

Confidential


Economic Development Queensland

Agenda item no. 11
Subject: EDQ Projects Update
Authors: Tim O'Neill, Executive Director – SEQ Developments
Lavinia Dack, Executive Director – Regional Developments
Glenn Ziernik, A/Executive Director – Technical Services
Désirée Houston-Jones, Executive Director – Planning Services
Andrew Sly, Executive Director – Development Strategy

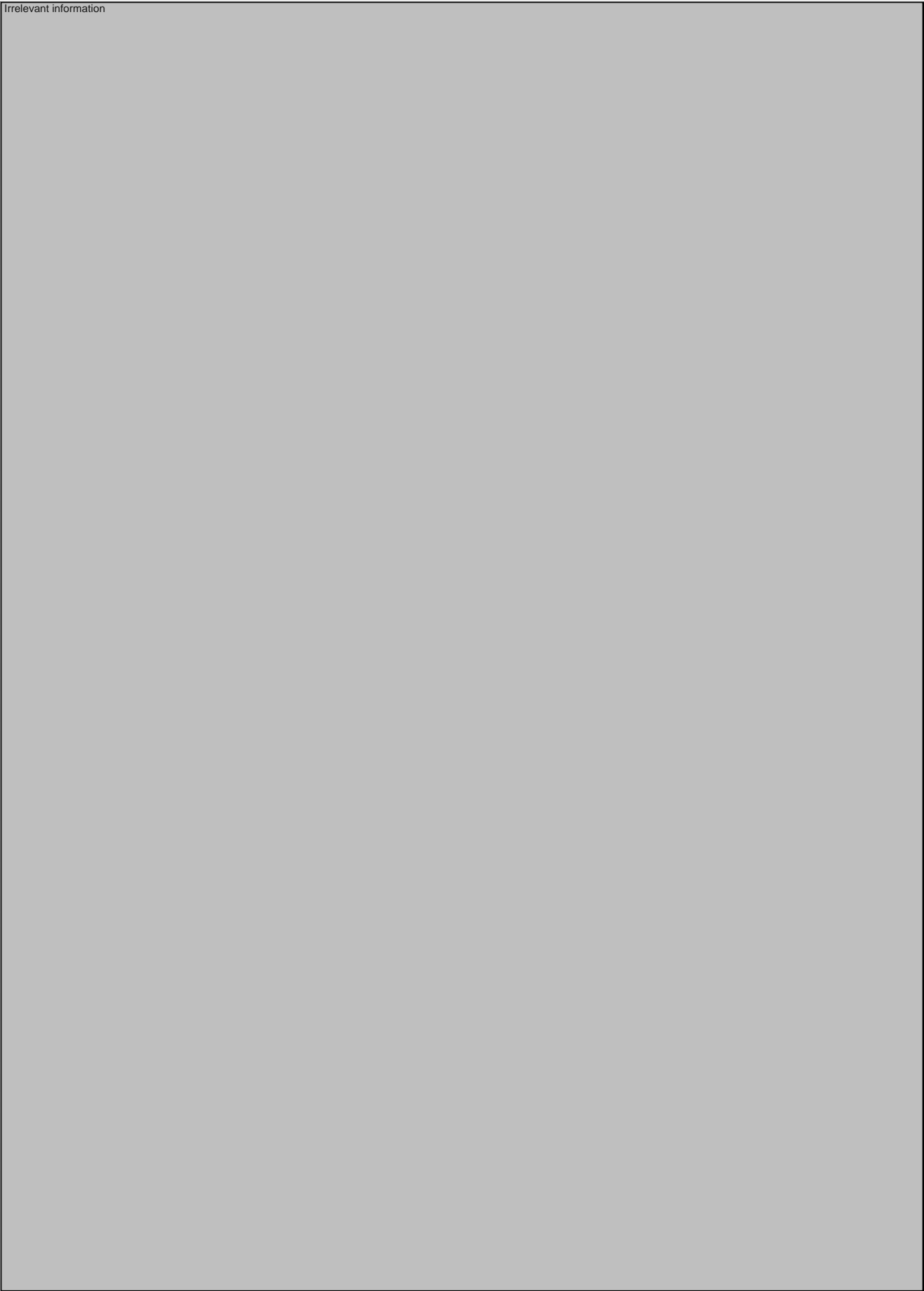
Purpose

This report has 30 sections and provides an update on the status of current and proposed projects undertaken by Economic Development Queensland.

