

# Indexing maximum infrastructure charges

## Frequently asked questions

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### General

#### What are infrastructure charges?

Local governments are responsible for the delivery of trunk infrastructure, such as major roads, major sewer and water pipelines and treatment plants, which are shared between a number of developments.

The *Sustainable Planning Act 2009* (SPA) provides for local governments to levy infrastructure charges on development approvals to recover some of the costs of providing trunk infrastructure. Where a developer is also required to provide trunk infrastructure, the cost of that infrastructure is deducted from the charges that the developer has to pay.

The maximum infrastructure charges a local government can levy are set under the State Planning Regulatory Provision (adopted charges) (the SPRP).

#### Why have the maximum charges been indexed?

The maximum charges have not increased since they were first set in 2011. Over time, the effect of inflation has resulted in revenue from infrastructure charges declining in real terms for local governments.

Under SPA, the maximum charges under the SPRP can be indexed by applying an increase based on the moving average of the previous three years of increases in the producer price index (PPI) for building roads and bridges in Queensland. The PPI data is published quarterly by the Australian Bureau of Statistics.

The newly indexed amounts will allow councils to charge developers more – up to an additional \$2 per m<sup>2</sup> gross floor area (GFA) for retail premises, \$1.55 per m<sup>2</sup>GFA for office premises, or a total \$311.20 extra per house with three or more bedrooms. All new charges are set out in the Adopted Infrastructure Charges Schedule 2016 which replaces the current charges schedule in the SPRP. Apart from the new charges schedule, all other provisions of the SPRP continue to apply without change.

### **When will it come into effect?**

The new charges will come into effect from 29 July 2016. The new charges do not apply retrospectively.

### **Are the charges fixed for a year or updated quarterly?**

The infrastructure charges are updated annually and under the Adopted Infrastructure Charges Schedule 2016 will apply for the remainder of the financial year (up to 30 June 2017).

### **What will happen under the *Planning Act 2016*?**

Section 111 of the *Planning Act 2016* provides for the automatic indexation of the maximum infrastructure charges. The charges will be indexed annually and apply for a financial year i.e. from 1 July of the first year to 30 June of the following year.

## **Implementing the maximum infrastructure charges**

### **What do local governments have to do to implement the new charges?**

Local governments that levy infrastructure charges are required to do so through an Adopted Infrastructure Charges Resolution (AICR). Local governments can set their own charges provided they do not exceed the maximum charges set under the SPRP and the Adopted Infrastructure Charges Schedule 2016.

To implement the new charges, local governments will generally have to review their existing AICR and possibly make a new resolution to implement changes to the charges in the AICR.

### **What happens where a development approval has been given and an infrastructure charges notice issued?**

SPA allows local governments to increase unpaid infrastructure charges that have been levied as part of a development approval, from the date it was levied, to the date it is paid. The increase cannot exceed the moving average of the quarterly data of the preceding three years of the producer price index for road and bridge construction in Queensland. It is an overriding requirement that the charge paid by a developer cannot be greater than the maximum charges that apply under the SPRP at the time it is paid.

### **How can local governments and developers check whether the indexation that is applied to levied infrastructure charges is correct?**

The Department of Infrastructure, Local Government and Planning maintains a PPI index calculation spreadsheet (the calculator) on its website which can be used to automatically calculate an increase in levied charges over a period of time. The calculator applies the moving average of the quarterly PPI data for the preceding 3 years from the date the charge was levied to the date it is paid. The calculator calculates increases up to the last date for the month ending the quarter with the most recent available data.

A link to the PPI index calculation spreadsheet can be found on this page:

<http://www.dilgp.qld.gov.au/resources-ilgp/forms-templates-checklists/infrastructure-charges.html>.