

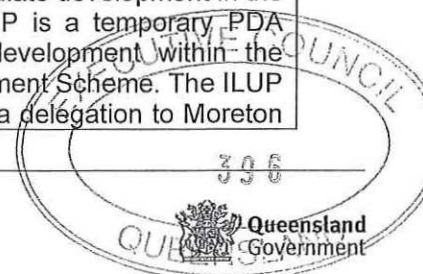
Impact Analysis Statement

Summary IAS

Details

Lead department	Department of State Development and Infrastructure
Name of the proposal	<p><i>Economic Development and Other Legislation (Waraba PDA) Amendment Regulation 2024</i></p> <ul style="list-style-type: none"> amends the <i>Economic Development Regulation 2023</i> (ED Regulation) to: <ul style="list-style-type: none"> declare the Waraba Priority Development Area (PDA); to state the expiry date for the Interim Land Use Plan (ILUP) for the Waraba PDA; and amends the provisions in schedule 10, part 2A of the <i>Planning Regulation 2017</i> (Planning Regulation) as it relates to land within the Waraba PDA This includes the introduction of an interim Infrastructure Funding Framework (IFF) for the Waraba PDA which fixes interim Waraba PDA development charges to fund essential infrastructure, programs and services for the emerging community.
Submission type (Summary IAS / Consultation IAS / Decision IAS)	Summary IAS
Title of related legislative or regulatory instrument	<i>Economic Development Regulation 2023</i> <i>Planning Regulation 2017</i>
Date of issue	26 July 2024

Proposal type	Details
Regulatory proposals where no RIA is required	<p><u>Waraba PDA Declaration and ILUP</u></p> <p>This proposal relates to amendments to the Economic Development Regulation 2023 to declare the Waraba Priority Development Area (PDA) and to state the expiry date for the Waraba PDA Interim Land Use Plan (ILUP).</p> <p>The Economic Development Act 2012 (ED Act) prescribes that the Minister for Economic Development Queensland (MEDQ) may make a regulation to declare a PDA. The Waraba PDA is projected to accommodate a population of approximately 70,000 people in 30,000 homes (including social and affordable housing) and approximately 17,000 jobs in various employment and activity centre locations supported by essential infrastructure. The proposed development for the area consists of residential and employment uses that respond to the regions' demands for growth as identified by <i>ShapingSEQ 2023</i>.</p> <p>The ED Act states an ILUP must be in place to regulate development in the area declared as a PDA. The Waraba PDA ILUP is a temporary PDA planning framework instrument that regulates development within the Waraba PDA while EDQ prepares a PDA Development Scheme. The ILUP intends to resolve and front load State Interests via delegation to Moreton</p>



	<p>Bay City Council (the Council) creating a streamlined assessment process for applicants.</p> <p>The Waraba PDA ILUP promotes development and housing opportunities to accommodate the growing population of the area while identifying and protecting areas of environmental significance. Additionally, the ILUP identifies areas for important social and physical infrastructure that is needed to support the future population. The declaration of the Waraba PDA therefore achieves a balanced outcome having regard to economic, environmental and social values, and the wider regional benefits.</p> <p><u>Amendments to the Planning Regulation 2017</u> The proposal also amends the Planning Regulation 2017 to so that the Caboolture West Interim Structure Plan (CWISP) provisions only apply to development for which a development application was properly made before the Waraba PDA's declaration.</p> <p>Amendments to the Planning Regulation 2017 are required to support the transition of the planning framework for the area from Planning Act 2016 and CWISP to the ED Act and the Waraba PDA. The Waraba PDA ILUP will continue the intent of policy introduced through the CWISP.</p> <p><u>Summary of above points</u> The above regulatory proposals do not increase the costs or regulatory burden on business or the community and do not change the ownership or existing lawful use rights of land. No Regulatory Impact Analysis is required under the Queensland Government Better Regulation Policy.</p>
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Infrastructure Funding Framework