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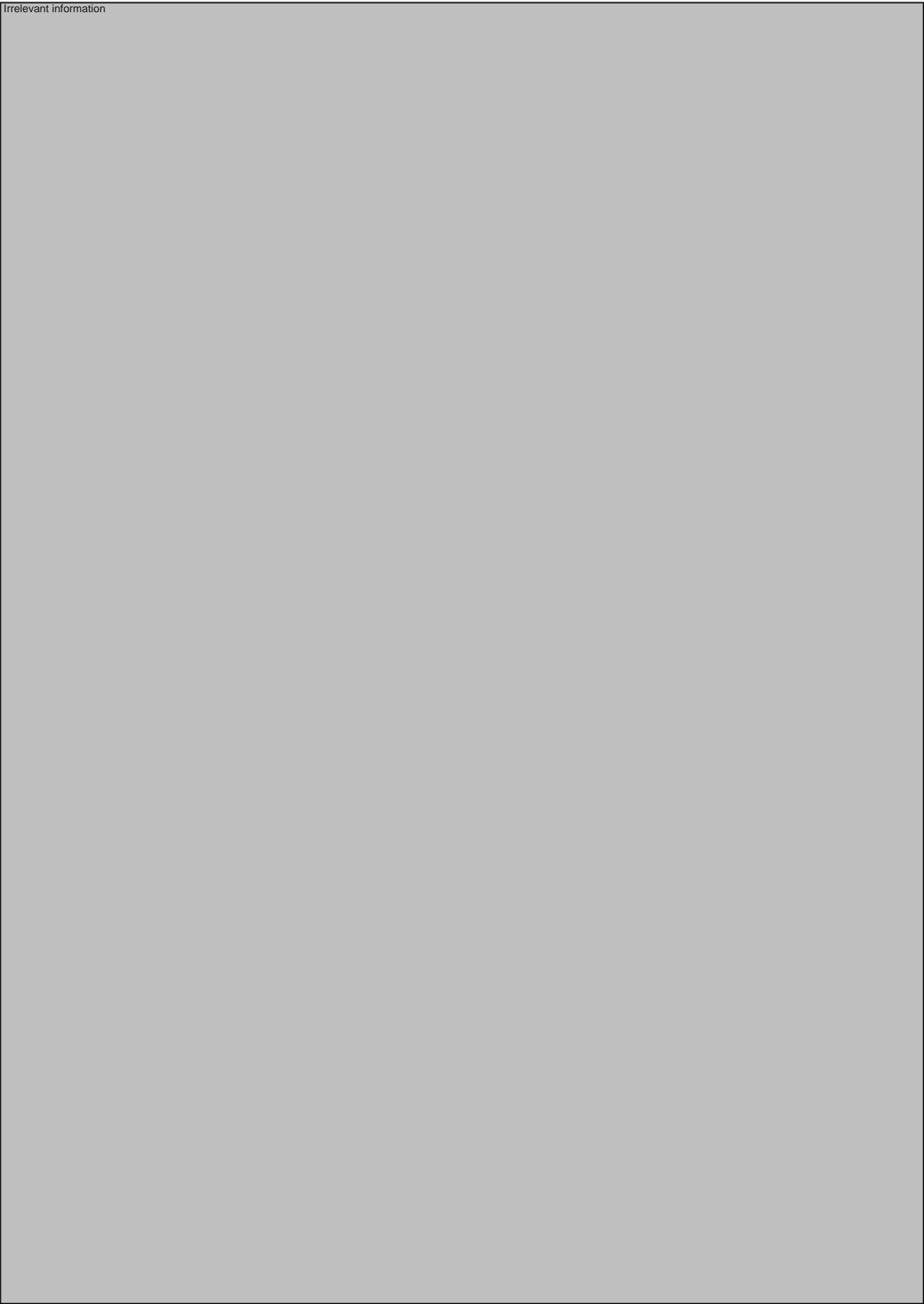


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9.0 Greater Flagstone and Yarrabilba PDAs (planning) (Planning authority and development assessment authority)

Recent engagement –

- EDQ discussed with Logan City Council's Acting Chief Executive Officer on 5 October 2018 that Council will issue correspondence to EDQ and nine developer parties to confirm its intention to sign the SRIAs.
- EDQ received on 4 October signed Cedar Grove Infrastructure Agreement (CGIA) between the MEDQ and Logan City Council for the delivery of \$62 million of critical sewerage infrastructure.

Project outline

- The development schemes for these PDAs were approved on 8 October 2011. An ultimate population of approximately 170,000 people is likely to be accommodated in these PDAs. EDQ, Logan City Council and key developers have been negotiating agreements to fund infrastructure required to service this ultimate population.

