

Officer: Oddbjorn Ludvigsen
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Our Reference: [AICR & Breakup Agreement Review](#)

10 November 2014

The Chief Executive Officer
Unitywater
PO Box 953
CABOOLTURE, QLD 4510

Attention: George Theo

Dear George,

RE: Review of Noosa Adopted Infrastructure Charges Resolution and Distributor-Retailer Apportionment (charges breakup) Agreement

The recent Sustainable Planning Act amendments that commenced on 4 June 2014 require local governments to review and amend their existing Adopted Infrastructure Charges Resolutions to incorporate additional requirements to comply with the amended act by 30 June 2015.

Whilst the existing "*charges apportionment agreement*" between Unitywater and Council continues in effect and directly translates as a "*charges breakup agreement*" under the amended act, it is timely that a review of the agreement be also undertaken to simplify and correct any perceived charge irregularities observed since 1 July 2014 when separate charges commenced to be issued by both organisations.

The current agreement contains 12 different apportionments of charges depending on the location and type of the development being approved. In certain cases, where connection to the water supply or sewerage networks is not available, the current charges arrangement now appears inequitable when compared to an area that is connected to these services.

For example, the current Unitywater charges for a 3 bedroom dwelling in Pomona (area 1) connecting to both water supply and sewerage networks is \$6,496 for water supply and \$9,744 for sewerage. However, if the area is not connected to sewerage, the charge then just for water supply increases to \$12,992 which is double the water charge in the same area. Similarly, Council charge irregularities also appear inequitable when water and/or sewerage are not connected.

Council is proposing an amendment to the "*charges breakup agreement*" to greatly simplify the calculation of infrastructure charges for both Unitywater and Council staff and to provide completely equitable and consistent charges for networks as provided to development in all areas. This can be achieved by reducing the current charge apportionments from 12 to 3 percentages by:

- a) reducing the current 3 catchment areas to 1 for the whole Noosa Shire area;
- b) combining all commercial development (retail, entertainment, office, bulk goods, showroom etc) into one category; and



- c) using a weighted average of the current adopted Noosa PIP development projections as was previously used in determining the original agreement.

Please find enclosed for Unitywater's consideration, draft amendments proposed to the "charges breakup agreement" provided in Tables 10.1, 10.2 and 13.1 of Council's Adopted Infrastructure Charges Resolution. The amendment also now more clearly shows the apportionment according to the permissible charge that has been adopted by each party. An excel spreadsheet will also be forwarded by email to Unitywater providing details of Council's calculations for the proposed amendments.

It is also believed that these amendments will have minimum impact (if any) to either party on the anticipated overall revenue to be received from future development in the Noosa area.

Under clause 632 (7) of the amended Sustainable Planning Act, the breakup agreement will not take effect until the later of:

- (a) the local government makes a new charges resolution that reflects the agreement; and
- (b) the distributor-retailer adopts a new infrastructure charge schedule that reflects the agreement.

Council requests that Unitywater:

- review the proposed amendment to the "charges breakup agreement" as provided in the enclosed draft tables 10.1, 10.2 and 13.1; and
- confirm its acceptance in writing (or advice otherwise) to enable Council to amend its Adopted Infrastructure Charges Resolution in compliance with the amended act.

Should you require further information regarding the proposed amendments, please contact Mr Oddbjorn Ludvigsen, Council's Infrastructure Assessment Officer directly via telephone 5329 6449 or email oddbjorn.ludvigsen@noosa.qld.gov.au

Yours faithfully

Brett de Chastel
CHIEF EXECUTIVE OFFICER

Encl: Draft Amended Noosa AICR Tables 10.1, 10.2 & 13.1.

cc: Ashley Lorenz, Manager Infrastructure Planning and Development, Unitywater;
Noel Killip, Unit Leader Development Services, Unitywater

Table 10.1 Apportionment of adopted infrastructure charge (charges breakup agreement) to the Council and the Distributor-Retailer (Unitywater)

Column 1 Applicable local planning instrument	Column 2 Planning areas	Column 3 *Apportionment of adopted infrastructure charge for Non-Residential Development				Column 4 Apportionment of adopted infrastructure charge for:	
		Commercial and Entertainment Uses (Retail, Office, Bulk Goods, Showroom, Entertainment)		Industry Uses		a) Residential development; and	b) *Non-Residential development not otherwise specified in Column 3
		Noosa Shire Council (%)	Distributor-Retailer (Unitywater) (%)	Noosa Shire Council (%)	Distributor-Retailer (Unitywater) (%)	Noosa Shire Council (%)	Distributor-Retailer (Unitywater) (%)
The Noosa Plan	All Areas in Noosa Shire	85	15	64	36	60	40

Note:

* For **Non-Residential** development, the adopted infrastructure charge apportionment excludes stormwater which is calculated and allocated separately 100% to Council.

Our ref: A2641913

Mr Brett de Chastel
Chief Executive Officer
Noosa Shire Council
PO Box 141
Tewantin QLD 4565



23 December 2014

Dear Brett

Appointment of Infrastructure Charges

I refer to your letter dated 10 November 2014 in which Council proposes simplification of the apportionment of adopted infrastructure charges.

Unitywater agrees to the apportionment of adopted infrastructure charges as set out in Tables 10.1, 10.2 and 13.1 of the draft Adopted Infrastructure Charges Resolution attached to your correspondence.

Unitywater and Council planning staff are currently in the process of reviewing Council's planning scheme (including proposed amendments) with the objective of reaching agreement on planning assumptions by the end of March 2015.

Once our respective organisations have agreed on planning assumptions Unitywater will undertake a review of infrastructure planning to optimise Unitywater's future capital investment program. It is considered it would be appropriate to review the apportionment of infrastructure charges once the review of infrastructure planning has been completed.

It is anticipated that Unitywater will be in a position to make further representations to Noosa Shire Council on apportionment of infrastructure charges by November 2015.

I appreciate Council's pragmatic approach and assistance in resolving an equitable position for apportionment of adopted infrastructure charges until further modelling is completed.

Box: 3037 R: 54

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Unitywater

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Should Council officers require further advice regarding this matter please contact Unitywater's Ashley Lorenz Manager Infrastructure Planning and Development on (07) 5431 8256 or at ashley.lorenz@unitywater.com

Yours sincerely

George Theo
Chief Executive Officer

CC: Simon Taylor, Executive Manager Infrastructure Planning and Capital Delivery
Ashley Lorenz, Manager Infrastructure Planning and Development