges versus regional charges)
- development type differentiation (i.e. infill development versus greenfield development).

While a statewide charge supports a simple and consistent approach to infrastructure charges, it does not accommodate regional variations in development conditions and
infrastructure delivery costs that exist across Queensland. Differentiation by
development type was also proposed on the basis that greenfield development requires
new infrastructure to service development, while infill development is delivered within
existing infrastructure catchments. An initial review by the department, indicates that
differences between infill and greenfield development are small (refer to Tables 4 to 6 for
more information).

These options for differentiation of infrastructure charges will be considered in more
detail during the charges analysis.

**Refinement of charge categories**

Under the SPRP, infrastructure charges are levied using a demand metric that is based on
the number of bedrooms (for residential uses) and gross floor area (for non-residential
uses). Based on feedback received from stakeholders and the department’s review, a
number of possible refinements have been identified.

For residential development:

- dormitory-style accommodation (such as backpacker accommodation) has been
  identified as unsuitable for charging on a ‘per-bedroom’ basis. It is proposed to
  implement charging for dormitory-style accommodation based on per bed basis;
  and

- ‘retirement facilities’ currently have a maximum charge equivalent to a dwelling
  house (i.e. $28 000 for a three or more bedroom dwelling or $20 000 for a one or
two-bedroom dwelling). Charging on this basis is considered to overstate the
infrastructure demand of retirement facilities.

For non-residential development, existing charges for ‘warehouses’ and ‘residential care
facilities’ have been identified as overstating the development’s demand for
infrastructure. Additionally, the Schools Regulatory and Financial Reform Sub-Committee
has recommended the metric for charges for ‘education facilities’ should be based on
student numbers, not gross floor area. These issues will be considered in more detail
during the charges analysis.
Have your say

### Charge differentiation
Do you support the differentiation of infrastructure charges (either by location or infill/greenfield development)?

If yes, what advantages do you consider the differentiation of infrastructure charges would provide?

### Refinement of charge categories
Do you support the proposed refinement of charge categories?

What charge do you consider would be appropriate for each of the listed use types?

---

### 6.2 Planned charges

Prior to the commencement of the maximum charges framework local authorities determined their infrastructure charges based on plans for existing and future infrastructure, established through their PIP or PSP. PIP and PSP based charges provided local authorities with the ability to set charges in accordance with the costs of infrastructure.

The maximum charges framework removed the requirement for charging to be linked to infrastructure planning in a PIP or PSP.

#### 6.2.1 Stakeholder issues

Since the commencement of the maximum charges framework, local authorities have identified a need for the ability to set infrastructure charges above the capped maximums where these charges are not financially sustainable. Stakeholders have been critical of a lack of clearly defined process to facilitate this within the existing framework.

#### 6.2.2 Reform objective

Establish a mechanism through which a local authority can adopt infrastructure charges that exceed the capped charges.

#### 6.2.3 Discussion

The capped infrastructure charges option is proposed to be the default requirement for all local authorities. Planned charges are proposed to be available in circumstances where a local authority can demonstrate that the capped charges create long-term financial sustainability issues.

Planned charges could be based on a standardised infrastructure planning approach generally outlined in the discussion under section 5.3 (Infrastructure Planning). The use
of the standard schedule of works spreadsheet model would be mandated to ensure a consistent approach is followed and all information relating to the charge calculations is available in a transparent manner. These infrastructure plans would be subject to third party review and certification.

Through the workshop process stakeholders identified the need for an additional level of review prior to local authorities levying planned charges. It was suggested that this should include an evaluation of both local authority sustainability and development feasibility in the context of the proposed planned charges.

The following sections present one option to achieve this proposal.

**Sustainability test**

A possible process for a local authority to seek to transition to planned charges is identified in Figure 3.

**Figure 3–Planned charges assessment process**

![Figure 3–Planned charges assessment process](image)

It is important that any decision to move to a planned charge has regard to the impact of this change on the dual outcomes of local authority financial sustainability and development feasibility. Figure 4 demonstrates the connection between these two outcomes and recognises that both are necessary for economic growth.
Local authority financial sustainability

Local authority financial sustainability is a priority for all levels of government, the community and the private sector. The capacity of local authorities to continue to deliver core services and develop infrastructure is critical to business confidence, as well as economic and community development. Financial sustainability is determined by the ability to balance and maintain financial capital and infrastructure capital over the long-term.

In Queensland, the Queensland Treasury Corporation (QTC) undertakes annual financial sustainability reviews of local authorities. The indicators adopted to consider the sustainability of financial and infrastructure capital are outlined below.

Table 10—Local government financial sustainability indicators

<table>
<thead>
<tr>
<th>Evaluation element</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructure capital sustainability</strong></td>
<td>The measures are seeking to identify:</td>
</tr>
<tr>
<td></td>
<td>The level of consumption of the existing asset base;</td>
</tr>
<tr>
<td></td>
<td>The level of renewal of the existing asset base</td>
</tr>
<tr>
<td></td>
<td>The local government’s capacity to fund the level of investment needed;</td>
</tr>
<tr>
<td></td>
<td>Over the period of the forecast, with measures expressed annually and on</td>
</tr>
<tr>
<td></td>
<td>a rolling average basis:</td>
</tr>
<tr>
<td></td>
<td>- Asset sustainability ratio</td>
</tr>
<tr>
<td></td>
<td>- Asset consumption ratio</td>
</tr>
<tr>
<td></td>
<td>- Interest coverage ratio</td>
</tr>
</tbody>
</table>
Financial capital sustainability

The measures are seeking to identify:

- the working capital capacity
- the financial capacity of the local government as represented in the statement of financial position
- the ability to fund the ongoing operations of the local government.

Over the period of the forecast, with measures expressed annually and on a rolling average basis:

- working capital ratio
- net financial liabilities ratio
- operating surplus ratio.

Source: Department of Local Government and Planning *Financial Management (Sustainability) Guideline 2011*

A range of factors can have a significant influence on the financial sustainability of local authorities, including:

- sophistication of network planning
- divergence of planning sophistication including consideration of shifting demographics
- growing demands on local authorities resulting from:
  - devolution of state and federal responsibility for services to the local authority level
  - increased complexity/standard of services required of local authorities by other tiers of government
  - withdrawal of direct funding support to local authorities in the context of tightening budgetary and fiscal settings
  - increased community expectations and demands for improvements in existing local authorities services
  - policy choices by local authorities to voluntarily expand their service provision
- ageing infrastructure assets and asset valuation methods
- volatility in rate revenue and other funding sources to local authorities.

Key elements of analysis required to determine the impact of charges on local government financial sustainability are:

- **cost recovery**: the level of cost recovery that a local authority is able to achieve through the charges regime, noting that infrastructure charges are not intended to achieve 100 per cent cost recovery for trunk assets
- **infrastructure delivery**: management of infrastructure delivery and associated costs are a critical consideration for a local authority

- **revenue contribution**: the profile of infrastructure charges relative to cash flows is an important component of the broader financial sustainability equation

- **debt**: the propensity of local government to fund infrastructure funding shortfalls through debt has a critical impact on long term financial sustainability

- **asset management**: costs to maintain and renew network assets.

### Development feasibility

Development feasibility is used to assess the viability of a project. Forecasting the financial viability for project decision-making requires a series of informed assessments and assumptions in respect of macroeconomic factors and development specific factors.

Development feasibility key considerations differ considerably between types of developments, development proponents, location, funding and a variety of other factors.

The assumptions built into any development feasibility model will vary depending upon the development proponent, location and a variety of other factors. Table 11 outlines some of the key assumptions which could be considered when assessing development feasibility across local authority areas. Given the distinct characteristics which impact individual developments, it is difficult to provide an exhaustive list of feasibility assumptions.

### Table 11—Example development feasibility assumptions

<table>
<thead>
<tr>
<th>Development feasibility input</th>
<th>Assumptions for consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot</td>
<td>hypothetical lot size, location, condition, contamination status, impervious area, fixture units</td>
</tr>
<tr>
<td>Asset</td>
<td>type of proposed asset(s) including residential, retail, commercial, industrial, on completion gross floor area/number of lots</td>
</tr>
<tr>
<td>Planning</td>
<td>degree of planning risk borne by the developer</td>
</tr>
<tr>
<td>Revenue</td>
<td>total sales/gross realisation</td>
</tr>
<tr>
<td></td>
<td>gross realisation rates/square metres</td>
</tr>
<tr>
<td></td>
<td>rent (gross face or net face), capitalisation rates</td>
</tr>
<tr>
<td>Costs</td>
<td>land purchase costs</td>
</tr>
<tr>
<td></td>
<td>construction costs</td>
</tr>
<tr>
<td></td>
<td>professional fees</td>
</tr>
<tr>
<td>Development feasibility input</td>
<td>Assumptions for consideration</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td></td>
<td>statutory fees i.e. land tax, municipal rates, fire service levy, water</td>
</tr>
<tr>
<td></td>
<td>tenant incentives</td>
</tr>
<tr>
<td></td>
<td>contingency (construction, project)</td>
</tr>
<tr>
<td></td>
<td>quantum of leverage and on what terms i.e. level of pre sales or tenant pre commitments required to obtain finance</td>
</tr>
<tr>
<td></td>
<td>target development margin (or commonly known as profit/risk margin)</td>
</tr>
<tr>
<td>Timing</td>
<td>estimated timings from land purchase, development approval, construction and realisation</td>
</tr>
</tbody>
</table>

The proportion of infrastructure charges relative to total construction costs varies between developments reflecting a range of factors (e.g. development type and use, site location and conditions, building design, land costs, lending conditions and economic outlook). However, variations in the proportion of infrastructure charges relative to total construction costs can have a material impact on project returns.