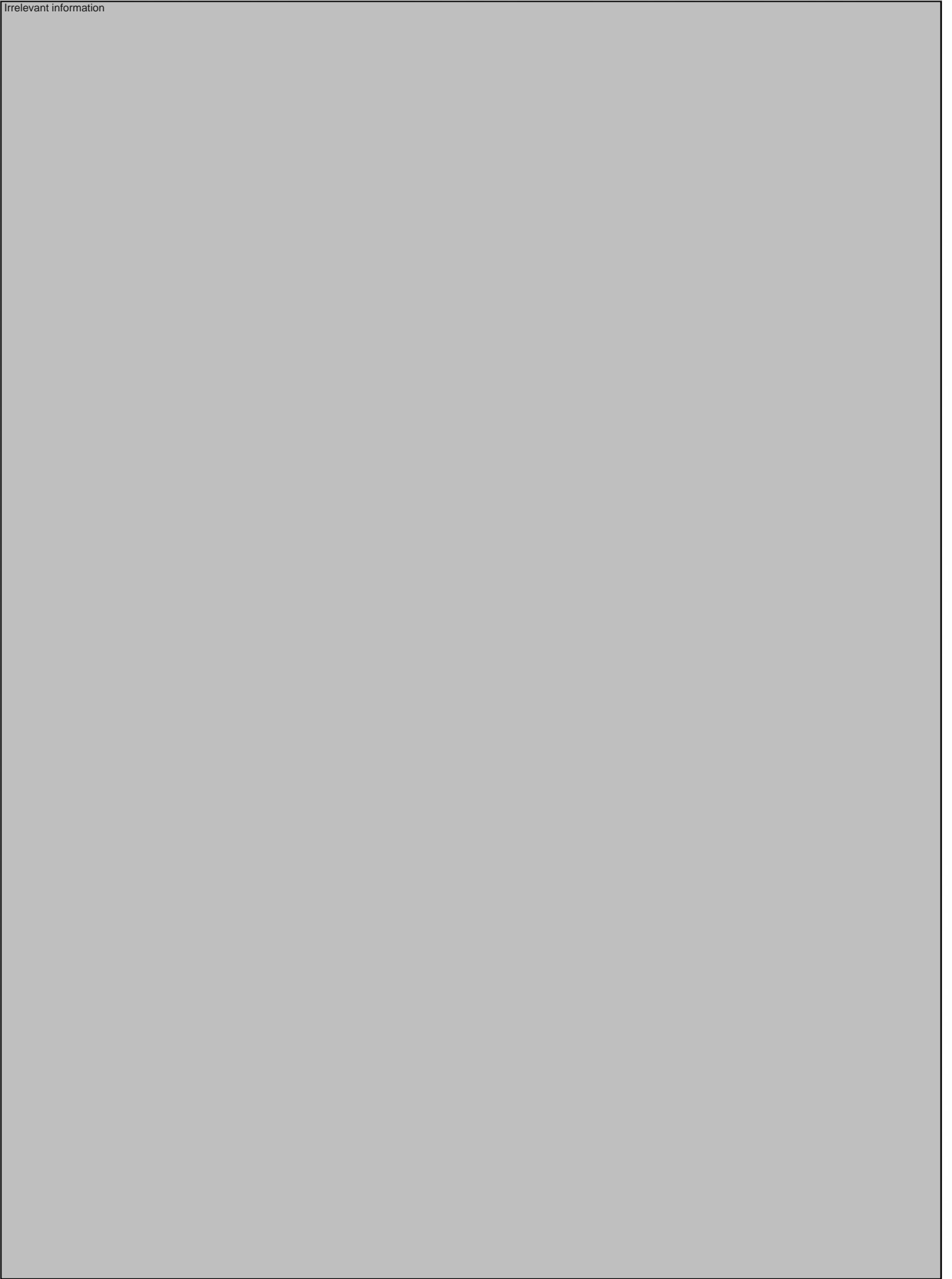
Key issues

- EDQ anticipates reaching agreement with the developers on the Implementation Charge Infrastructure Deed in October 2018, to enable it to be circulated to the developers for execution with the SRIAs once the Director-General has executed them.
- The Cedar Grove Infrastructure Agreement between the MEDQ and Logan City Council for the delivery of \$62 million of critical sewerage infrastructure has now been signed by Council's CEO and received at EDQ on 4 October 2018.

