

Local Government Infrastructure Framework

Calculating additional demand and existing use credits

FACT SHEET
JULY 2014

Purpose

This fact sheet provides advice on calculating additional demand, in accordance with section 636 of the *Sustainable Planning Act 2009* (SPA), when calculating the amount of a levied charge.

Background

The Queensland Government is implementing reforms to improve Queensland's local infrastructure framework. These changes commenced on 4 July 2014 with amendments to the SPA.

Existing use credits

When local governments levy infrastructure charges for development approvals, a consistent and fair approach to determining credits for existing lawful use rights of premises provides certainty to the development industry and their assessment of development feasibility.

Additional Demand

Local governments are required to only levy charges for 'additional demand' placed on infrastructure by a proposed development over and above the lawful use rights of premises. The new section 636 of SPA provides that a 'credit' must be given for:

- an existing use on the premises if the use is lawful and already taking place on the premises;

- a previous use that is no longer taking place on the premises if the use was lawful at the time it was carried out; and
- other development on the premises if the development may be lawfully carried out without the need for a further development permit.

It is necessary to determine whether the new development approval will create use rights in excess of what can currently be exercised on the premises.

For purposes of distinguishing between use rights for which a credit must be given and the additional 'demand' that will be generated by new use rights, a common unit of 'demand' must be used. This is achieved by calculating a charge for each relevant use based on the local government adopted infrastructure charges resolution.

The steps are as follows:

1. Calculate a charge for the total, highest use rights that exist on the premises and for which a credit must be given.
2. Calculate a charge for the total use rights that are currently exercised on the premises and subtract it from the charge determined in step one. If all rights for which a credit must be given have not been exercised, a '*charge balance*' is identified.
3. Calculate a charge for the uses associated with the development approval.
4. Subtract any '*charge balance*' identified in step 2 from the charge calculated for the development approval in step 3. If a charge amount for the development approval remains after subtracting the charge balance, this amount can be levied. If no charge amount for the development approval remains after subtracting the charge balance, no charge is levied.

Examples of how to apply section 636 are provided below:

Example 1

An application is lodged for the subdivision of one residential lot into three lots. Assuming that each lot is intended to be used for a three bedroom dwelling and the local government has set an adopted charge of \$28,000 per three or more bedroom house, the applicant should receive an infrastructure charge for the two new lots only (\$56,000). A credit is given for the right to construct a three bedroom dwelling on the original lot.

Example 2

An application is lodged for a 500 m² commercial building on a vacant site. Previously, there was a 300 m² commercial building on that site but the building was demolished prior to a development application for the 500 square metre building being lodged with council. The total, highest use rights that can be exercised on the site without the need for a further development permit is 300 m² commercial. Assuming the adopted charge for commercial use is \$100 per m², the applicant would receive a levied charge of \$200,000. A credit of 300 m² is given to account for the previous lawful use rights of the premises.

Outstanding Charges or Infrastructure Conditions

Section 636 also stipulates that a credit will not be provided if there are outstanding infrastructure charges or development conditions about the provision of trunk infrastructure that still need to be complied with.

Distributor-retailers

Water distributor-retailers are also required to only charge for additional demand in accordance with the South East Queensland Water (Distribution and Retail Restructuring) Act 2009. For further information on infrastructure charges or planning for distributor-retailers please visit the [Department of Energy and Water Supply website](#).

Further information

For further information on local government infrastructure charges and planning matters please visit the [Department of Infrastructure, Local Government and Planning website](#) or email infrastructure.planning@dilgp.qld.gov.au.