

# Procedure

## Temporary Discount to an Extra Payment Condition

### Purpose

To outline the process for Logan City Council (Council) to provide a discount to an extra payment condition applicable to development under the [Planning Act 2016](#).

### Definitions

Term	Definition
DSS	Desired Standards of Service
Infrastructure Network	Council's infrastructure networks identified in the LGIP being: (a) the water supply network (b) the sewerage network (c) the stormwater quantity network (d) the movement network (e) the parks network and (f) the land for community facilities network.
LGIP	Local Government Infrastructure Plan
Network Split	Means the applicable percentage which applies to a relevant Infrastructure Network as follows: a) 12% for the water supply network b) 33% for the sewerage network c) 4% for the stormwater quantity network d) 37% for the movement network e) 12% for the parks network f) 2% for the land for community facilities network.
PIA	Priority Infrastructure Area
Planning Act	<i>Planning Act 2016</i>

## Part 1 - Background

1. Infrastructure charges revenue received by Council is required to fund trunk infrastructure identified in Council's Local Government Infrastructure Plan (LGIP). Council's LGIP:
  - a) identifies a Priority Infrastructure Area (PIA) which accommodates at least 10 years of growth for urban development
  - b) states assumptions about population and employment growth
  - c) states assumptions about the type, scale, location and timing of future development
  - d) includes plans for trunk infrastructure necessary to service the projected urban development of the PIA at the Desired Standards of Service (DSS)
  - e) states the DSS for development infrastructure.
2. Despite the PIA accommodating at least 10 years of growth for urban development, a large amount of new development in the Logan local government area is occurring in the Emerging Community Zone which is outside of Council's PIA.
3. The development occurring in the Emerging Community Zone outside of the PIA creates the need for additional trunk infrastructure which is not included in the LGIP.
4. Under the *Planning Act*, Council has power to impose development conditions for trunk infrastructure which are:
  - a) necessary infrastructure conditions
  - b) extra payment conditions.
5. Historically Council has only imposed necessary infrastructure conditions for trunk infrastructure, whether the development is located within or outside of the PIA.
6. Under the *Planning Act*, a person paying a necessary infrastructure condition is entitled to an infrastructure offset which may be set off against a levied charge for development. The provision of an infrastructure offset for development outside of the PIA diverts infrastructure charges revenue away from providing the trunk infrastructure included in the LGIP.
7. The Explanatory Notes for the *Planning Act* state the following in respect of imposing an extra payment condition:

*"The payment that can be levied outside the PIA is considerably broader than for development within the PIA, because development outside a PIA is not planned for by the local government through its LGIP. While development in areas where infrastructure is available or planned to meet anticipated future development demands is preferred, the clause [providing for an extra payment condition] does not prevent development occurring outside a PIA or in ways not anticipated in the LGIP. The clause is intended to ensure applicants for development outside the PIA, not the community as a whole, are responsible for paying the full cost of infrastructure made necessary by the development."*

8. Development occurring outside of the PIA is having a significant impact on Council's ability to provide trunk infrastructure included in the LGIP. Therefore, Council has determined that it will impose extra payment conditions in addition to necessary infrastructure conditions on new development applications which are made within its local government area on or after 16 September 2024.

## Part 2 - Staged introduction of extra payment conditions

1. Council acknowledges that development occurring outside the PIA will incur higher costs of providing trunk infrastructure following Council's decision to impose extra payment conditions.
2. Council will therefore stage the introduction of extra payment conditions for development outside the PIA as follows:
  - a) **Existing development applications** - For a development application lodged with Council prior to 16 September 2024, Council will assess and decide the development application without imposing an extra payment condition.
  - b) **Transitional period development applications** - For a development application lodged with Council from 16 September 2024 to 15 September 2027, where an extra payment condition would apply to the development, Council will discount the levied charge for the development in accordance with the discount methodology in Part 3 (Discount methodology) by way of an infrastructure agreement entered into under the process in Part 4 (Discount process), provided an applicant also agrees to construct the infrastructure that is the subject of the extra payment condition.
  - c) **Post transitional period development applications** - For development applications lodged with Council from 16 September 2027, Council may impose an extra payment condition.
3. The period in which Council will stage the introduction of extra payment conditions will be reviewed following the expiry of the transitional period on 15 September 2027.