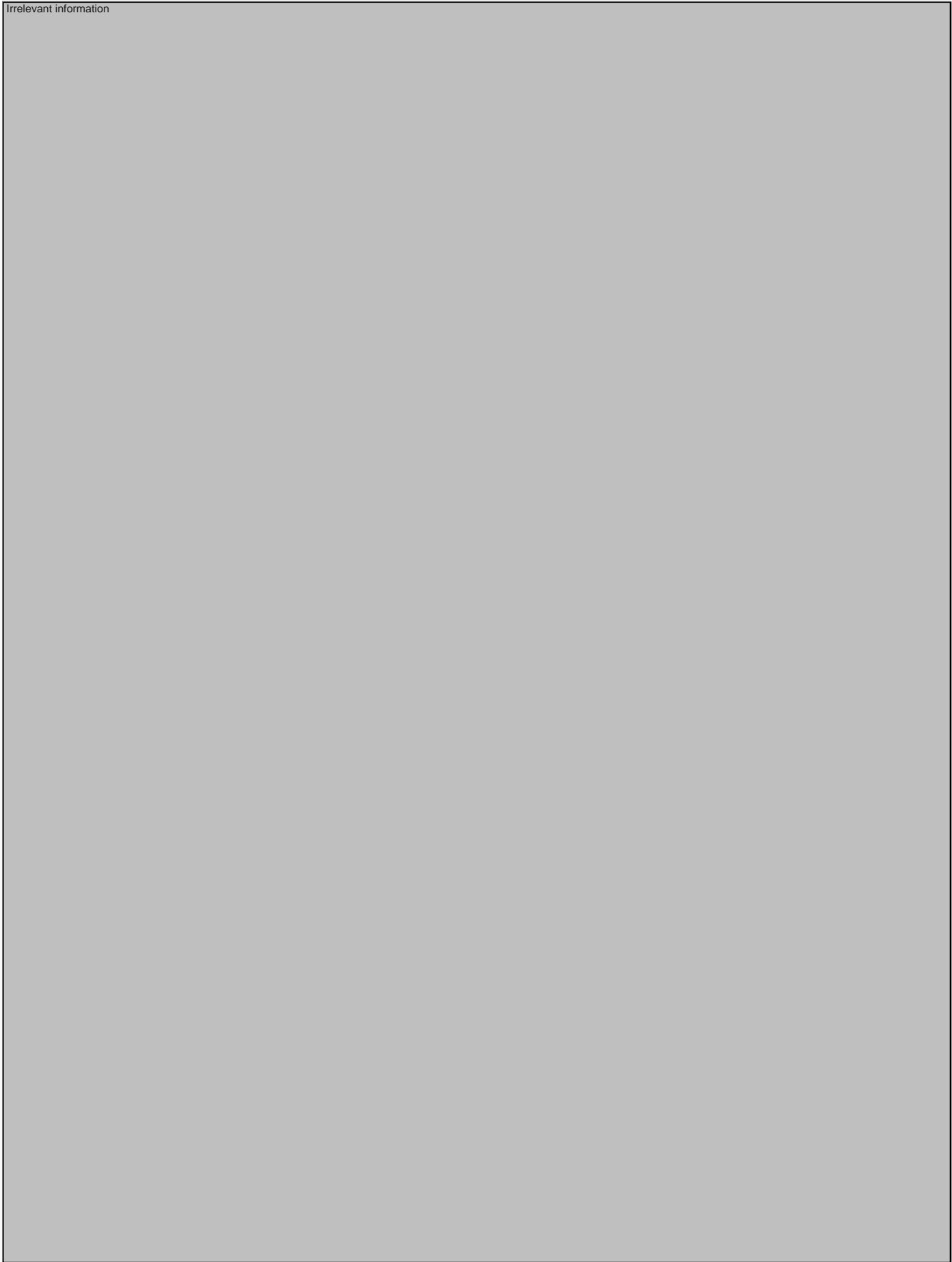
Refused under section 47(3)(a) of the RTI Act. Subject to legal professional privilege under schedule 3, item 7 of the RTI Act.

