

Infrastructure Funding Framework, Crediting and Offset Arrangements

This document sets out the process for crediting, offsetting and refunding infrastructure charges.



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Introduction

This document sets out Economic Development Queensland's (EDQ's) approach to crediting, offsetting and refunding infrastructure charges for the greenfield PDA's which includes Greater Flagstone, Yarrabilba, Ripley Valley and Caloundra South.

The actual infrastructure charge for a particular priority development area (PDA) is set out in the Infrastructure Funding Framework (IFF). The trunk infrastructure items that may be offset against the charges, for a particular PDA, are set out in the Infrastructure Charging Offset Plan (ICOP) for that PDA.

Aim

The aim of the IFF is to establish a funding framework that:

- encourages development
- maintains affordability for the end consumer, community, State and Council
- ensures new development in the PDAs fairly contributes towards the cost of providing the infrastructure required to service the PDAs; and
- provides landowners with certainty about future infrastructure charges.

The types of infrastructure charges

EDQ may apply one or more of the following infrastructure charges within a PDA:

- Local Charge
- Value Capture Charge
- a Special Infrastructure Levy.

The infrastructure charges applying to a particular PDA are set out in the IFF.

Local Charge

The Local Charge consists of the following:

- **Municipal Charge** – covering the local internal trunk infrastructure required to service the PDA and may include infrastructure such as trunk roads, sewer, water supply, serviced land for municipal community facilities and parks and open space. Trunk infrastructure funded through the charge for a particular PDA is set out in the applicable ICOP for the PDA. The Municipal Charge comprises the following:
 - **Catalyst Infrastructure Charge**
 - **Public Transport Charge** (for Ripley Valley and Greater Flagstone PDAs only)
 - **Balance Municipal Charge** – In the Ripley Valley and Greater Flagstone PDAs, the Balance Municipal Charge is the Municipal Charge less the Catalyst Infrastructure Charge and Public Transport Charge. In the Yarrabilba PDA, the Balance Municipal Charge is the Municipal Charge less the Catalyst Infrastructure Charge.

- **Sub-regional Charge** – providing a contribution towards sub-regional infrastructure required to service the PDA. Infrastructure funded through the charge for a particular PDA is set out in the applicable ICOP for the PDA.
- **State Charge** – covering the provision of serviced land for state community facilities. The infrastructure funded through the charge for a particular PDA is set out in the applicable ICOP for the PDA.
- **Implementation Charge** – covering employment, community development, ecological sustainability and innovation completed as part of a development. The items funded through the charge for a particular PDA are set out in the applicable ICOP for the PDA.

Value Capture Charge

For the Yarrabilba PDA, the Value Capture Charge will apply to land that is located outside the first 600 developable hectares¹ as identified in Appendix 4.

For the Greater Flagstone PDA, the Value Capture Charge will apply to land that, prior to declaration of the PDA, was outside the urban footprint as identified in the South East Queensland Regional Plan 2009-2031 as identified in Appendix 4.

A Value Capture Charge will be imposed through PDA development conditions. These charges are collected to fund sub-regional infrastructure as set out in the ICOP.

The only Infrastructure Contributions that can be offset against this charge are sub-regional infrastructure approved by EDQ to be constructed by the developer. EDQ will collect this charge and distribute to local government, water authorities and/or state government agencies.

Catalyst Infrastructure Charge

EDQ may facilitate the early construction of catalyst infrastructure for a particular PDA. This infrastructure will enable the faster and more efficient delivery of development within the PDA. Where Queensland State Government loans are used to fund this infrastructure, they will be required to be repaid over a period of time. The Catalyst Infrastructure Charge comprises a quarantined component of the Municipal Charge, ensuring the repayment of these loans.

Public Transport Charge

In accordance with the Greater Flagstone PDA and Ripley Valley PDA Infrastructure Charging Offset Plans (ICOPs), funding is allocated to the early provision of public transport. To date, developers have been conditioned to provide or subsidise an early public transport network in accordance with the relevant development scheme, resulting in fragmented service provision. EDQ is facilitating the provision of early public transport through a strategy that will ensure a holistic and equitable public transport network that is able support the anticipated growth of the PDAs.