When assessing the impact of increases in infrastructure charges beyond the maximum adopted charges, testing the broad impact on the viability of development will need to take into account a range of key considerations and make an assessment whether or not, despite the increase, a reasonable return for risk can still be achieved on property development based on the market conditions into the near term.

**Proposed planned charge assessment process**

An indicative process for the assessment of impacts that could be applied to a local authority's consideration of moving to a planned charge is outlined below. The approach outlined tests both outcomes, involves an assessment by an independent entity and provides an independent recommendation to the Planning Minister.
It is recognised that although financial sustainability methodologies currently exist these do not directly consider the impacts of infrastructure charges on long-term local government and distributor-retailer sustainability. Should the option to include financial sustainability and development feasibility tests be adopted as part of the preferred reforms, the department will work with the QTC, in their capacity as an independent expert in this field, to further develop appropriate methodologies. Where possible, this process would build upon existing methodologies already in place to limit duplication and allow for a more informed analysis of the specific impacts of infrastructure charges.

**Proposed planned charges assessment process**

**Local authority identification of planned charge**

A local authority would determine whether or not to enter into an impact assessment process to pursue a planned charge. They would then need to facilitate the two separate impact assessment processes below before submitting the findings to the Minister for Planning.

**Local authority financial sustainability component**

**Step 1—Network review**

This step involves the determination of the cost profile for delivering the infrastructure network required to service long term growth, by reviewing the asset management plan and the PIP.

**Step 2(a)—Review infrastructure scope**

The local authority would need to consider the approach taken historically, and estimated to be taken in the future with respect to infrastructure development.

The analysis would progress to step 2(b) should the local government determine that financial sustainability was not feasible through the review in the scope of infrastructure.

**Step 2(b)—Financing options**

If financial sustainability is not feasible, consideration will be required to ascertain the approach likely to be taken to fund infrastructure development. This should specifically focus on the scale of the shortfall, and the propensity for the local government to fund this shortfall through a reallocation of general revenue; the increase of revenue through rate uplift; draw down on savings; or the debt financing of the shortfall.

This will allow for the determination of the quantitative impact of the shortfall on the local government’s financial position.

**Step 3—Impact analysis**

The specific financial shortfall associated with the charges framework, as well as the financing alternative selected by the local government to resolve this shortfall will allow for a more detailed analysis of the impact of these measures on local government financial sustainability. It is proposed that the QTC act in their capacity as an independent expert in this field to undertake a detailed financial sustainability review of the local government.
Proposed development feasibility assessment process

Step 1—Feasibility assessment
Local authorities identify areas impacted by proposed changes of infrastructure charges, assess the development viability of those areas and prepare a report.

When conducting feasibility assessment across the identified areas, the local authority would need to consider a defined set of assumptions which will assist with fluctuations arising from the very specific nature of development feasibilities. These assumptions would be developed by the department in conjunction with local authorities and development industry stakeholders, and with reference to the Rawlinson Construction Cost Guide.

Step 2—Third party review
It is expected that an independent third party would be provided with information including but not limited to the report. The independent third party would be required to review and assess all relevant submitted information, undertake research, testing, and formalise a binding recommendation.

As development feasibility analysis would be conducted for a local authority area, rather than site-specific or project-specific locations, it is proposed that individual developers would not be able to appeal the quantum of the planned charge on the basis that it makes an individual project unfeasible.

Step 3—Ministerial determination
The findings of the independently reviewed impact assessments would be presented to the department for review and Ministerial determination on whether or not to approve a planned charge.

Ministerial decision
The proposed amendments to infrastructure charges would be either accepted and implemented or rejected. It is proposed that a sunset clause of between 3–5 years is set from the date of implementation to a requirement for review.

Have your say

General
What is your view on the use of two separate impact assessments to determine the appropriateness of a planned charge?

What viable and practical alternative methodologies do you consider appropriate to test the appropriateness of a planned charge?

Does your organisation consider an appeals process appropriate? If so, why, for what issues and what would the process look like?

Should a local authority be able to apply planned charges to particular locations within a local government area, with capped charges applying to remaining locations?
7. **Part 3: Framework element options**

7.1 **Conditions**

In addition to levying infrastructure charges, local authorities can also impose conditions on a development approval for the provision of infrastructure. Infrastructure conditions are an important mechanism through which local authorities can manage the impacts of unplanned or out-of-sequence development. Infrastructure related conditions are typically used to:

- provide infrastructure required to service a development site which is located within that site, or which connects the site to existing infrastructure networks (non-trunk infrastructure)
- address issues regarding the availability, capacity or protection of trunk infrastructure networks
- address infrastructure design, location, scale and type impacts from development that is considered ‘out-of-sequence’ or ‘inconsistent’ with the local authority’s planning.

Currently, the relevant South East Queensland local governments impose infrastructure conditions on behalf of distributor-retailers. Under the proposed utility model, distributor-retailers will act independently and will be subject to the same approach to infrastructure contributions arrangements as applies to local governments under SPA.

7.1.1 **Stakeholder issues**

Since the commencement of the maximum infrastructure charges framework in July 2011, the development industry has expressed concern regarding the potential for cost shifting through the application of infrastructure conditions. As outlined in section 5.2 of the discussion paper, the shifting of costs from infrastructure charges to conditions results in a developer paying a charge for infrastructure which they have also been conditioned to provide with no prospect of offsetting those costs in some circumstances.

7.1.2 **Reform objective**

Ensure infrastructure conditions are imposed in a fair and consistent manner.
7.1.3 Reform options

Table 12—Conditions reform options

<table>
<thead>
<tr>
<th>Option</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Status quo</td>
<td>Conditions are imposed for the provision of infrastructure which is within a development site and/or connects a development site to the existing infrastructure networks. Conditions can be imposed to address issues regarding the availability, capacity or protection of ‘in-sequence’ trunk infrastructure. Conditions can be imposed for infrastructure in relation to ‘out-of-sequence’ or ‘inconsistent’ development. Development approvals are required to clearly outline conditions and provide detail on why conditions have been imposed.</td>
</tr>
<tr>
<td>2. Introduction of ‘deemed trunk’ principles</td>
<td>Current arrangements for conditions are maintained. The trunk infrastructure tests are used to determine infrastructure which is conditioned but is not identified in a planning scheme as trunk or non-trunk. Where infrastructure is ‘deemed trunk’, an offset or refund is available. Further guidance on the requirement to include details on conditioning and heads of power statements will be provided to assist in achieving this objective.</td>
</tr>
</tbody>
</table>

7.1.4 Implications of reform options

It is proposed that the current arrangements for conditioning of non-trunk infrastructure are retained. In regards to trunk infrastructure, it is proposed that a local authority can require the provision of both identified and non-identified trunk infrastructure. However, if unidentified infrastructure is found to be trunk, the local authority may be required to offset the cost of the infrastructure. The proposed options for conditions need to be read having regard to the proposed options outlined under sections 5.1 and 5.2 of this discussion paper.

In regards to the proposal for further detail in a development approval regarding conditions, sections 626, 626A, 649, 650, 651 and 652 of SPA currently require a local authority to provide some justification for why an infrastructure condition has been imposed. Despite this requirement, feedback from stakeholders indicates that often
there is no information on what section of the Act a condition is made under or whether the infrastructure conditioned is trunk or non-trunk.

This lack of information leads to uncertainty about the availability of an offset or refund. The requirement to include further information on infrastructure conditions in development approvals is intended to provide greater transparency in relation to local government decisions on infrastructure conditions.

Have your say

**General**
What impacts do you consider the proposed option would have for you (your organisation)?

**Local authority focus**
Do you have any current mechanisms that are used to determine unplanned (i.e mapped) infrastructure to qualify as trunk or non-trunk for the purpose of setting conditions?

Could you envisage that such criteria would reduce the amount of negotiation currently undertaken to resolve disputes of this nature?

Could you estimate the number of applications received where the identification of infrastructure which is trunk or non-trunk was unclear?

What other impacts do you believe the proposed options would have on local authority operations and activity?

**Development industry focus**
Do you believe the proposed option would increase or decrease the cost impact of conditions?

Would proposed changes provide increased certainty?

### 7.2 Offsets and refunds

A local authority may, in addition to the payment of infrastructure charges, condition a development approval to supply trunk infrastructure or land. To ensure the value of works or land provided under a condition are accounted for, the infrastructure charges framework requires the value of infrastructure works or land to be offset against the value of the infrastructure charge. Where the value of the works exceeds the amount of a charge, a refund may be provided for the value of works exceeding the charge.

Currently, offsets and refunds are determined through a negotiation process and set out in an infrastructure agreement. Additionally, there are no requirements to provide offsets or refunds for infrastructure which is not identified within a planning scheme.
7.2.1 Stakeholder Issues

The absence of a supporting guidance framework for offsets and refunds has resulted in considerable uncertainty for the development industry and local authorities. This uncertainty is supported by the findings of a 2012 review of the maximum infrastructure charges framework, which identified significant differences in the offset approaches of local governments and found that some local governments did not have a formal offsets policy.

The review also found that local authorities use a range of offset valuation methods which often result in underestimating the value of the offset to be provided including: excluding works or items from the calculation that are necessary for infrastructure delivery; using the estimated establishment cost as the base method to determine works costs; and/or using a pre-market estimate to determine offset values.

7.2.2 Reform objective

To provide greater clarity and certainty regarding the process for calculating and applying offsets and refunds.