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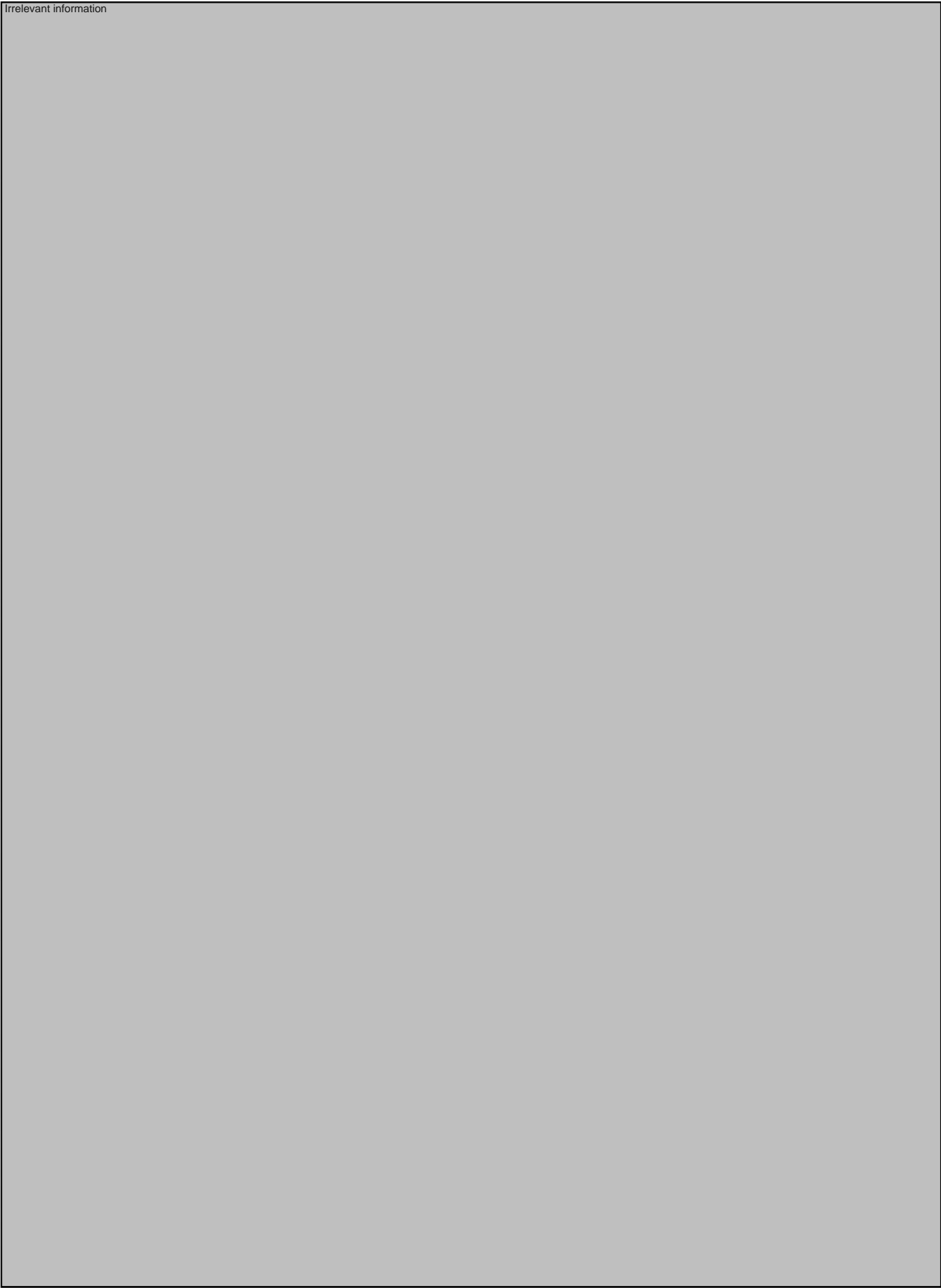
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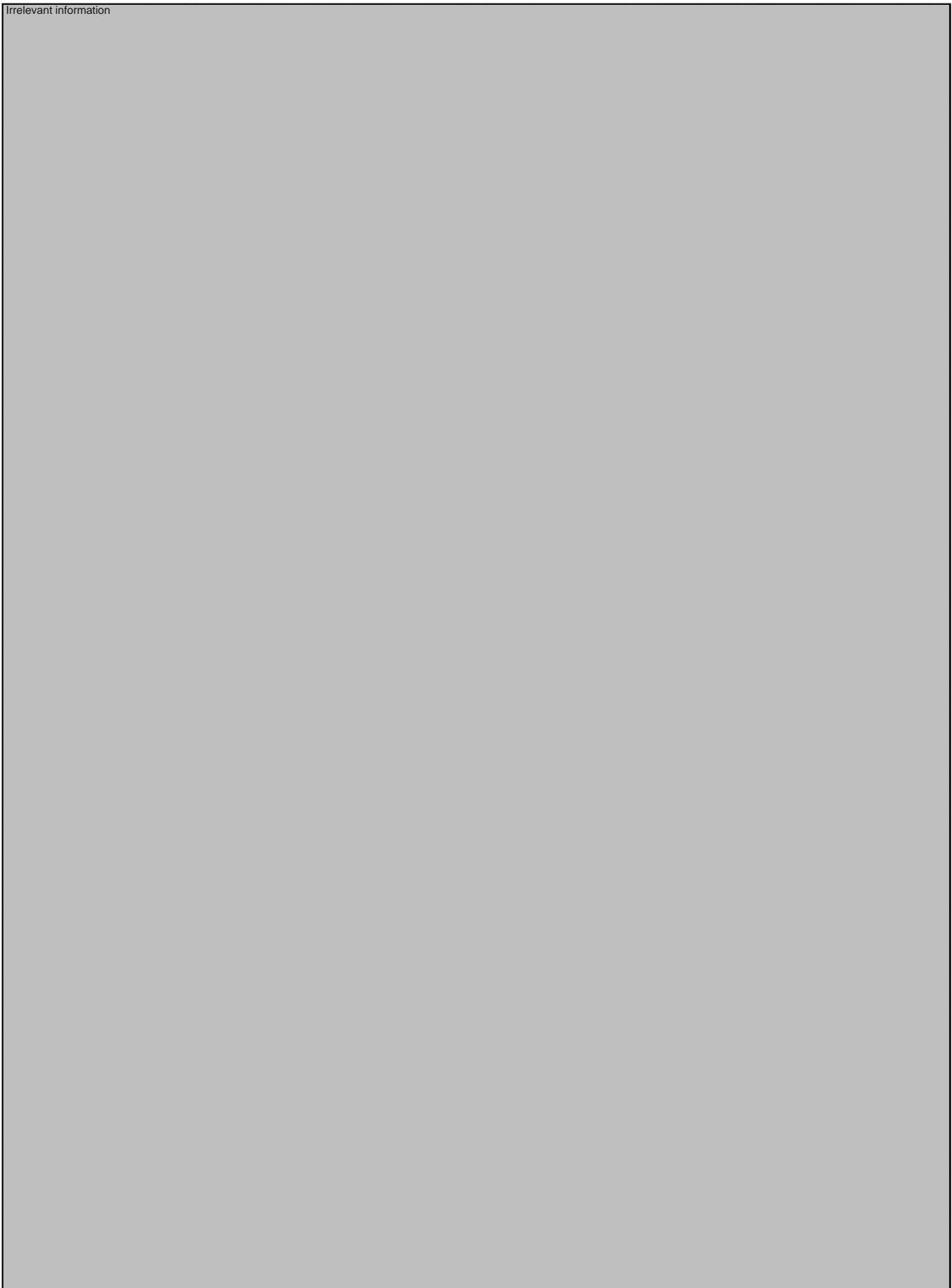