The Public Transport Charge comprises a quarantined component of the Municipal Charge, ensuring the availability of funding for repayments under a relevant funding agreement with the service provider.

¹ Developable hectare means the gross area less areas zoned as Environmental protection or set aside for the State road known as the Southern Infrastructure Corridor and fauna corridors in accordance with Map 4 in the Yarrabilba PDA Development Scheme.

Special Infrastructure Levy

A Special Infrastructure Levy may be applied to properties in the Ripley Valley PDA to assist in funding strategies to mitigate potential development impacts on infrastructure outside the PDA (e.g. external road upgrading).

The Special Infrastructure Levy will be collected by the local government or other relevant authority and disbursed in accordance with a State and Local Government agreement. This levy is intended to specifically fund sub-regional infrastructure.

Infrastructure Credits, Offsets and Refunds

EDQ makes provision for credits, offsets and refunds of infrastructure charges.

Infrastructure Credits

EDQ may provide an infrastructure credit for existing lots, existing lawful uses or previous lawful uses upon request from the applicant. Requests for confirmation of a credit must be made prior to the levied charge becoming payable by a condition of a PDA development approval.

A credit is for an amount which is the greater of the following:

- a) the general infrastructure charge for each existing lot, calculated in accordance with the IFF
- b) if the premises is subject to an existing lawful use and is serviced by trunk infrastructure, the general infrastructure charge for the lawful use calculated in accordance with the IFF
- c) if the premises is subject to a previous lawful use and is serviced by trunk infrastructure, the general infrastructure charge for the previous lawful use calculated in accordance with the IFF.

An applicant seeking a credit must provide evidence of the existing lawful use, previous lawful use or creation of the lot. The sum of the infrastructure credits cannot exceed the sum of the infrastructure charges for the development. Retrospective credits for infrastructure charges are not permitted.

Trunk infrastructure offset

EDQ may allow the infrastructure contributions identified in the ICOP to be offset against infrastructure charges where the developer required by a condition of a PDA development approval:

- constructs items of trunk infrastructure that are identified in the ICOP
- provides serviced land for community facilities as identified in the ICOP.

Infrastructure contributions that can be offset against the infrastructure charges are set out in Appendix 1. The applicable ICOP for the PDA provides more specific information and prevails over Appendix 1 to the extent of any inconsistency. The process for claiming a trunk infrastructure offset is set out in Appendix 2.

Offsets will not be permitted against the Catalyst Infrastructure Charge or Public Transport Charge, as these charges are quarantined to fund catalyst infrastructure and public transport services.

Infrastructure Refund

Where the final offset amount exceeds the amount of infrastructure charges (i.e. net of any applicable infrastructure credit) the applicant may be entitled to a refund.

The conditions and process for claiming an infrastructure refund are set out in Appendix 3.

Cross-crediting the Municipal Charge

Cross-crediting is the process where infrastructure contributions for a particular component of an infrastructure charge can be offset against a different component of the infrastructure charge. For example, offsetting the construction of a trunk road against charges for trunk works of another category – e.g. trunk sewer.

During the establishment of new development fronts, there is potential for more than one type of trunk infrastructure (e.g. road works and sewer reticulation), being required over other types of trunk infrastructure (e.g. district sports fields). Cross-crediting allows infrastructure charges to be allocated to the infrastructure with the greatest need and therefore assists in affordability in the early stages of development.

Cross-crediting may not be permitted within all PDAs. The ability to utilise cross-crediting will be identified in the applicable ICOP for the PDA.

Cross-crediting of municipal works against the Catalyst Infrastructure Charge and Public Transport Charge is not permitted.

Appendix 1 - Infrastructure contributions that can be offset against an infrastructure charge

Table 1 explains the typical trunk items that may be offset against the infrastructure charges. To supplement this table, an ICOP has been prepared for certain greenfield PDAs. The ICOP provides specific detail, including infrastructure maps, for the infrastructure contributions that may be offset against charges for that PDA.

