



Hon Paul Lucas MP



Deputy Premier and Attorney-General
Minister for Local Government and
Special Minister of State

Our ref: MC11/2555
LG/11/2273

Your ref: Petitions

Mr Neil Laurie
The Clerk of the Parliament
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Laurie

Re: Petition received by Queensland Legislative Assembly No. 1669-11 – Petition against capping infrastructure charges

Thank you for your letter of 22 June 2011.

On 26 May 2010, the Honourable Anna Bligh MP, Premier, established the Infrastructure Charges Taskforce to further reform development infrastructure charging arrangements and to identify opportunities to simplify charges and provide greater certainty. The Taskforce considered feedback received through public consultation and released its Final Report, which includes 10 recommendations for reform, on 15 March 2011.

On 12 April 2011, the Queensland Government released its response to the Taskforce's Final Report, supporting the 10 recommendations. The Government response establishes a three year program for the implementation of infrastructure charges reforms, with the first priority being the introduction of a maximum infrastructure charge for residential and non-residential development through a State planning regulatory provision (SPRP) on adopted charges.

The *Sustainable Planning (Housing Affordability and Infrastructure Charges Reform) Amendment Act 2011* received assent on 6 June 2011. The Act amends the *Sustainable Planning Act 2009*, and establishes the legislative framework that will enable the Government to make a SPRP to set maximum infrastructure charges for residential and non-residential development for all Local Governments. The SPRP commenced on 1 July 2011. I note that both sides of parliament supported the proposed Act.

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The new infrastructure regime will allow Local Governments the autonomy to set infrastructure charges for residential and non-residential developments, subject to the proposed maximum adopted charge of \$20 000 for a one or two bedroom dwelling and \$28 000 for a dwelling with three bedrooms or more. The charge for non-residential development has been set between \$50 and \$200 per square metre of gross floor area (dependent on the development). If a Local Government is currently charging above the maximum adopted charge, the Local Government will be required to reduce charges to match the maximum adopted charge (\$20 000 or \$28 000 depending on number of rooms in the case of a residential dwelling).

Significant consultation was undertaken with industry and Local Governments as part of preparation of the infrastructure taskforce report and in setting the maximum adopted charges framework. The maximum adopted charges in the Draft SPRP seek to strike a balance that ensures the long term financial sustainability of Local Government; supports viable development opportunities and contributes to housing affordability.

In setting adopted infrastructure charges, Local Governments need to consider their future infrastructure needs in conjunction with other community investment priorities. Local Governments also need to determine the most appropriate way to fund future infrastructure requirements through available funding mechanisms, including rates, charges and grants. However, where a Local Government can demonstrate that the maximum adopted charges will impact on its long term financial sustainability, they may apply to the State to vary the maximum adopted charges.

These reforms are an important response to the Growth Summit where participants identified the need for a simpler, more transparent infrastructure charges system. Previous inconsistent charges have been long identified by industry as an impediment to new development. The reform of the infrastructure charging system is expected to stimulate growth by making developments more viable by providing transparency, simplicity and certainty to developers.

The Queensland Government response also supported the recommendation to introduce a deferred payment mechanism for maximum infrastructure charges in early 2012.

I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Lucas', with a long horizontal flourish extending to the right.

PAUL LUCAS MP
Deputy Premier and Attorney-General,
Minister for Local Government
and Special Minister of State