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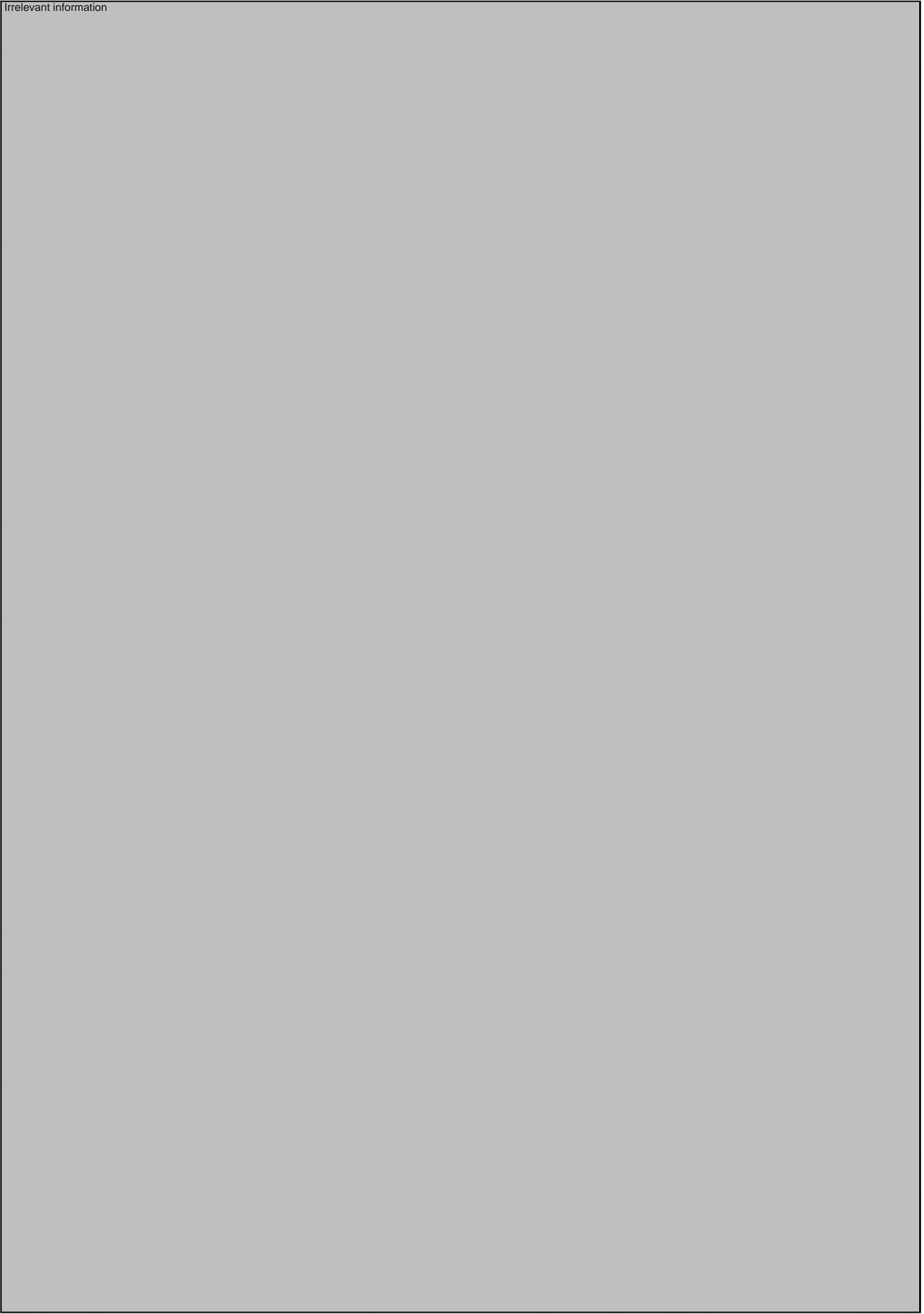
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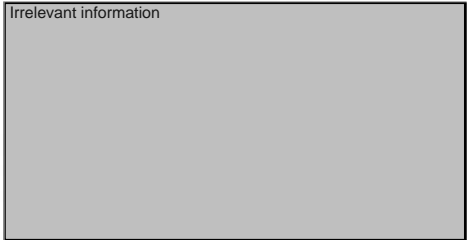


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Irrelevant information



Stuart Stark

From: Stuart Stark
Sent: Friday, 4 May 2018 3:12 PM
To: Peter Power
Subject: FW: Flagstone Yarrabilba Infrastructure Agreement
Attachments: 4-05-2018_14-56-30_E176M140373_stuart.stark-ministerial.qld.gov.au.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

In the below text it should read that "EDQ, Council and (a critical mass of) developers".