Table 13—Offsets and refunds reform options

<table>
<thead>
<tr>
<th>Option</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Status quo</td>
<td>Local authorities are required to provide offsets and refunds for infrastructure identified as trunk infrastructure in the planning scheme (at planned value). Offsets are determined through an infrastructure agreement negotiation process.</td>
</tr>
<tr>
<td>2. Actual value for offsets</td>
<td>Offsets are available for identified trunk infrastructure.</td>
</tr>
<tr>
<td></td>
<td>The default methodology for calculating offsets is based on planned cost (establishment cost).</td>
</tr>
<tr>
<td></td>
<td>Alternatively, the applicant may seek offsets calculated at the ‘actual value’ of the infrastructure. To achieve this, applicants would be required to undertake a robust procurement process set out by the local authority to ensure that the offset cost represents value for money.</td>
</tr>
</tbody>
</table>
3. Clearer rules about offsets and refunds (actual value or planned value)

Offsets are available for all instances where a condition requires an applicant to provide trunk infrastructure (either identified trunk or deemed trunk).

There are two discrete options for how offsets could be calculated:

- **'actual value'** of the infrastructure. Applicants are required to undertake a robust procurement process set out by local authorities to ensure that the offset cost is value for money. Alternatively the applicant can accept the planned cost (establishment cost) and avoid the procurement process; or
- **planned value** as stated in the PIP being the infrastructure plan.

The state sets a standard process for land valuation.

A number of alternatives are explored prior to a refund being provided e.g. a credit is banked, change in scope of the condition etc.

Cross crediting across networks (within an authority's jurisdiction) is mandatory.

Where a refund is still owing, the applicant is entitled to a refund on the terms agreed with the local authority.

Local authorities must publish information on their offsets and refunds.

7.2.3 Implications of reform options

Currently SPA (sections 649 to 652) requires a local authority to provide offsets and refunds which are equivalent to the ‘establishment cost’. The establishment cost is an estimated cost of infrastructure made by the local authority at the time an infrastructure plan is drafted. The opportunity to receive an offset at the ‘actual value’ of providing the infrastructure as opposed to the establishment cost or ‘planned value’ is intended to address the gap between the estimated cost of infrastructure and the actual cost. This approach is considered appropriate as it is the cost that a local authority would have otherwise incurred to deliver the asset if it had procured the infrastructure itself.

A significant proposed change is the introduction of offsets and refunds for ‘deemed trunk’ infrastructure. Currently local governments are only required to provide offsets for infrastructure identified in an infrastructure plan. This proposed change recognises that the cost of trunk infrastructure, regardless of whether it is identified or not, should be shared between the users of that infrastructure.
With regards to refunds, it is proposed that cross crediting across infrastructure networks (within the jurisdiction of an entity) must be provided. Additionally, a number of alternatives to refunds may be explored to reduce or remove the need for a refund.

An example of an alternative to refunds is credit banking which can be provided in two forms:

1. the retention of credits (held in demand units, not cash) from an earlier stage of development under an approval for a later stage of development under the same approval.

2. the retention of transferrable credits (i.e., as credits to other sites owned by the same developer in the respective local government area only) if the cost of the infrastructure constructed exceeds the infrastructure charge. This proposal assumes the application of cross crediting and provides for much more certainty for the developer and refund recovery.

Such an approach may help local authorities incentivise development in a local government area. However, it has been recognised that there are several administrative, legal, and technical challenges to be addressed, including the need for ‘sunset’ provisions. This approach may also only benefit a small percentage of overall development applications and only the larger developers who construct significant infrastructure as part of the development process.

There was strong opposition from many workshop participants to changing the current arrangements for offsets and refunds. Feedback indicated that the implications of the proposed reform would far outweigh the potential benefits, with implications including:

- a slowdown in development assessment processes due to the increase in administrative and cost burden.
- an increase in refusals of development applications due to the financial burden on local authorities.
- the review and tightening of land use planning provisions to ensure infrastructure being delivered is aligned with a local government’s planned growth.
- a significant threat to local authority financial sustainability.
- the undermining of local authority strategic infrastructure planning and provision.

These implications largely relate to the application of the proposed offset and refund options when applied to ‘deemed trunk’ infrastructure and the offsetting of infrastructure at actual value. This is because local authorities are unable to predict, plan for and
budget for these components of the framework which will increase uncertainty within the framework for local authorities.

**Standardised valuation process**

Reform option 3 includes a proposal for the state to set a standard process for land valuation. While this would provide greater consistency within the framework, it would also result in a significant increase in the level of state oversight of the valuation process. The implications of choosing a standard valuation methodology would have direct financial implications for the local authorities and the development industry. Feedback on the appropriateness of a state prescribed valuation methodology and parameters that should apply is sought through consultation.

**Have your say**

<table>
<thead>
<tr>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you support reform of the current offsets and refunds arrangements?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local authority focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>What do you believe would be the scale of financial impact on local authorities associated with a mandated offsets and refunds policy?</td>
</tr>
<tr>
<td>What other impacts do you believe the reforms to offset and refunds calculation would have on local authorities' operations and activities?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Development industry focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>What do you believe would be the scale of financial impact associated with any of the options outlined for reform of offsets and refunds arrangements?</td>
</tr>
<tr>
<td>What impacts do you believe the proposed options for reform of offset and refund arrangements would have on development activity?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Land valuation methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you support the introduction of a standardised land valuation methodology?</td>
</tr>
<tr>
<td>If yes, what parameters do you consider should be applied?</td>
</tr>
</tbody>
</table>

### 7.3 Credits

Credits provide a mechanism through which infrastructure charges for a development may be discounted to account for the existing lawful use rights.

Under the maximum infrastructure charges framework, local governments are able to provide credits to adjust infrastructure contributions payable for the existing lawful use of premises and previous contributions paid. There is a high degree of flexibility on the part of local governments, as the maximum infrastructure charges framework does not mandate the provision of credits or establish a methodology for credit calculation.
7.3.1 Stakeholder issues

Development industry and local government stakeholders have identified a clear need for greater certainty and guidance regarding the application of credits.

A 2012 review of local government crediting arrangements identified a number of differences in local government approaches currently being applied to the determination of credits, with many local governments continuing to use pre-2011 crediting practices under the maximum infrastructure charging regime. This has established a situation where the determination of an infrastructure charge (through the local government resolution) and the valuation of a related credit, are calculated under inconsistent methodologies.

Additionally, the review identified that some local governments have altered crediting approaches under the maximum infrastructure charges regime to reduce the value of credits recognised, or no longer recognise monetary charges previously paid as an applicable credit.

7.3.2 Reform objective

Deliver a certain, consistent and transparent methodology for applying credits that:

- is administratively simple to implement and maintain
- supports development feasibility estimates and development planning.
Table 14—Credits reform options

<table>
<thead>
<tr>
<th>Option</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Status quo</td>
<td>Crediting remains unclear.</td>
</tr>
<tr>
<td></td>
<td>Local authorities are able to determine individual crediting calculation and application methodology.</td>
</tr>
<tr>
<td></td>
<td>Local authorities maintain a central record of charges, credits and offsets received for each lot.</td>
</tr>
<tr>
<td></td>
<td>The position of distributor-retailers under the current arrangements is not clear.</td>
</tr>
<tr>
<td>2. Consistent crediting</td>
<td>Credits are provided for existing lawful use rights (for example, for a 1-into-2 lot residential subdivision where there is an existing house, charges may only be levied for an additional dwelling. Charges cannot be collected for the existing house).</td>
</tr>
<tr>
<td>methodology</td>
<td>Charges can only be levied for infrastructure demand that is additional to that provided for under existing lawful use rights.</td>
</tr>
<tr>
<td></td>
<td>Local authorities maintain a more detailed record of charges, credits and offsets received for each lot to inform the determination of credits.</td>
</tr>
<tr>
<td></td>
<td>Detail on local authority crediting policy must be included in their infrastructure plan, resolution or board decision.</td>
</tr>
</tbody>
</table>

7.3.3 Implication of reform options

The option of establishing formalised crediting arrangements is considered an essential step in improving the certainty of the infrastructure charges framework. This is supported by the department's workshop process, with stakeholders generally supportive of the need to introduce mandated crediting arrangements for existing lawful uses as a means of establishing a clear and consistent methodology.

In regards to including further detail in a record of infrastructure related transactions (i.e. charges, credits and offsets paid/received) for every property, there was acknowledgement that this is a significant administrative burden.
Have your say

**General**
Do you support the introduction of a mandatory crediting methodology for local infrastructure charges?

What impacts do you consider the proposed mandatory crediting process would have for you (your organisation)?

**Local authority focus**
What do you anticipate would be the time and resourcing requirements for a mandated crediting methodology?

**Development industry focus**
How would the establishment of a register for the collation of credits affect you (your organisation) in the preparation of development applications and planning?

---

### 7.4 Appeals and dispute resolution

Under the maximum infrastructure charges framework there are two avenues through which an adopted infrastructure charge may be appealed:

1. under section 478 of SPA, to the Planning and Environment Court. An appeal to the Planning and Environment Court may be about the reasonableness of the charge or an error in the calculation of the charge.

2. under section 535 of SPA, to the Building and Development Dispute Resolution Committee. Such an appeal may only be about an error in the calculation of the charge.

SPA does not provide for appeals in the methodology used to calculate an infrastructure charge.

Additionally, section 461 of SPA provides for applicants to make appeals about any infrastructure conditions which are included in a development approval.

### 7.4.1 Stakeholder issues

Both local government and development industry stakeholders have identified existing appeal and dispute resolution processes as being time and resource intensive. Additionally, it is recognised that the Building and Development Dispute Resolution Committee has not been actively hearing cases in regards to infrastructure related disputes.
7.4.2 Reform objective
Reduce the time and cost associated with infrastructure charge and conditions related appeals and dispute resolution.