Table 1 – Typical infrastructure works that may be claimed as trunk infrastructure offsets

Infrastructure network	Typical offsetable items
Transport	Major roads - land provision, design and construction costs including: <ul style="list-style-type: none"> • intersection and bridge/culvert costs • bus stop lay-bys where required • construction costs to a limit of the “Complete Streets” or equivalent standards including but not limited to: bulk earthworks, retaining walls, sub-base, base course, asphaltic surfacing, kerb and channel, concrete footpaths/cycle ways, signage/line marking, street lighting, service conduits (excluding gas), silt management, local drainage directly associated with the road pavement (gullies and pipes), swales, grass seeding/stabilisation, street trees (45 litre), traffic management, contractor facilities and ‘as constructed’ drawings.
	Pathway network - design and construction costs including: <ul style="list-style-type: none"> • cycle-ways and pedestrian pathways not in a road • associated lighting, culverts, bridges, furniture, directional and information signage and surface marking.
	Public Transport network – land, design and construction costs including: <ul style="list-style-type: none"> • provision of land for bus or rail corridors • land and work for bus stops, laybys, shelters and signs. • bus stops and bus lanes.
Parks and open space	Land, work and standard embellishments for the following facilities and recreation trails (as described in EDQ Guideline No. 12 Park Planning and Design), subject to the limitations set out in Table 2: <ul style="list-style-type: none"> • local park (where allowed for in the ICOP) • district recreation park • major recreation park • civic park • major linear park • district sports park • major sports park.
Water supply	Design and construction costs including: <ul style="list-style-type: none"> • reservoirs and storage facilities including land dedication • pump stations

Infrastructure network	Typical offsetable items
	<ul style="list-style-type: none"> • re-chlorination facilities • distribution main with a nominal diameter as noted in the relevant ICOP • associated monitoring systems • fire hydrants, pressure-reducing valves, pressure gauges and other fittings on distribution mains • decommissioning or relocating facilities.
Sewerage	<p>Design and construction costs including:</p> <ul style="list-style-type: none"> • sewerage treatment plants • land dedication for plant and buffers • storage facilities and release systems • pump station and rising mains • gravity sewer with a nominal diameter as noted in the relevant ICOP • odour and corrosion control system • associated monitoring system • interim works required to service new stages where they are included in the relevant ICOP.
Implementation	<p>Costs for implementation strategies and delivery of programs including:</p> <ul style="list-style-type: none"> • employment strategies • community development • ecological sustainability and innovation. <p>Refer to EDQ Practice Note no. 15 - Implementation Works in Greenfield PDAs</p>
Serviced land for Local Community Facilities	<p>Provision of serviced land suitable for community facilities as identified in the applicable ICOP.</p>
Serviced land for State Community Facilities	<p>Provision of serviced land suitable for community facilities as identified in the applicable ICOP.</p>
Sub-Regional Infrastructure	<p>As identified in the applicable ICOP.</p>
Notes	<p>Design and construction costs include the following reasonable costs:</p> <ul style="list-style-type: none"> • project management costs • survey fees • design fees • actual construction costs (where not exceeding planned costs) • portable long service levy • insurance premiums for the work • approval and inspection fees. <p>Excludes costs incurred for sacrificial interim works.</p>

Table 2 – Limitations on Open Space and Park Contributions

Feature/constraint	Limit of offsetable park area
Permanent water body (water quality standard supports secondary contact recreation)	50 per cent of the water surface at nominal fill level.
Permanent water body (other)	Offsetable area of water surface is limited to the area between the edge of the water body at nominal fill level and a line 5 metres in from the water edge.
Other green space values²	Offsetable area is limited to 50 per cent of the area with non-recreational green space values used for recreation purposes (i.e. provided with walking or cycle paths and facilities such as seating and picnic areas).
Operational areas³	Nil offsetable area.

² This includes areas that are part of the greenspace network for the PDA primarily because on non-recreational values such as significant biodiversity values or required buffers to wetlands and waterways (refer to *EDQ guideline No. 14 – Environmental values and sustainable resource use* for more information on these values).

³ Land retained primarily for infrastructure purposes including buffers to major infrastructure. These areas provide limited recreational opportunities. Examples include land under power line easements and concrete lined channels.