	<p>What is the nature, size and scope of the problem? What are the objectives of government action?</p> <p>A key purpose of the Infrastructure Funding Framework (IFF) and Development Charges and Offset Plan (DCOP) for a PDA is to fund and encourage the timely investment in required infrastructure, thereby enabling associated developments, and ensuring the resulting communities have required facilities. The IFF equitably distributes the costs of that infrastructure investment across all developments within a PDA, irrespective of when those developments occur, and the DCOP encourages a developer to undertake items of infrastructure at pace with their developments and offset that investment against infrastructure charges they would otherwise pay.</p> <p>Usually these IFF/DCOP settings are completed at the earliest stages of development, and result from extensive consultation. However, in the case of Waraba PDA a significant portion (a third) of development has commenced lodging development applications. The PDA is estimated to ultimately accommodate 30,000 lots and will develop over a 40-50 year time horizon.</p> <p>EDQ is proposing to include the allocation of additional development charges to the application of the standard Council charging framework, to be set under the EDQ IFF and to be applied for the duration of the ILUP. There is a potential for parties (including developers and Council) to contend that this will have an additional impact upon the costs of development, by imposing new and/or excessive charges beyond current expectations. As detailed below, the issue is however complex, and despite the application of the proposed additional EDQ charges, is ultimately anticipated to achieve a more equitable charging outcome within the PDA for developers.</p> <p>Currently under the Planning Act 2016 framework, the local government and Unitywater have not included trunk infrastructure planning in their Local Government Infrastructure Plan (LGIP) or Netserv Plan statutory instruments and specific infrastructure charges have not been established for the Waraba Growth Area.</p> <p>Waraba PDA is located outside Council's Priority Infrastructure Area (PIA), therefore development is not subject to the Planning Regulation 'maximum adopted charges' (MAC) and is subject to 'additional costs' provisions under the Planning Act, whereby charges are undefined, and are effectively subject to negotiation. In order to secure development approvals in Waraba to date developers are required to</p>
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undertake protracted negotiations with the local government and Unitywater to establish bespoke and voluntary Council infrastructure agreements (IAs) and Unitywater Water Infrastructure Agreements (WIAs) before their developments can proceed, with negotiations taking up to four years.

EDQ has been advised that negotiations have resulted IAs and WIAs with cumulative charges greatly exceeding the MAC (~\$31,000), with no provision for catalyst infrastructure, schools or community and economic development programs.

Development charges being applied to development approvals in Waraba PDA therefore already significantly exceed the State cap, and further are subject to requirements for the delivery of infrastructure components which in some cases serve wider catchments without the opportunity for individual developers to recoup excessive costs.

The preparation of the future DCOP will provide a framework by which infrastructure charges are allocated and apportioned over all development potential in the future PDA, and by which developers may receive offsets, credits and refunds for the delivery of trunk infrastructure.

In the interim, EDQ proposes to apply interim Waraba PDA IFF development charges of \$8,500 per lot in accordance with section 10 (1) (f) of the ED Act to perform the MEDQ's functions to coordinate and provide infrastructure and other services, including specific charges for the following charge categories:

- Catalyst roads, water supply and sewerage infrastructure,
- land offsets for essential State Schools, health and emergency services, and
- community, economic and environmental Implementation programs and services.

This is consistent with the approach taken by EDQ in other greenfield PDAs such as Ripley Valley, and Greater Flagstone, and the costs allocated for Waraba are based on the typical comparable charges in these PDAs.

It is important to note that the charges are designed to account for and support the significant up-front investment in the above infrastructure types, ensuring that development delivers community fabric essential to support new residents in the emerging Waraba community and importantly that where early developers invest in delivering these aspects of development that their costs may be offset against total charges applied. This is not currently the case for developers, with individual IAs being applied in a fragmented framework.

The interim IFF also notes and provides for additional charges for municipal and sub-regional infrastructure (transport, parks, local government community facilities, water, sewerage and stormwater) and early public transport to be determined following public consultation of a DCOP.