-----Original Message-----

From: Stuart Stark
Sent: Friday, 4 May 2018 3:05 PM
To: Peter Power
Subject: Flagstone Yarrabilba Infrastructure Agreement

Hi Peter.

You may recall ongoing issues associated with infrastructure in the Flagstone and Yarrabilba PDAs. EDQ, Council and developers have reached an agreed position with respect to the infrastructure charges and this correspondence updates the DP on the proposed way forward.

We understand, given Treasury's involvement at the board level with EDQ, that your officials are across the issues raised. I am, however, happy to discuss.

Sincerely,
Stuart



The Hon. Cameron Dick MP
Minister for State Development, Manufacturing,
Infrastructure and Planning

Our ref: WR18/16975

1 William Street
Brisbane QLD 4000
PO Box 15009 City East
Queensland 4002 Australia
Telephone +61 7 3719 7200
Email statedevelopment@ministerial.qld.gov.au
www.dsdmip.qld.gov.au

The Honourable Jackie Trad MP
Deputy Premier, Treasurer and
Minister for Aboriginal and Torres Strait Islander Partnerships
GPO Box 611
BRISBANE QLD 4001

Email: deputy.premier@ministerial.qld.gov.au

Dear Deputy Premier Jackie,

The Yarrabilba and Greater Flagstone Priority Development Areas (PDAs) were declared in October 2010 to address land supply and housing affordability.

The Yarrabilba PDA has an ultimate projection population of 50,000 and the Greater Flagstone PDA has a projected population of 120,000, both with significant town centres.

Since declaration, Lendlease has sold over 3,000 lots and has developed associated retail and commercial services in the Yarrabilba PDA.

The Shaping SEQ Regional Plan 2017 (*Shaping SEQ*):

- acknowledges *Greater Flagstone, Yarrabilba, Park Ridge and Caboolture West will accommodate the largest proportion of the sub-region's planned expansion growth*¹
- includes the delivery of key infrastructure initiatives as a high priority in the implementation actions
- projects a population increase for Logan of 272,000 by 2041².

Yarrabilba and Greater Flagstone will provide homes for 100,000 of these people creating 2,000 lots per annum, with associated retail, commercial, industrial and community services.

An impediment to the continued development of these PDAs is the lack of certainty in the delivery of infrastructure, which can be resolved through infrastructure agreements.

After nearly three years of collaboration and negotiation between representatives from the Logan City Council (council), Economic Development Queensland (EDQ) and eight key developers within the Yarrabilba and Greater Flagstone PDAs, an agreement for the equitable and sustainable funding, and delivery of the council sub-regional infrastructure necessary to service the PDAs, is close to resolution.

The estimated value of the infrastructure funded by developers through these agreements is \$1.2 billion, to be delivered over 40 years and repaid over 50 years.

The proposed Infrastructure Agreements (IAs) comprise a Master IA between the Minister for Economic Development Queensland (MEDQ), council and eight key developers and Subsidiary IAs between EDQ, council and each key developer.

A Sub-regional Infrastructure Plan has been prepared which identifies the council Sub-regional Infrastructure required to service development of the PDAs. A Funding Model has been developed which quantifies the infrastructure contributions required to deliver this infrastructure.

Subject to the actions proposed below, all parties have in-principle agreed to the IAs, the Sub-regional Infrastructure Plan and the Funding Model.

1. The MEDQ provides an indemnity to the council, capped at \$128 million.

Treasury has confirmed that this indemnity falls within the Under Treasurer's General Approval to provide an Indemnity (Gazetted 13 October 2017). This resolves the last remaining major issue inhibiting council agreement to the IAs.

While the IAs with the eight key developers will provide council with certainty for approximately 85 per cent of the contributions, the indemnity secures the balance.

The risk of a claim on the indemnity is low as the MEDQ controls the setting of charges and conditions of development approvals. In essence, the indemnity provides a guarantee to council that the MEDQ will always match the charges to be levied on the "last 15 per cent" of developers at the same rate as the eight major developers, and will pass the fees collected from the last 15 per cent to council (as will occur with the eight major developers). Also, the MEDQ's liability under the indemnity is reduced progressively by each payment made to council.