Appendix 2 - Claiming a trunk infrastructure offset

Process and requirements

The process for obtaining a trunk infrastructure offset is as follows:

1. The applicant must lodge a request for a trunk infrastructure offset. This can be done once a development application is approved or at a later date. The request must include the following:
 - a) A list of the trunk infrastructure items to be delivered and the item reference in the ICOP,
 - b) Details showing the extent of the infrastructure contribution including:
 - a scope of works (detailed breakdown of trunk elements, materials and quantities),
 - preliminary engineering plans showing the extent of the trunk land and trunk works contributions,
 - c) An estimate of costs for the delivery of the infrastructure contribution including:
 - a bill of quantities certified by a Registered Professional Engineers of Queensland (RPEQ) or a suitably qualified and experienced quantity surveyor/estimator,
 - for trunk works with a value of more than \$500,000 – evidence that a competitive tender process has been conducted within a minimum of three tenderers.
2. EDQ will advise if all, part or none of the infrastructure contribution can be offset against any of the infrastructure charges payable under the approval and the amount (the provisional offset amount). The provisional amount will be the lesser of:
 - a) EDQ's estimated construction cost as identified in the relevant ICOP supporting information and the land value stated in the relevant ICOP (planned cost), or
 - b) the applicant's estimate pursuant to step 1(c) above.Where any component of the claimed Infrastructure Contribution costs cannot be offset against an infrastructure charge, EDQ will provide reasons why.
3. Prior to realising the offset, the applicant must provide evidence of:
 - a) an on-maintenance letter having been issued or that an uncompleted works bond has been accepted,
 - b) the actual detailed schedule of costs for the trunk infrastructure works, as constructed documents and supporting survey information of the infrastructure contribution certified by a RPEQ or a suitably qualified and experienced quantity surveyor/estimator, and
 - c) for a land contribution, that the trunk infrastructure contribution has been provided in accordance with the relevant approval.

4. Within 30 business days of receiving the above information, EDQ will provide the applicant with a final offset amount. The final offset amount will be the lesser of EDQ's planned cost, the provisional offset amount or the actual costs.

Note: Where trunk infrastructure works are completed by an applicant ahead of when they would normally be required, the final offset amount cannot be utilised (i.e. applied as an offset against infrastructure charges payable) until such time as that trunk infrastructure would have normally been required. For example, if a developer wishes to upgrade a connecting trunk road from rural standard to urban standard to achieve a better entrance, rather than to meet traffic demands, the offsets for this road cannot be applied to infrastructure charges until the road reaches a traffic volume for which the road would have been required to be upgraded.

Appendix 3 - Claiming a refund of unused trunk infrastructure offset

Where the final offset amount exceeds the infrastructure charge for the applicant's development, the applicant may be entitled to a refund.