7.4.3 Reform options
Table 15—Appeals and dispute resolution reform options

<table>
<thead>
<tr>
<th>Option</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Status quo</td>
<td>Existing appeal rights and mechanisms remain for both planned and capped charges.</td>
</tr>
<tr>
<td></td>
<td>An appeal can be made about:</td>
</tr>
<tr>
<td></td>
<td>• whether a charges notice is so unreasonable that no reasonable local government could have imposed it</td>
</tr>
<tr>
<td></td>
<td>• an error in calculation of charges</td>
</tr>
<tr>
<td></td>
<td>• that a condition imposed is reasonable and relevant.</td>
</tr>
<tr>
<td></td>
<td>Following formal lodgement of an appeal to the Planning and Environment Court, a practice direction currently states that the parties to a proceeding involving only infrastructure charges or conditions are to participate in an early mediation⁴.</td>
</tr>
<tr>
<td>2. Pre-lodgement mediation process</td>
<td>Existing appeal rights are maintained for both planned and capped charges.</td>
</tr>
<tr>
<td></td>
<td>A Planning and Environment Court mediated dispute resolution process is established requiring parties mediate prior to formal lodgement of an appeal with the Planning and Environment Court.</td>
</tr>
<tr>
<td>3. Widening of appeal rights</td>
<td>Expanding existing appeal rights to include one or more of the following:</td>
</tr>
<tr>
<td></td>
<td>• the methodology used to calculate an infrastructure charge for both planned and capped charges</td>
</tr>
<tr>
<td></td>
<td>• whether infrastructure which is conditioned is trunk or non-trunk</td>
</tr>
<tr>
<td></td>
<td>• whether an infrastructure condition is reasonable and relevant</td>
</tr>
<tr>
<td></td>
<td>• calculation of charge reductions (e.g. credits, offsets and refunds).</td>
</tr>
</tbody>
</table>

⁴ Planning and Environment Court Practice Direction Number 7 of 2013
7.4.4 Implications of reform options

The benefits of an improved dispute resolution system needs to be balanced against the administrative and financial costs of reform implementation and management.

Infrastructure charges appeals to the Planning and Environment Court represent only a small proportion of the court’s work. For the period 1 July 2012 to 31 May 2013, of 335 new appeals made to the Planning and Environment Court in Brisbane, only 13 related to infrastructure charges matters.

To drive improvements in this area, one option is the establishment of a Planning and Environment Court-led mediation process prior to an appeal being lodged with the court. This would allow for mediation to occur earlier in the dispute resolution process and may negate the need to formally lodge an appeal. The same appeals process would also be applicable to charges applied under the planned charges framework. Impacts on existing appeal timeframes would need to be considered should this reform option be implemented.

It was noted during the workshop process that other proposed elements of the reform framework, including the introduction of mandated credit and conditioning arrangements and a standardised planning methodology, will improve infrastructure charge calculation methodologies and potentially reduce the need for dispute resolution.

Have your say

<table>
<thead>
<tr>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you support the introduction of a Planning and Environment Court led mediation process prior to the lodgement of an appeal with the court?</td>
</tr>
<tr>
<td>What time and cost impacts would a Planning and Environment Court led mediation process prior to lodgement of an appeal be likely to have on your (your organisation's) dispute resolution costs?</td>
</tr>
</tbody>
</table>

7.5 Infrastructure agreements

Infrastructure agreements are a flexible mechanism through which a local authority and developer can negotiate and agree specific arrangements outside of the maximum infrastructure charges framework. Infrastructure agreements can be used to negotiate infrastructure charge contributions; agree credit, offset and refund arrangements; or set in place other arrangements related to a development.
7.5.1 Stakeholder issues

Feedback received from stakeholders indicates that infrastructure agreements are expensive and complex to prepare, with limited guidance provided under SPA regarding their use and negotiation. Concerns have also been raised about the requirement of some local governments for the establishment of an infrastructure agreement as a condition of a development approval.

This was confirmed through a 2012 review of the maximum infrastructure charges framework. The review identified that some local governments require an infrastructure agreement to be entered as a condition of development approval, with failure to do so being considered failure to comply with the approval. Conversely, the review also noted that some local governments avoid entering into infrastructure agreements wherever possible due to their complexity, legal requirements and inexperience of negotiating infrastructure outcomes through this method.

Additionally, some local authorities are using infrastructure agreements as a mechanism to address all infrastructure charges issues, even where more appropriate alternatives exist.

7.5.2 Reform objective

Provide a flexible, simple and cost effective infrastructure agreement process that facilitates the negotiation of innovative and cost-effective outcomes to support development.

Table 16—Infrastructure agreements reform options

<table>
<thead>
<tr>
<th>Option</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Status quo</td>
<td>Existing infrastructure agreement framework is maintained</td>
</tr>
<tr>
<td>2. SPA reform and infrastructure agreement guidelines</td>
<td>Retain existing flexibility.</td>
</tr>
<tr>
<td></td>
<td>Review of infrastructure agreement provisions to improve clarity and transparency in relation to local infrastructure provisions.</td>
</tr>
<tr>
<td></td>
<td>Prevent conditions in a development approval requiring an infrastructure agreement.</td>
</tr>
<tr>
<td></td>
<td>Prepare advisory guidelines to support infrastructure agreement negotiation.</td>
</tr>
</tbody>
</table>

7.5.3 Implications of reform options

It is considered essential to retain infrastructure agreements as a flexible alternative to the infrastructure charges framework. The ability to negotiate innovative, cost-effective and mutually beneficial outcomes is important for both local authorities and developers.
and supports the development feasibility and local authority sustainability objectives of
the government’s reform agenda.

The use of infrastructure agreements will be further supported by improved certainty,
consistency and transparency introduced though other elements of the reform agenda,
including changes to credits, offsets and conditions.

However, more can be done to provide a simple and cost-effective infrastructure
agreement framework. This includes a review of provisions within SPA supporting the use
of infrastructure agreements under the infrastructure charges framework and the
introduction of reforms to ensure that only existing infrastructure agreements can be the
subject of development approval conditions.

Other proposals considered during the workshops include the introduction of a
framework to support the negotiation of infrastructure agreements, including guidelines
on the principles and requirements of infrastructure agreements, and the possible
establishment of a time limit for the negotiation process. Both options were considered
during the workshop process, with the value of these options to be considered further
following the consultation process.

**Have your say**

**General**

Do you consider that infrastructure agreement negotiation would be enhanced by the
establishment of a time limit for negotiation?

Would the development of guidelines support your organisation’s use of infrastructure
agreements? What guidance information should be included?

What impacts do you believe reforming infrastructure agreements would have on
development activities?

**7.6 Deferred payments**

Infrastructure charges can be levied in relation to reconfiguration of a lot (ROL), material
change of use (MCU) or building works (BW) development approvals. The timing of
payment of these charges is established under SPA. To date, investigation into deferred
payment has been in relation to ROL only, as it is most common for infrastructure charges
to be levied at this stage of development.

For ROL development approvals, infrastructure charges are typically collected at the plan
sealing stage. A local government’s security of payment is the withholding of plan
sealing until full payment of the infrastructure charges is made.
The introduction of a ‘deferred payment’ mechanism for ROL development would enable the timing of payment of charges to be deferred from plan sealing to the time a lot is sold and settled. The intention of deferring payment of infrastructure charges until the end of the project is to minimise the cost impact on project feasibility.

### 7.6.1 Stakeholder issues

The option of deferred payment was initially raised by the infrastructure charges taskforce. Deferred payment was suggested as a way of easing financial burden during the initial phases of a project.

However, introduction of a deferred payment mechanism would present a number of challenges, including ensuring security of payment requirements for local authorities and changes to existing land titling and conveyancing arrangements. These limitations were recognised by stakeholders during the workshop series.

### 7.6.2 Reform objective

To identify the practical implications of deferring the payment of infrastructure charges for ROL applications until settlement.

### 7.6.3 Reform options

Table 17—Deferred payments reform options

<table>
<thead>
<tr>
<th>Option</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Status quo</strong></td>
<td>Payment is required to be made by the time of plan sealing.</td>
</tr>
<tr>
<td></td>
<td>An infrastructure agreement between the developer and local authority can be used to defer payments.</td>
</tr>
<tr>
<td></td>
<td>Local authority can continue to offer early payment discount options.</td>
</tr>
<tr>
<td><strong>2. Deferment of payment to settlement of a lot</strong></td>
<td>Payment of infrastructure charges by the developer is moved from plan sealing to settlement.</td>
</tr>
<tr>
<td></td>
<td>A notice is placed on title which advises of any outstanding charges.</td>
</tr>
<tr>
<td></td>
<td>A sunset clause (i.e. two years) on the payment of charges is introduced.</td>
</tr>
<tr>
<td></td>
<td>Local authority will have the flexibility to adopt deferred payment for their local government area or not offer deferred payment.</td>
</tr>
</tbody>
</table>
3. Mandate earliest payment at plan sealing

- It is made explicit in legislation that payment is to occur at plan sealing and no earlier unless agreed by the local authority and developer.
- An infrastructure agreement between the developer and local authority can be used to defer payments.
- Local authority can continue to offer early payment discount options.

7.6.4 Implications of reform options

The intention of deferring payment of infrastructure charges until the end of the project is to minimise the cost impact on project feasibility. This begs the question of whether there are significant benefits to the payment of infrastructure charges at settlement, compared to at plan sealing. Note, these two milestones frequently occur within one to three months of each other.