2. That MEDQ borrows \$62 million (excluding GST) to fund the provision by Logan City Council of sewerage infrastructure critical to the ongoing development of the Greater Flagstone PDA. This funding is required from June 2018 to ensure the timely delivery of this critical infrastructure.

The funds will be repaid with interest, from infrastructure contributions over a period of 15 to 25 years, dependent on the actual rate of development of the PDA. This funding also enables the additional sub-regional infrastructure charges for non-residential uses to be reduced, improving the competitiveness of land for job creating commercial, retail and industrial uses.

The Director-General will be writing to the Under Treasurer to seek the necessary approval for the MEDQ to borrow these funds and Refused under section 47(3)(a) of the RTI Act. Exempt information

By taking the above actions, the MEDQ and council will have reached agreement at Executive Officer level. However, execution of the agreements would be subject to endorsement by full council.

Similarly, the above actions are expected to satisfy the remaining concerns of the developers at Senior Officer level. However, execution of the agreements would be subject to endorsement by their respective boards.

It is critically important to note that if the IAs are not executed before 2020, development will stop. Refused under section 47(3)(a) of the RTI Act. Exempt information under schedule 3, item 3(e) of the RTI Act.

Refused under section 47(3)(a) of the RTI Act. Exempt information under schedule 3, item 3(e) of the RTI Act.

EDQ has consulted with Senior Officers of your department and I understand that they have indicated in-principle support of these actions.

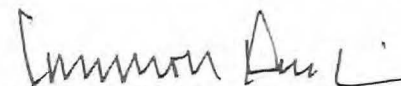
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Your urgent advice indicating your support for the approach outlined in this letter would be appreciated.

If you have any questions about my advice to you, please contact my office on (07) 3719 7200.

I have written to the Premier on similar terms.

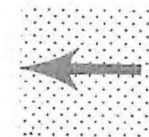
Yours sincerely



CAMERON DICK MP
Minister for State Development, Manufacturing,
Infrastructure and Planning

¹ *Shaping SEQ* page 110

² *Shaping SEQ* page 108



Stuart Stark

From: Stuart Stark
Sent: Friday, 4 May 2018 3:10 PM
To: Simon Zanatta
Subject: FW: Capture and Send
Attachments: 4-05-2018_14-56-01_E176M140373_stuart.stark-ministerial.qld.gov.au.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Simon

There have been ongoing negotiations (more than 3 years) associated with infrastructure agreements in the Flagstone and Yarrabilba Priority Development Areas. EDQ, Council and (a critical mass of) developers have reached an agreed position with respect to the infrastructure charges and this correspondence updates the Premier on the proposed way forward.

We understand, given their involvement at the board level with EDQ, DPC officials are across the issues raised.

Given your relatively recent arrival in the role I am extremely happy to discuss.

Sincerely,
Stuart



The Hon. Cameron Dick MP
Minister for State Development, Manufacturing,
Infrastructure and Planning

Our ref: WR18/16975

1 William Street
Brisbane QLD 4000
PO Box 15009 City East
Queensland 4002 Australia
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Email statedevelopment@ministerial.qld.gov.au
www.dsdmip.qld.gov.au

The Honourable Anastacia Palaszczuk MP
Premier and Minister for Trade
PO Box 15185
CITY EAST QLD 4002

Email: thepremier@premiers.qld.gov.au

Dear Premier

The Yarrabilba and Greater Flagstone Priority Development Areas (PDAs) were declared in October 2010 to address land supply and housing affordability.

The Yarrabilba PDA has an ultimate projection population of 50,000 and the Greater Flagstone PDA has a projected population of 120,000, both with significant town centres.

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The risk of a claim on the indemnity is low as the MEDQ controls the setting of charges and conditions of development approvals. In essence, the indemnity provides a guarantee to council that the MEDQ will always match the charges to be levied on the "last 15 per cent" of developers at the same rate as the eight major developers, and will pass the fees collected from the last 15 per cent to council (as will occur with the eight major developers). Also, the MEDQ's liability under the indemnity is reduced progressively by each payment made to council.

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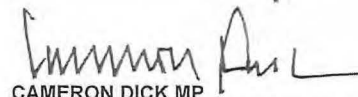
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I have written to the Deputy Premier and Treasurer on similar terms.

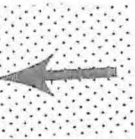
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CAMERON DICK MP
Minister for State Development, Manufacturing,
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¹ *Shaping SEQ* page 110

² *Shaping SEQ* page 108



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The Hon. Cameron Dick MP
Minister for State Development, Manufacturing,
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Our ref: WR18/16975

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Deputy Premier, Treasurer and
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GPO Box 611
BRISBANE QLD 4001

Email: deputy.premier@ministerial.qld.gov.au

Dear Deputy Premier *Jackie,*

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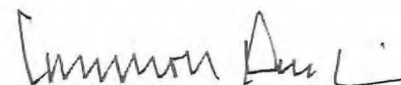
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CAMERON DICK MP
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¹ *Shaping SEQ* page 110

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