The ILUP and interim IFF development charges are intended to be in place for a temporary period of 2 years, to respond to development applications in approximately one third of the PDA area, until land use and infrastructure planning is completed for the remaining 'investigation area' through the preparation of a holistic Development Scheme and DCOP.

Without an interim IFF there is a risk that essential community infrastructure is not funded equitably across the development and incentives for timely installation of that infrastructure will be uncertain during the interim period. A finalised IFF/DCOP will take up to two years to be completed, pending stakeholder consultation and public notification.

What options were considered?

There were two evident options for consideration regarding the application of the additional charges:

Option 1 Status Quo

Development charges for all charge categories be established through development approval conditions referring to charges being established through a future DCOP or otherwise through voluntary infrastructure agreements. No interim charges published.

Option 2: Interim Infrastructure Funding Framework development charges



Introduce a corresponding interim IFF alongside the Waraba ILUP, as a temporary planning framework instrument that will regulate development within the Waraba PDA. The ILUP and corresponding interim IFF development charges are intended to be in place for a temporary period until land use and infrastructure planning is completed through the preparation of the Development Scheme and Development Charges Offset Plan (DCOP).

The IFF will introduce a series of new charge categories and values including:

- Municipal charge – to be determined
- Subregional charge – to be determined
- Catalyst charge - \$6000
- Public Transport charge – to be determined
- State charge - \$1,500
- Implementation charge - \$1,000

Where TBD (to be determined) is noted, these charges are to be determined through the:

- preparation of a DCOP for the Waraba PDA, or
- execution of an Infrastructure Agreement

This proposed IFF will fix additional development charges at \$8,500 per lot now for Catalyst infrastructure, Implementation works and State land, while ultimate rates for all other charges will be determined through the DCOP or execution of an Infrastructure Agreement. This approach allow's MEDQ to equitably and transparently collect charges for Catalyst infrastructure, Implementation works and State land immediately following PDA declaration. These charges can ultimately be offset through the delivery of services and any charges paid will be carried through to the application of the DCOP.

It is anticipated that the value of the other charge categories will be determined through the preparation of the DCOP, which will be subject to public notification prior to MEDQ approval and adoption. While the IFF is in effect, developers will have the option to execute an Infrastructure Agreement with the MEDQ delegate to facilitate development approvals and progress.

The IFF will provide that where a PDA IA is to be executed, the MEDQ will consider the impact of IFF charges on development feasibility prior to applying charges established under the IFF. Proponents will need to demonstrate the impact of IFF charges on development feasibility by submitting suitable information including comparison of inclusion/exclusion of the IFF charges to the MEDQ. Where required, appropriate confidentiality arrangements will be formed.

The development charges specified in the interim IFF will be subject to change in the final DCOP following stakeholder consultation and public notification. The proposed interim charge is consistent with similar PDAs.

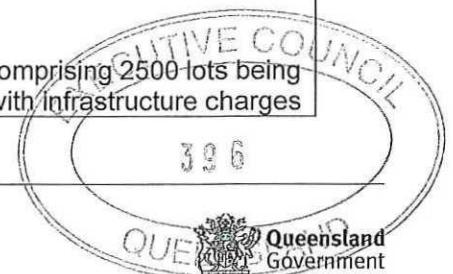
This Interim IFF will commence industry engagement, guide investment decisions, and begin the collection of charges for essential infrastructure and services through development applications in the first two years post PDA declaration.

What are the impacts?

The key impact identified is the potential for developers currently progressing development applications to be subject to charges that have not been previously applicable, and the perceived impact on development costs and ultimately sale prices and affordability.

Currently multiple developers are progressing through development approvals enabled by Infrastructure Agreements with Council and Unity Water. As noted above the negotiations of IAs are protracted, and currently are evidencing significant exceedance of the MAC which would apply within the PIAs of Council. The IAs require both charges to be paid, and the construction of major infrastructure. This process is fragmented and has evidenced ongoing debate over the fair apportionment of investment by early development fronts.