## Part 3 - Discount methodology

1. During the transitional period between 16 September 2024 and 15 September 2027, if an extra payment condition would apply to a development application for development outside the PIA, Council will negotiate with the applicant to provide a discount to the levied charge. This discount will be applied through an infrastructure agreement.
2. The discounted levied charge, applied through an infrastructure agreement, is calculated as follows:

$$\text{DLC} = \text{LC} - \text{Discount}$$

Where:

- i. DLC means the discounted levied charge, which cannot be less than zero.

- ii. LC means the levied charge which would apply to the development.
- iii. Discount means the sum of the discounts for each Infrastructure Network subject to an extra payment condition, calculated as follows:

For an EPmt greater than or equal to the RPLC, the Discount equals the RPLC.

For an EPmt less than the RPLC, the Discount equals the EPmt.

Where:

- i. RPLC means the relevant proportion of the LC calculated as the LC x Network Split for the Infrastructure Network subject to an extra payment condition.
  - ii. EPmt means the amount payable by way of an extra payment condition for an Infrastructure Network.
3. In exchange for Council providing a discount to a levied charge, the infrastructure agreement will require the applicant to construct the infrastructure subject to an extra payment condition, rather than making a payment to Council for the cost of the infrastructure.

#### **Part 4 - Discount process**

1. An applicant for a development application for development outside the PIA which is lodged with Council during the transitional period between 16 September 2024 and 15 September 2027, that would be subject to an extra payment condition, may request that Council discounts the levied charge applicable to the development.
2. If an applicant requests Council to discount a levied charge under this Part 4 (Discount process):
  - a) Council will prepare an infrastructure agreement to:
    - i. apply a discounted levied charge calculated in accordance with the discount methodology in this document
    - ii. specify the amount of an extra payment condition
    - iii. specify that the applicant will construct the infrastructure the subject of the extra payment condition rather than making a payment to Council for the cost of the infrastructure
  - b) the parties must execute the infrastructure agreement prepared by Council to apply the discounted levied charge before the Council decides on the development application.
3. If an applicant enters into an infrastructure agreement with the Council for a discounted levied charge in accordance with the process in this Part 4 (Discount process):
  - a) the levied charge that will apply to the development will be the discounted levied charge specified in the infrastructure agreement

- b) the amount of an extra payment condition for a development will be the amount stated in the infrastructure agreement and an extra payment condition will not be included in a development approval for the development application
  - c) the requirement to construct the infrastructure that is the subject of the extra payment condition will be stated in the infrastructure agreement.
4. If an applicant does not enter into an infrastructure agreement with the Council for a discounted levied charge in accordance with the process in this Part 4 (Discount process):
- a) the levied charge which will apply to the development will be the levied charge for the development, which will not be subject to a discount
  - b) the amount to be paid for an extra payment condition will be the amount stated in a development approval for the development application.

### Example

*The charges payable for a proposed development is \$1,000,000. Council imposes an extra payment condition for road works worth \$650,000. The relevant portion of the levied charge is the road network split (37%), which is \$370,000 (calculated as \$1,000,000 x 37%). The total amount payable is therefore:*

*Total amount payable = Levied charge + Extra payment*

*\$1,650,000 = \$1,000,000 + \$650,000*

*Council and the applicant agree that the applicant will construct the road works instead of making the extra payment. Council and the applicant enter into an infrastructure agreement showing the discounted levied charge as:*

*Discounted levied charge = Levied charge - Discount*

*\$630,000 = \$1,000,000 - \$370,000*

**Note** – *If the value of the conditioned road works (EPmt) is less than the road charge split (RPLC), then the EPmt will be deducted from the infrastructure charges.*

### Document Control

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### Amendment History

Version	Description of Change	Author/Branch	Date
1	Creation	City Planning	4 September 2024
2	Amendments	City Planning	12 September 2024
3	Formatting adjustments	City Planning	18 September 2024