The key practical impediments to deferring infrastructure charges to settlement are not directly linked to the timeframe between plan sealing to settlement, but the security requirements that would reasonably be required by local authorities to do so. The problems arise in the flow on effects to the development industry, or more particularly the finance sector in providing the appropriate securities for local authorities. This is by virtue of the local authority’s security instrument taking first ranking priority over any other encumbrance. To implement the deferred payment mechanism and account for the security instrument priority changes, major adjustments to the conveyancing process would be essential.

Other key considerations include:

- the cost of security instruments and their flow on effects, particularly to home buyers
- potential delays to settlements due to any payment disputes. This could have significant financial impacts not only on developers and financiers, but also the end purchaser (predominantly home buyers)
- additional administrative load, primarily on local authorities, in both the short and longer term to ensure full payment is received
- impacts on the timing of refunds and assigning credits to the land.

In summary, while it is possible to implement the necessary legislative mechanisms to mandate payment of infrastructure charges at settlement, there remain significant flow on impacts to financiers, the development industry and end purchasers that would appear to outweigh the positives gained from moving the payment of infrastructure...
charges from plan sealing to settlement. The implementation and operational costs which would be incurred in altering the conveyancing process may outweigh the benefits derived from a voluntary deferred payment mechanism.

An additional issue stakeholders have raised is that a number of local authorities are seeking to mandate for either partial for full payment of the charge before plan sealing stage. This practice could have adverse impacts to project feasibility, over the full presales and construction phases. The third reform option outlined above is proposed in response to this issue.

**Have your say**

<table>
<thead>
<tr>
<th><strong>General</strong></th>
<th>Do you support the introduction of a deferred payment mechanism?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local authority focus</strong></td>
<td>Would you introduce a deferred payment mechanism?</td>
</tr>
<tr>
<td></td>
<td>What do you anticipate would be the time and resourcing requirements to implement a deferred payment mechanism?</td>
</tr>
<tr>
<td></td>
<td>Are there any issues with mandating the payment of charges at plan sealing and no earlier unless otherwise agreed?</td>
</tr>
<tr>
<td><strong>Development industry focus</strong></td>
<td>Do you anticipate any benefits from the deferral of infrastructure charges payment?</td>
</tr>
</tbody>
</table>
8. **Other framework issues**

8.1 **Alternative funding and financing**

The environment in which local authorities plan, deliver and manage infrastructure has evolved significantly in recent years as a result of demographic changes, growing community expectation and the rapidly changing economic environment. As a consequence, a significant challenge for local authorities is identifying how best to meet infrastructure obligations without access to increased funding from the state and Commonwealth (not available to distributor-retailers) or passing on unsustainable infrastructure funding obligations to the development sector.

The global financial crisis has significantly limited access to development finance credit and the need for alternative funding mechanisms to finance infrastructure has been raised by stakeholders from both local authorities and the development industry.

8.1.1 **Current infrastructure financing methods**

Local governments typically derive infrastructure funding from general taxation and rates, government borrowing from QTC, user charges, public private partnerships and developer contributions.

Distributor-retailers derive funding from user charges for water and sewerage services, infrastructure charges and borrowing.

As local authorities are faced with significant funding challenges, greater emphasis has been placed on developer contributions, with the onus often falling to developers to often wholly finance trunk and non-trunk infrastructure required by the community.

Developer contributions are considered to be an effective method of financing public infrastructure, but are considered by stakeholders to be inequitable and inconsistent across local authorities. Developer contributions are reflected in end prices to purchasers, hence can often result in the new purchaser paying higher than market value prices, and existing property holders receiving a windfall gain at no cost.

8.1.2 **Alternative funding and financing methods**

As part of the review process a number of alternative financing methods have been identified by stakeholders. These are outlined below.

Note: The only alternative funding model applicable to distributor-retailers is specific purpose securitised borrowing.
Specific purpose securitised borrowing

Specific purpose securitised borrowing is used to finance a specific project with the debt being repaid from the income generated by the project.

Value capture levies

A value capture levy aims to capture the uplift in land value that results from the development of land or construction of beneficial infrastructure. The value capture levy has been successfully utilised by the Urban Land Development Authority within particular urban development areas.

Special purpose levies

Special purpose levies or tax increment financing are ad hoc levies used to raise finance to meet the specific infrastructure needs of an area. Special purpose levies enable local authorities to leverage forecast revenue from specific developments as a means of raising finance for infrastructure that will contribute to the appreciation in value of a defined area. They are often regarded as a targeted tax by the broader community and are a contentious method of funding.

Growth area bonds

Growth area bonds are a specialised form of debt financing where bonds are issued to finance infrastructure enhancements that relate to a specific area. This debt is repaid from property tax revenues collected in the defined area.

Business improvement districts

Business improvement districts involve a partnership between private industry and local governments where business within a defined area pay a tax or fee towards the maintenance and development of the defined area.

Centralised financing

Centralised financing is state and national financing to provide local authorities with structured debt that optimise borrowing. Local governments can use affordable debt to deliver infrastructure priorities sooner and more efficiently whilst retaining the responsibility of providing infrastructure and easing the pressure on the development sector.

A centralised finance model can mandate sustainable financial planning from local governments as a prerequisite to obtaining funding. This in turn can drive significant institutional investment as there is a degree of comfort derived from the rigorous requirements which must be satisfied.
8.1.3 Application in Queensland

The alternative mechanisms identified by stakeholders are considered suitable for use in well defined, small scale locations or areas with clearly identified or highly specialised infrastructure requirements. In this regard, they are considered to have limited application and not to provide a broad scale alternative to infrastructure charges. This is particularly the case when the options are considered in relation to the diversity of development scale and density that exists across Queensland.

The government supports the use of innovative funding and financing solutions by local governments and industry to deliver specific infrastructure when suitable circumstances exist, particularly where delivered through partnerships between local authorities and industry (such as business improvement levy arrangements). It is considered that these options should remain flexible, location specific and optional, not enshrined within the broader infrastructure charges framework.

Have your say

General
Do you support the proposed position outlined above in relation to alternative funding and financing mechanisms?

8.2 Resolutions and distributor-retailer board decisions

Adopted infrastructure charges resolutions and distributor-retailer board decisions are the regulatory tools used under the capped charges framework to set infrastructure charges. Through a resolution or board decision, local authorities are able to adopt infrastructure charges for all or part of their local government area in accordance with section 648D of SPA. Local authorities may also set different charges for different parts of their local government area.

There is no state government oversight of the charges set in resolutions or board decisions however, charges cannot exceed the capped amount. Distributor-retailers are subject to price monitoring by the Queensland Competition Authority.

8.2.1 Stakeholder issues

Stakeholders have raised concerns that some resolutions allegedly do not comply with the current provisions of SPA.
Have your say

General
Would you support the introduction of a third party review/endorsement process for resolutions and board decisions to ensure compliance with the relevant provisions of SPA? If you do not support the introduction of a third party review/endorsement process, do you have an alternative suggestion?

8.3 Transitional arrangements

To support the introduction of framework reforms, the department will work with local authorities and the development industry to develop appropriate transitional arrangements. Transitional arrangements will include:

- the establishment of formal mechanisms within SPA to provide time for local authorities to adjust systems and processes to implement the reforms (including any changes to infrastructure planning requirements and processes, such as credits and offsets), with mirroring processes for distributor-retailers under their legislation;
- a stakeholder information program
- ongoing support to local authorities and the development industry.

It is proposed that for all development applications approved prior to the commencement of the new charges framework, the existing framework arrangements will apply (including arrangements for the application of credits, offsets etc). The new framework reforms will apply to all development applications decided after the commencement of the framework.

Have your say

General
What are the key framework issues to be addressed through transitional arrangements?

What time period is required to support full transition to the new framework?
9. **Next steps**

Feedback received during consultation on the discussion paper will inform the development of the long-term framework and the department will continue to work in partnership with local authorities and the development industry to finalise options for reform.

Following the identification of a preferred set of options, the department will provide detailed information about the options such as draft legislative provisions and guideline information. Feedback on this material will further inform the development of reform options to be considered by government.

Commencement of framework reforms will occur from 1 July 2014.

For more information on the Queensland’s infrastructure charges framework visit [www.dsdip.qld.gov.au](http://www.dsdip.qld.gov.au)

9.1 **Issues requiring further investigation**

In parallel to the finalisation of options the department will work with key stakeholder groups to progress the analysis of impacts on the capped charges. Outcomes of the analysis will inform government decision-making on the level of capped charges and the finalisation of options.
Appendix 1: Have your say

Infrastructure scope

General
Do you support the removal of items from infrastructure scope that do not have a clear nexus with a development site?

What infrastructure items would you include/remove from the example essential infrastructure list (Appendix 4)?

Local authority focus
What impacts do you believe the tightening of infrastructure scope will have on your local authority’s operations and activities?

What will likely be the approach to the delivery of infrastructure no longer covered by the essential infrastructure list?

Identification of trunk and non-trunk infrastructure

General
Do you support the development of a ‘test-based’ approach to support the identification of trunk and non-trunk infrastructure?

What do you consider the implications of identifying trunk infrastructure using this approach will be?

Would you support the introduction of a standardised minimum specification for trunk infrastructure (e.g. minimum pipe diameter for trunk water reticulation)?

Infrastructure planning

General
Do you support increased standardisation of the infrastructure planning process through:
1. a standard methodology for apportioning costs
2. standard schedule of works model
3. standard demand generation rates?

Of the options presented in the paper, which standard apportionment methodology do you prefer? Why?

Do you support the introduction of a third party review process for infrastructure plans (LGIP and Netserv Plans)?
Local authority focus
What do you consider the impacts of a standardised infrastructure planning process would be on the time and resources required to undertake infrastructure planning?
Should the standardised infrastructure planning approach apply to both Netserv Plans and LGIPs?