At present, only one development package is under way, referred to as "NDP1" comprising 2500 lots being delivered by multiple developers. No other developer has approvals completed with infrastructure charges



applied. While the application of the new charges under the IFF at this point has not been contemplated or identified by Council or the developers, it will not be a 'retrospective' impact.

While the additional charges at this point are likely to be objected to by developers, it is important to note that there are benefits to not only the charges but the overall DCOP process which it is considered will ameliorate the early impact with future offsets etc.

- **Impact** – The proposed IFF will impose charges of \$8,500 per lot for Catalyst infrastructure, Implementation works and State land, that will apply for the duration of the ILUP prior to the DCOP. These charges will only apply to a PDA development approval, and will not apply to an existing IA executed under the Planning Act or the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009 secured by developers. It should be noted that the proposed additional charges may be offset where developers provide or proportionally contribute to the desired charging elements – such as where a developer contributes land for State infrastructure, community building initiatives or major establishment infrastructure. It may therefore be beneficial for some developers to access the IFF arrangements, in which case the option exists for existing IAs to be amended where requested to bring approvals in line with the new framework.
- **Benefit** - Community Investment: The application of the charges at this point ensures that appropriate funding is gathered via all developers to contribute towards essential elements of community development and vibrancy. Importantly, where early developers deliver elements such as land for schools, community programs and early trunk infrastructure, having the charges regime initiated under the IFF allows for appropriate offsets against infrastructure charges balances to be applied. This is not currently the case, and while it is impossible at this stage to quantify it is anticipated that the potential for offsets, and rationalisation of the wider infrastructure charges being imposed under IAs will see a more equitable level of charging than is currently the case.
- **Benefit** - Fair and equitable apportionment: The timing of the application of these charges has a key role to play. While current preliminary approvals have been issued for the next major developer delivering NDP2, all other developers are not as advanced in their approvals. Further, other than NDP2, other developers will be constrained by the need for significant investment in major trunk connection infrastructure, having major cost and timing impacts on those developers. The additional charges proposed for the IFF will have an impact, however only one developer is likely to have completed all approvals and have the charges applied in the lifespan of the interim charges. The ultimate DCOP is anticipated to ensure a more strategic, balanced and equitable regime of charges, and will allow for offsets, refunds and credits for developers against the infrastructure delivery they have provided.

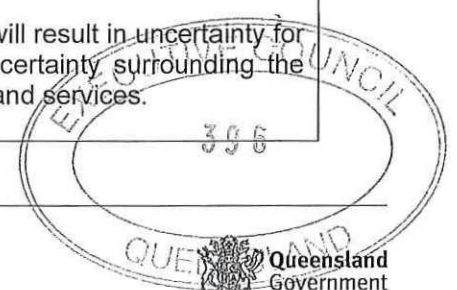
While the additional charges for Catalyst infrastructure, Implementation works and State land has an immediate impact in terms of additional cost to development, when considering the broader framework of the approvals pathways, and the application of the eventual DCOP, the cost will be balanced by a more equitable and efficient charging framework, clearer and faster development approval pathways bringing product to market more rapidly, and the access to charges offsets, credits or refunds against delivery of key infrastructure or programs.

It should also be noted that currently the delivery of components such as State infrastructure (land for schools/roads etc) and delivery of major infrastructure that the new charges are intended to facilitate is a key part of the current approval processes applied, however individual developers are required to deliver those components through conditions of approval and/or under IAs. However, the proposed interim IFF approach forms – ultimately – a more equitable and balanced approach to sharing costs across all development reducing the potential for significant impact on individual developers.

In summary then the impacts of the two Options considered are as follows:

Option 1:

Retaining the current framework for development charges for the Waraba PDA will result in uncertainty for developers regarding the charge categories and rates. There will also be uncertainty surrounding the provision of catalyst infrastructure, state land offsets, and community programs and services.