Claim for a refund

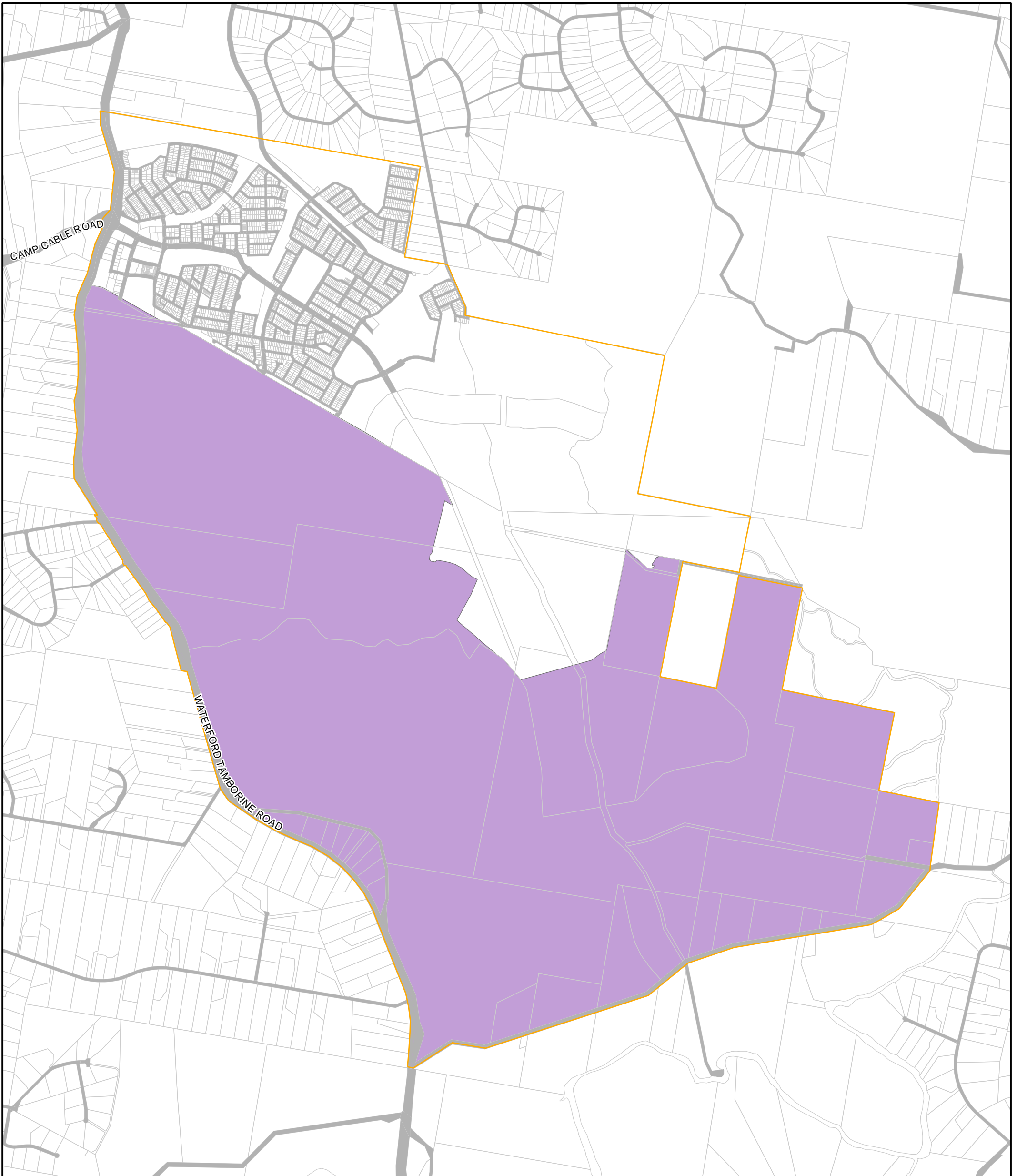
1. The applicant for the refund must give notice to EDQ stating:
 - 1.1. the applicant seeks a refund of the unused final offset amount
 - 1.2. the development approval/s to which the final offset amount relates
 - 1.3. evidence that the infrastructure contribution has been lawfully completed and meets the desired standard of service
 - 1.4. the costs of the infrastructure contributions certified by a Registered Professional Engineer or quantity surveyor.
 - 1.5. the applicant's estimate of the unused final offset amount including indexation.
2. EDQ will provide a trunk infrastructure offset notice stating:
 - 1.6. whether an unused final offset amount is applicable or not
 - 1.6.1. if an unused final offset amount is not applicable - the reason; or
 - 1.6.2. if an unused final offset amount is applicable - the amount including indexation.

Entitlement to refund



The refund is to accord with the following terms, unless otherwise agreed with EDQ:

1. The refund is not to exceed the final offset amount
2. Any refund may require the approval of the relevant authority
3. The refund will only be paid when sufficient infrastructure charges have been collected by EDQ to allow the refund amount to be paid. The refund may be made over a series of payments.