Capped charges
Charge differentiation
Do you support the differentiation of infrastructure charges (either by location or infill/Greenfield development)?
If yes, what advantages do you consider the differentiation of infrastructure charges would provide?

Refinement of charge categories
Do you support the proposed refinement of charge categories?
What charge do you consider would be appropriate for each of the listed use types?

Planned charges
General
What is your view on the use of two separate impact assessments to determine the appropriateness of a planned charge?
What viable and practical alternative methodologies do you consider appropriate to test the appropriateness of a planned charge?
Does your organisation consider an appeals process appropriate? If so, why, for what issues and what would the process look like?
Should a local authority be able to apply planned charges to particular locations within a local government area, with capped charges applying to remaining locations?

Conditions
General
What impacts do you consider the proposed option would have for you (your organisation)?

Local authority focus
Do you have any current mechanisms that are used to determine unplanned (i.e. mapped) infrastructure to qualify as trunk or non-trunk for the purpose of setting conditions?
Could you envisage that such criteria would reduce the amount of negotiation currently undertaken to resolve disputes of this nature?
Could you estimate the number of applications received where the identification of infrastructure which is trunk or non-trunk was unclear?

What other impacts do you believe the proposed options would have on local authority operations and activity?

**Development industry focus**
Do you believe the proposed option would increase or decrease the cost impact of conditions?

Would proposed changes provide increased certainty?

**Offsets and refunds**

**General**
Do you support reform of the current offsets and refunds arrangements?

**Local authority focus**
What do you believe would be the scale of financial impact on local authorities associated with a mandated offsets and refunds policy?

What other impacts do you believe the reforms to offset and refunds calculation would have on local authorities’ operations and activities?

**Development industry focus**
What do you believe would be the scale of financial impact associated with any of the options outlined for reform of offsets and refunds arrangements?

What impacts do you believe the proposed options for reform of offset and refund arrangements would have on development activity?

**Land valuation methodology**
Do you support the introduction of a standardised land valuation methodology?

If yes, what parameters do you consider should be applied?

**Credits**

**General**
Do you support the introduction of a mandatory crediting methodology for local infrastructure charges?

What impacts do you consider the proposed mandatory crediting process would have for you (your organisation)?

**Local authority focus**
What do you anticipate would be the time and resourcing requirements for a mandated crediting methodology?

**Development industry focus**
How would the establishment of a register for the collation of credits affect you (your organisation) in the preparation of development applications and planning?
Appeals and dispute resolution

**General**
Do you support the introduction of a Planning and Environment Court led mediation process prior to the lodgement of an appeal with the Court?

What time and cost impacts would a Planning and Environment Court led mediation process prior to lodgement of an appeal be likely to have on your (your organisation’s) dispute resolution costs?

**Infrastructure agreements**

**General**
Do you consider that infrastructure agreement negotiation would be enhanced by the establishment of a time limit for negotiation?

Would the development of guidelines support your organisation's use of infrastructure agreements? What guidance information should be included?

What impacts do you believe reforming infrastructure agreements would have on development activities?

**Deferred payments**

**General**
Do you support the introduction of a deferred payment mechanism?

**Local authority focus**
Would you introduce a deferred payment mechanism?

What do you anticipate would be the time and resourcing requirements to implement a deferred payment mechanism?

Are there any issues with mandating the payment of charges at plan sealing and no earlier unless otherwise agreed?

**Development industry focus**
Do you anticipate any benefits from the deferral of infrastructure charges payment?

**Alternative funding and financing**

**General**
Do you support the proposed position outlined above in relation to alternative funding and financing mechanisms?

**Resolutions and distributor-retailer board decisions**

**General**
Would you support the introduction of a third party review/endorsement process for resolutions and board decisions to ensure compliance with the relevant provisions of SPA?
If you do not support the introduction of a third party review/endorsement process, do you have an alternative suggestion?

**Transitional arrangements**

**General**

What are the key framework issues to be addressed through transitional arrangements?

What time period is required to support full transition to the new framework?
## Appendix 2: SPRP charges

**Adopted infrastructure charges schedule**

<table>
<thead>
<tr>
<th>Column 1 Adopted infrastructure charge category</th>
<th>Column 2 Use</th>
<th>Column 3 Maximum adopted charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Dwelling house • Caretaker's accommodation • Multiple dwelling • Dual occupancy</td>
<td>$20,000 per 1 or 2 bedroom dwelling or $28,000 per 3 or more bedroom dwelling</td>
</tr>
<tr>
<td></td>
<td>Hotel • Short-term accommodation • Tourist park</td>
<td>For a tent or caravan site in a tourist park: $10,000 per 1 or 2 tent/caravan sites or $14,000 per 3 tent/caravan sites</td>
</tr>
<tr>
<td>Accommodation (short-term)</td>
<td></td>
<td><strong>Example:</strong> The maximum charge for seven caravan sites is $38,000. This is calculated as below: $14,000 x 2 (for 2 x 3 caravan sites) = $28,000 plus $10,000 (for 1 site) = $10,000 Total charge for seven caravan sites = $38,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For a cabin in a tourist park: $10,000 per 1 or 2 bedroom cabin or $14,000 per 3 or more bedroom cabin</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For a hotel or short-term accommodation: $10,000 per suite (with 1 or 2 bedrooms) or $14,000 per suite (with 3 or more bedrooms) or $10,000 per bedroom (for a bedroom that is not within a suite)</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Examples:</strong> The maximum adopted charge for a hotel containing suites with 3 bedrooms is $14,000 per suite. The maximum adopted charge for a motel with studio rooms is $10,000 per room. The maximum adopted charge for a bedroom (which is not in a suite) in a backpackers is $10,000.</td>
</tr>
<tr>
<td>Column 1 Adopted infrastructure charge category</td>
<td>Column 2 Use</td>
<td>Column 3 Maximum adopted charge</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Accommodation (long-term)</td>
<td>• Community residence</td>
<td>For a relocatable home park: $20,000 per 1 or 2 bedroom relocatable dwelling site or $28,000 per 3 or more bedroom relocatable dwelling site</td>
</tr>
<tr>
<td></td>
<td>• Hostel</td>
<td>For a community residence, retirement facility or hostel: $20,000 per suite (with 1 or 2 bedrooms) or $28,000 per suite (with 3 or more bedrooms) or $20,000 per bedroom (for a bedroom that is not within a suite)</td>
</tr>
<tr>
<td></td>
<td>• Relocatable home park</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Retirement facility</td>
<td></td>
</tr>
<tr>
<td>Places of assembly</td>
<td>• Club</td>
<td>$70 per m² of Gross Floor Area (GFA) plus $10 per impervious m² for stormwater</td>
</tr>
<tr>
<td></td>
<td>• Community use</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Function facility</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Funeral parlour</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Place of worship</td>
<td></td>
</tr>
<tr>
<td>Commercial (bulk goods)</td>
<td>• Agricultural supplies store</td>
<td>$140 per m² of GFA plus $10 per impervious m² for stormwater</td>
</tr>
<tr>
<td></td>
<td>• Bulk landscape supplies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Garden centre</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Hardware and trade supplies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Outdoor sales</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Showroom</td>
<td></td>
</tr>
<tr>
<td>Commercial (retail)</td>
<td>• Adult store</td>
<td>$180 per m² of GFA plus $10 per impervious m² for stormwater</td>
</tr>
<tr>
<td></td>
<td>• Food and drink outlet</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Service industry</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Service station</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Shop</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Shopping centre</td>
<td></td>
</tr>
<tr>
<td>Commercial (office)</td>
<td>• Office</td>
<td>$140 per m² of GFA plus $10 per impervious m² for stormwater</td>
</tr>
<tr>
<td></td>
<td>• Sales office</td>
<td></td>
</tr>
<tr>
<td>Education facility</td>
<td>• Child care centre</td>
<td>$140 per m² of GFA plus $10 per impervious m² for stormwater</td>
</tr>
<tr>
<td></td>
<td>• Community care centre</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Educational establishment</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Subcategories</td>
<td>Fees</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
</tr>
<tr>
<td>Entertainment</td>
<td>Hotel (non-residential component), Nightclub, Theatre</td>
<td>$200 per m² of GFA plus $10 per impervious m² for stormwater</td>
</tr>
<tr>
<td>Indoor sport and recreational facility</td>
<td>Indoor sport and recreation</td>
<td>$200 per m² of GFA, court areas at $20 per m² of GFA plus $10 per impervious m² for stormwater</td>
</tr>
<tr>
<td>Industry</td>
<td>Low-impact industry, Medium-impact industry, Research and technology industry, Rural industry, Warehouse, Waterfront and marine industry</td>
<td>$50 per m² of GFA plus $10 per impervious m² for stormwater</td>
</tr>
<tr>
<td>High-impact industry</td>
<td>High-impact industry, Noxious and hazardous industries</td>
<td>$70 per m² of GFA plus $10 per impervious m² for stormwater</td>
</tr>
<tr>
<td>Low-impact rural</td>
<td>Animal husbandry, Cropping, Permanent plantations, Wind farms</td>
<td>Nil charge</td>
</tr>
<tr>
<td>High-impact rural</td>
<td>Aquaculture, Intensive animal industries, Intensive horticulture, Wholesale nursery, Winery</td>
<td>$20 per m² of GFA for the high-impact rural facility</td>
</tr>
<tr>
<td>Essential services</td>
<td>Correctional facility, Emergency services, Health care services, Hospital, Residential care facility, Veterinary services</td>
<td>$140 per m² of GFA plus $10 per impervious m² for stormwater</td>
</tr>
</tbody>
</table>
| Specialised uses                          | • Air services  
|                                         | • Animal keeping  
|                                         | • Car park  
|                                         | • Crematorium  
|                                         | • Major sport, recreation and entertainment facility  
|                                         | • Motor sport  
|                                         | • Non-resident workforce accommodation  
|                                         | • Outdoor sport and recreation  
|                                         | • Port services  
|                                         | • Tourist attraction  
|                                         | • Utility installation  
|                                         | • Extractive industry  
|                                         | The maximum adopted charge is the charge (in column 3) for the charge category (in column 1) that the local government determines should apply for the use at the time of assessment |
| Minor uses                              | • Advertising device  
|                                         | • Cemetery  
|                                         | • Home-based business  
|                                         | • Landing  
|                                         | • Market  
|                                         | • Roadside stalls  
|                                         | • Telecommunications facility  
|                                         | • Temporary use  
|                                         | • Park  
|                                         | • Outdoor lighting  
|                                         | Nil charge |
| Other uses                              | A use not otherwise listed in column 2, including a use that is unknown because the development application does not specify a proposed use.  
|                                         | The maximum adopted charge is the charge (in column 3) for the charge category (in column 1) that the local government decides should apply for the use at the time of assessment. |
Appendix 3: Interstate snapshot

New South Wales

Local governments within New South Wales are responsible for the planning and implementation of trunk infrastructure networks, similar to local authorities in Queensland.