This may result in potential reduced investment and development in the area, as many developers may be deterred from investing in an area with unclear development charges and uncertainty regarding the development of essential catalyst infrastructure which will have an impact on land values. This will result in a lag in the development of housing supply and community infrastructure, which will impact Queenslanders in the face of current housing supply and affordability issues.

Not prioritising the development of infrastructure in a heavily residential area may also pose a significant future cost for the Government and the community, especially if the trunk infrastructure requirements are then required to be addressed at a much later date, requiring additional investment and time compared to if the infrastructure was planned and constructed during the initial development of the area. The provision of sufficient and affordable infrastructure, such as public transport and road networks, will be extremely important in an area such as Waraba PDA, to support employment and labour mobility.

Option 2:

The set charges laid out in the interim IFF will ensure that early developments contribute to required community infrastructure and signal charges that will be available to be offset against infrastructure investments under a finalised DCOP – encouraging timely infrastructure investment. The interim IFF also allows MEDQ to determine applicable credits and offsets, affording developers more freedom in meeting their requirement. This increased certainty and flexibility will encourage investment and development in the area.

The additional charges proposed under the interim IFF equates to an additional overall developer charges contribution of \$110.5 million across the initial 13,000 lots in the first stages of PDA development (the Urban Living Precinct in the ILUP) of an expected ultimate 30,000 lots. While this level of cost impact is significant, as previously noted much of the desired infrastructure will be offsetable where delivered by developers, and would otherwise likely be conditioned on approvals for developers. The final level and distribution of costs will be subject to the extensive PDA IFF/DCOP development process which will focus on cost efficiencies across the PDA and ensuring a balanced and equitable pallet of developer contributions rather than individual IAs applied incrementally.

The interim IFF is designed to:

- spread the costs of necessary infrastructure among developers and those who will benefit from the provision of this infrastructure
- help avoid the potential risk of underdevelopment through facilitating the development of catalyst infrastructure
- ensure that any voluntary infrastructure agreements in the interim period between developers, the Council, and Unitywater are cognisant of required state infrastructure.

It is considered that the benefits of the charges are significant and are an essential component of the ultimate infrastructure planning and charging framework to follow. This process ultimately will provide a more equitable and sustainable delivery framework for all developers in the future PDA.

Who was consulted?

Moreton Bay City Council and Unitywater have been consulted.

Unitywater have no objection to the implementation of an interim IFF.

Moreton Bay City Council raised concerns that the interim charges may increase the total charge. However, the total charge will be determined through the DCOP consultation with the Council, Unitywater, and developers.



What is the recommended option and why?

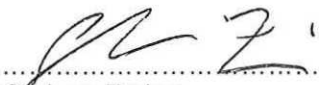
The introduction of an interim IFF is the recommended option and will provide the greatest net benefit for Queensland, by setting interim development charges while the Waraba PDA DCOP is being developed to facilitate the efficient development of the PDA. This will provide developers in the PDA with certainty and flexibility in meeting their development charges, as well as providing certainty regarding the future economic viability of the area in which they are developing. It will also assist the Government to be proactive in facilitating the trunk infrastructure required to service a residential area, and fast-track the construction of residential houses to respond to current demand.

Impact assessment

<i>All proposals – complete:</i>	First full year	First 10 years**
Direct costs – <i>Compliance costs*</i>	N/A	N/A
Direct costs – <i>Government costs</i>	N/A	N/A

* The *direct costs calculator tool* (available at www.treasury.qld.gov.au/betterregulation) should be used to calculate direct costs of regulatory burden. If the proposal has no costs, report as zero. **Agency to note where a longer or different timeframe may be more appropriate.

Signed



Graham Fraine
Director-General
Department of State Development and
Infrastructure

Date: 26/07/24



Grace Grace MP
Minister for State Development and Infrastructure
Minister for Industrial Relations
and Minister for Racing

Date: 26/07/2024