Appendix 4 – Maps showing the Value Capture Charge Areas



Legend

-  Yarrabilba_PDA
-  Value capture charge area



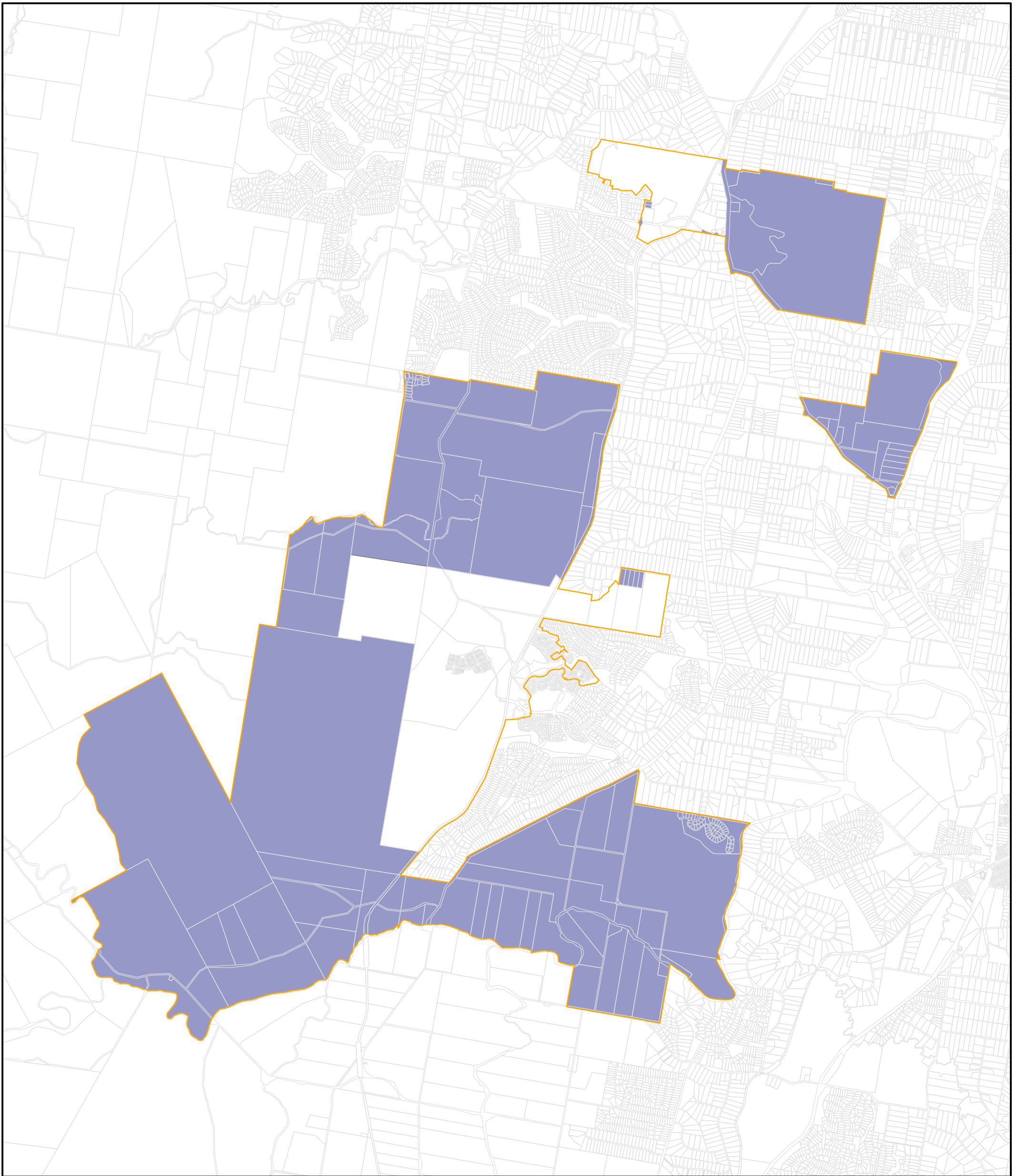
0 100 200 400 600 800
Metres

Map Size: A3
Coordinate System: GDA 1994 MGA Zone 56
Projection: Transverse Mercator
Datum: GDA 1994



**Yarrabilba
Value Capture Change Area**

Map produced by the Department of State Development
Spatial Services Unit, 28/03/2018





Legend

-  Greater Flagstone PDA
-  Value capture charge area



0 0.5 1 2
Kilometers

Map Size: A3
Coordinate System: GDA 1994 MGA Zone 56
Projection: Transverse Mercator
Datum: GDA 1994

Greater Flagstone Value capture charge area

Map produced by the Department of State Development,
Manufacturing, Infrastructure and Planning
Spatial Services Unit, 28/03/2018



Definitions and Abbreviations

Abbreviation/Term	Definition
Infrastructure charge	The charges as set out in the Infrastructure Funding Framework.
Infrastructure contribution	The works or serviced land contributed by a developer in lieu of payment of the infrastructure charge.
Infrastructure credit	A credit to account for an existing lot, an existing lawful use, or a previous lawful use.
Infrastructure Charging Offset Plan (ICOP)	A plan compiled by the EDQ for a PDA which sets out the infrastructure contributions that may be offset against the infrastructure charges.

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