The main infrastructure planning tool used by local government in New South Wales are Infrastructure Delivery Plans (IDPs) which are prepared for key growth areas within their jurisdiction. IDPs are based on the premise that the beneficiary of infrastructure should make a contribution to that infrastructure.

On 16 April 2013, the New South Wales Government released a White Paper—A new planning system for NSW for public feedback. The White Paper proposed several significant amendments to New South Wales’ infrastructure frameworks including:

Key contributions reform actions:

- removal of capped charges
- contributions are limited to essential infrastructure attributable to development only
- introduction of deferred payment of charges
- better reporting on infrastructure spending by local governments
- benchmarking of infrastructure costs
- restricted use of infrastructure agreements and conditions.

Victoria

In Victoria, local governments have a limited role in the initial planning, construction and management of trunk infrastructure. Various state entities are the primary agencies for these activities. Local government contributions are levied through Development Contributions Plans (DCPs) for a range of state and local government provided infrastructure, including: roads, public transport, stormwater, open space and community facilities.

In May 2012 the Victorian Government implemented changes to the infrastructure contributions framework. The new approach comprises of ‘off the shelf’ charges schedules for different development settings across Victoria such as metropolitan growth areas, regional cities, peri-urban areas and urban development areas. Local governments can tailor charges to a certain area where an ‘off the shelf’ schedule is not suitable.
South Australia

In South Australia, contributions are collected through the development assessment process via negotiations with developers on a case-by-case basis.

Additionally, there are a number of provisions related to infrastructure contributions in the Development Act 1993 including:

- an open space contribution scheme which provides for obtaining land in-lieu or cash contributions where a development creates 20 or more additional lots;
- with the minister’s approval a local government may establish a car parking or urban tree fund for a designated area.

There is no standardised and regulated process for obtaining infrastructure contributions.

Western Australia

In Western Australia, local governments are able to levy contributions for items of infrastructure that are required to support the ‘orderly development’ of an area. Standard requirements include roads, water and sewerage facilities, utilities and public open space. Local governments can also seek contributions for the capital costs of community infrastructure, such as sporting and recreation facilities, community centres and child care centres.

Contributions are set out in a local government Development Contributions Plan.
## Appendix 4: Example essential infrastructure list

<table>
<thead>
<tr>
<th>Network</th>
<th>Essential infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply</td>
<td>• Water treatment facilities owned by the local government (and not funded from other sources such as rates or utility charges)</td>
</tr>
<tr>
<td></td>
<td>• Distribution systems including:</td>
</tr>
<tr>
<td></td>
<td>- water storage facilities</td>
</tr>
<tr>
<td></td>
<td>- water transport systems</td>
</tr>
<tr>
<td></td>
<td>- pumping stations</td>
</tr>
<tr>
<td></td>
<td>- chlorination equipment</td>
</tr>
<tr>
<td></td>
<td>- meters, valves, control and monitoring systems</td>
</tr>
<tr>
<td></td>
<td>• Fire fighting devices</td>
</tr>
<tr>
<td>Sewerage</td>
<td>• Sewage treatment plant systems owned by the local government (not funded from other sources such as rates or utility charges)</td>
</tr>
<tr>
<td></td>
<td>• Collection and transport systems:</td>
</tr>
<tr>
<td></td>
<td>- gravity sewers</td>
</tr>
<tr>
<td></td>
<td>- pumping stations</td>
</tr>
<tr>
<td></td>
<td>- rising mains</td>
</tr>
<tr>
<td></td>
<td>- emergency storage.</td>
</tr>
<tr>
<td>Stormwater</td>
<td>• Condition on-site treatment to a standard of non-worsening</td>
</tr>
<tr>
<td>Transport</td>
<td>• Local government roads (including associated intersections, roundabouts, bridges and culverts) excluding higher order local government roads such as arterial roads.</td>
</tr>
<tr>
<td></td>
<td>• Standard items associated with the road profile including kerb and channel, lighting, signage, traffic lights, foot and cycle paths on the shoulder, basic verge revegetation</td>
</tr>
<tr>
<td></td>
<td>• Bus stops (excluding shelters) constructed as part of the road.</td>
</tr>
<tr>
<td>Serviced land for parks and</td>
<td>• For serviced land for parks and community purposes either:</td>
</tr>
<tr>
<td>community facilities</td>
<td>- condition the development to provide two hectares of land per 1000 population, or</td>
</tr>
<tr>
<td></td>
<td>- charge for an identified catchment based solution provided to a standard of not more than two hectares of land per 1000 population.</td>
</tr>
<tr>
<td></td>
<td>• All land contributions to include works associated with making the site suitable for its intended use including earthworks, clearing, turfing, road frontage and connection to services including water, sewerage, power and telecommunications.</td>
</tr>
</tbody>
</table>
Appendix 5: Specifications and assumptions used for impact assessment

Note: This attachment includes a summary of the specifications and assumptions that were applied by consultants doing an assessment on behalf of the state from December 2012 to February 2013.

Purpose

- The state is reviewing its infrastructure planning and charging frameworks for local governments. Options include possible changes to the list of infrastructure local government may include under conditions or cost calculation of infrastructure for development. To assess the potential impact of a draft list of essential infrastructure, a comparison of different infrastructure costs based on existing local government priority infrastructure plans (PIPs) is required.

Background

- Most local governments have either adopted PIPs in their planning schemes or progressed to an advanced stage of drafting PIPs to comply with the requirements of the Sustainable Planning Act 2009 (SPA). The PIPs identify the existing and future infrastructure necessary to service development. Information in the PIP is supported by extrinsic material which includes background detail used in its preparation. The infrastructure and associated information identified in the PIP (and extrinsic material) form the basis for the calculation of infrastructure costs associated with development. The PIP also provides the basis for the imposition of local government conditions about infrastructure.

- A draft list identifying infrastructure that may be included in the calculation of infrastructure costs under a possible alternative framework is included as part of this specification (see Table 1).

Requirements and deliverables

- Review the PIPs and relevant extrinsic material for the local government areas to calculate the costs that would apply under the circumstances outlined below.

- A calculation can be done for each of the types of development identified in Table 2—Assumptions for development examples, as it would apply for typical infill development and greenfield development example locations respectively. These calculations are to be based on the assumptions identified in Table 2.
These calculations can be done separately for each network component (water supply, wastewater, roads, stormwater quantity, stormwater quality, public parks and land for community facilities) for each of the following:

- The existing PIP or draft PIP as it would have applied under the SPA PIP and infrastructure charges schedule framework prior to the introduction of the provisions for the SPRP. The previous Statutory Guideline 01/09—Priority Infrastructure Plans and Infrastructure Charges Schedules (including PIP Template 2) further outlines the rules that applied to the calculation of infrastructure charges/costs at the time. If a discounted cash flow methodology has been applied in the PIP, calculate the values of costs prior to application of the discounted cash flow methodology as well as post application of the discounted cash flow methodology.

- The existing PIP, but modified to only include the ‘essential' infrastructure identified in Table 1—Essential infrastructure. If a discounted cash flow methodology has been applied in the PIP, calculate the cost values prior to application of the discounted cash flow methodology as well as post application of the discounted cash flow methodology.

[Note: For consistency, cost apportionment is based on the formula: Total cost of existing and future infrastructure divided by the total existing and future demand.]

The results of calculations for each PIP are to be based on the template included in Table 3—Cost calculation summary (add columns to show calculations with and without the discounted cash flow methodology).

The approach and methodology to calculate these costs, as well as relevant observations or notes, can be outlined in a report to support the completed Table 3—Cost calculation summary (data captured in Microsoft Excel).

**Essential infrastructure and cost calculations**

- Table 1—Essential infrastructure identifies the infrastructure that may be included in the calculation of costs.

**Key assumptions for purposes of doing the impact assessment**

- Stormwater quality and quantity infrastructure for PIPs are often not separately mapped and identified. Costs under a PIP therefore represent a combination of both quality and quantity infrastructure. Cost calculations for the essential infrastructure option exclude stormwater as it is assumed to be dealt with on-site (no worsening).

- State-controlled roads are excluded from the calculations.
• Parkland costs under the essential infrastructure options are only applicable to residential developments.

• Parkland costs for PIPs exclude land acquired pre-1990 in accordance with PIP methodology and guidelines in place prior to the adopted charges framework. This rule is not relevant under the essential infrastructure option.

• All cost apportionment undertaken to determine a cost rate per demand unit are based on the ‘user pays’ methodology where total costs (existing and future) are apportioned to total demand (existing and future).

• All demands used to calculate costs for different development scenarios are based on the application of demand conversion rates identified in the PIP.

• Cost rates are indexed to June 2012 dollars from base year using CPI (Brisbane, All Groups).

• Water supply:
  - all water sources (dams, aquifers, and other raw water intakes) and piped network linking water sources to water treatment plants are excluded. Note that provision of such infrastructure is still the responsibility of local governments outside South East Queensland
  - piped network less than 200 millimetres diameter are excluded.

• Sewerage:
  - all rising mains and pump stations are retained as essential infrastructure irrespective of pipe diameter size—rising mains are typically smaller in diameter to gravity mains however still provide a shared function
  - similar to water supply, all gravity mains less than 200 millimetres diameter are excluded.

• Stormwater:
  - no stormwater infrastructure (quality or quantity) costs are included for the essential infrastructure scenario (based on the option to condition on-site treatment to a standard of no-worsening). All infrastructure identified in PIP Plans for Trunk Infrastructure is considered trunk. Costs for these works are reflected under the PIP scenario only.

• Parkland:
  - essential infrastructure costs are based on two ha per 1000 population including an allowance of $192,000 for road frontage and basic services to connect to.
Table 1—Essential infrastructure

<table>
<thead>
<tr>
<th>Network</th>
<th>Essential infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply</td>
<td>- Water treatment facilities owned by the local government (and not funded from other sources such as rates or utility charges).</td>
</tr>
<tr>
<td></td>
<td>- Water storage facilities (excluding dams).</td>
</tr>
<tr>
<td></td>
<td>- Reticulation network (local governments identify reticulation networks associated with pipes with a minimum diameter of 200 millimetres for purposes of an ICP).</td>
</tr>
<tr>
<td></td>
<td>- Pump stations.</td>
</tr>
<tr>
<td></td>
<td>- Fire fighting devices.</td>
</tr>
<tr>
<td>Sewerage</td>
<td>- Sewage treatment facilities owned by the local government (and not funded from other sources such as rates or utility charges).</td>
</tr>
<tr>
<td></td>
<td>- Reticulation network (local governments identify reticulation networks associated with pipes with a minimum diameter of 200 millimetres).</td>
</tr>
<tr>
<td></td>
<td>- Pump stations.</td>
</tr>
<tr>
<td>Stormwater</td>
<td>- For stormwater quantity:</td>
</tr>
<tr>
<td></td>
<td>- condition on-site treatment to a standard of non-worsening</td>
</tr>
<tr>
<td></td>
<td>- where a charge is levied for an identified catchment based detention solution, a condition may not be imposed on a developer to provide an on-site detention solution.</td>
</tr>
<tr>
<td></td>
<td>- For stormwater quality either:</td>
</tr>
<tr>
<td></td>
<td>- condition on-site treatment to a standard of non-worsening</td>
</tr>
<tr>
<td></td>
<td>- charge for an identified catchment based solution.</td>
</tr>
<tr>
<td>Transport</td>
<td>- Local government roads consisting of limited access urban collectors and urban sub-arterials and arterials (including associated intersections, roundabouts, bridges and culverts).</td>
</tr>
<tr>
<td></td>
<td>- Standard items associated with the road profile including kerb and channel, lighting, signage, traffic lights, foot and cycle paths on the shoulder, basic verge revegetation.</td>
</tr>
<tr>
<td></td>
<td>- Bus stops (excluding shelters) constructed as part of the road.</td>
</tr>
</tbody>
</table>
| Serviced land for parks and community facilities | • Serviced land for parks and community purposes either:  
- condition the development to provide two hectares of fair average land per 1000 population  
- charge for an identified catchment-based solution  
- provided to a standard of not more than two hectares of land per 1000 population.  
• All land contributions to include works associated with making the site suitable for its intended use including earthworks and clearing, road frontage and connection to services including water, sewerage, power and telecommunications. |
<table>
<thead>
<tr>
<th>SPRP Category *</th>
<th>Chosen type of development</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| 3+ bedroom dwelling | Detached dwelling | • 3 bedrooms  
• 3 people  
• 700 square metre lot  
• 150 square metre GFA  
• 455 square metre impervious area |
| 1 or 2 bedroom dwelling | Detached dwelling | • 2 bedrooms  
• 2 people  
• 600 square metre lot  
• 120 square metre GFA  
• 390 square metre impervious area |
| Multi-unit dwelling | Apartment | • 6 units  
• 12 bedrooms  
• 24 people  
• 1000 square metre lot  
• 660 square metre GFA  
• 900 square metre impervious area |
| Accommodation (short-term) | Motel | • 20 units  
• 20 bedrooms  
• 30 people  
• 2000 square metre lot  
• 600 square metre GFA  
• 1800 square metre impervious area |
| Accommodation (long-term) | Retirement village | • 100 units  
• 200 bedrooms  
• 300 people  
• 30,000 square metre lot  
• 10,000 square metre GFA  
• 27,000 square metre impervious area |
<table>
<thead>
<tr>
<th>Places of assembly</th>
<th>Place of worship</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>400 seats&lt;br&gt;2500 square metre lot&lt;br&gt;500 square metre GFA&lt;br&gt;1250 square metre impervious area&lt;br&gt;10 toilets/basins</td>
</tr>
<tr>
<td>Commercial (bulk goods)</td>
<td>Garden centre/landscape supplies</td>
<td>4,000 square metre lot&lt;br&gt;200 square metre GFA&lt;br&gt;3600 square metre impervious area&lt;br&gt;20 fixture units</td>
</tr>
<tr>
<td>Commercial (retail)</td>
<td>Shop—local</td>
<td>450 square metre lot&lt;br&gt;200 square metre GFA&lt;br&gt;405 square metre impervious area&lt;br&gt;0 fixture units</td>
</tr>
<tr>
<td>Commercial (retail)</td>
<td>Shop—neighbourhood</td>
<td>25,000 square metre lot&lt;br&gt;18,750 square metre GFA&lt;br&gt;22,500 square metre impervious area&lt;br&gt;100 fixture units</td>
</tr>
<tr>
<td>Commercial (retail)</td>
<td>Shop—major</td>
<td>100,000 square metre lot&lt;br&gt;200,000 square metre GFA&lt;br&gt;90,000 square metre impervious area&lt;br&gt;400 fixture units</td>
</tr>
<tr>
<td>Commercial (office)</td>
<td>Office—small</td>
<td>450 square metre lot&lt;br&gt;200 square metre GFA&lt;br&gt;405 square metre impervious area&lt;br&gt;20 fixture units</td>
</tr>
<tr>
<td>Commercial (office)</td>
<td>Office—medium</td>
<td>3000 square metre lot&lt;br&gt;7500 square metre GFA&lt;br&gt;2700 square metre impervious area&lt;br&gt;200 fixture units</td>
</tr>
<tr>
<td>Category</td>
<td>Example</td>
<td>Details</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>--------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Education facility               | Secondary school              | • 500 students  
• 50 staff  
• 100,000 square metre lot  
• 30,000 square metre GFA  
• 50,000 impervious area  
• 275 fixture units |
| Entertainment                    | Theatre/cinema                | • 250 seats  
• 3000 square metre lot  
• 2000 square metre GFA  
• 2700 square metre impervious area  
• 40 fixture units |
| Indoor sport and recreation      | Gymnasium                      | • 1000 square metre lot  
• 400 square metre GFA  
• 900 square metre impervious area  
• 40 fixture units |
| Industry                         | Low- or medium-impact industry | • 1500 square metre lot  
• 800 square metre GFA  
• 1350 square metre impervious area  
• 30 fixture units |
| High-impact industry             | High-impact industry or industry | • 50,000 square metre lot  
• 30,000 square metre GFA  
• 45,000 square metre impervious area  
• 30 fixture units |
| Essential services               | Nursing home (residential aged care) | • 100 beds  
• 20,000 square metre lot  
• 8000 square metre GFA  
• 10,000 square metre impervious area  
• 80 fixture units |
| Hospital                         |                                | • 400 beds  
• 150,000 square metre lot  
• 50,000 square metre GFA  
• 75,000 square metre impervious area  
• 300 fixture units |
| Specialised uses                 |                                | • Not included in analysis. |

* These categories are aligned with the categories identified in the Adopted Infrastructure Charges Schedule of the SPRP.
Table 3 - Cost calculation summary (insert name of priority infrastructure plan)

<table>
<thead>
<tr>
<th>Type of development</th>
<th>Network</th>
<th>PIP costs</th>
<th>Essential infrastructure costs</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Infill example—</td>
<td>Greenfield example—</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(suburb name)</td>
<td>(suburb name)</td>
<td></td>
</tr>
<tr>
<td>(Insert development type from Table 2)</td>
<td>Water supply</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste water</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transport</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stormwater quantity</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Stormwater quality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public parks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Land for community uses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Insert development type from Table 2)</td>
<td>Water supply</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Waste water</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transport</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Stormwater quantity</td>
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<td></td>
<td>Stormwater quality</td>
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</tr>
<tr>
<td></td>
<td>Public parks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Land for community uses</td>
<td></td>
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<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Insert development type from Table 2)</td>
<td>Water supply</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste water</td>
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</tr>
<tr>
<td></td>
<td>Transport</td>
<td>Stormwater quantity</td>
<td>Stormwater quality</td>
<td>Public parks</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------</td>
<td>---------------------</td>
<td>--------------------</td>
<td>--------------</td>
</tr>
</tbody>
</table>

Discussion paper:
Infrastructure planning and charging framework review
Options for reform of Queensland’s local infrastructure planning and charges framework
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