

4 December 2015

State Infrastructure Plan
Department of Infrastructure, Local Government and Planning
PO Box 15009
CITY EAST QUEENSLAND 4002

Via email: infrastructurepolicy@dilgp.qld.gov.au

Attention: Lisa Pollard, Director – Infrastructure Policy and Planning
Lisa.pollard@dilgp.qld.gov.au

Dear Sir/Madam

Draft State Infrastructure Plan

Thank you for the opportunity to provide feedback on the *Draft State Infrastructure Plan* (the Draft Plan).

The Shopping Centre Council of Australia (SCCA) represents Australia's major owners, managers and developers of shopping centres. Our members own and manage over 100 shopping centres across Queensland, including Westfield Chermisde, Garden City and Carindale, Robina Town Centre, Pacific Fair and Indooroopilly (some of Queensland's largest centres). Our members also have significant assets in Brisbane's CBD and across regional Queensland, including in Townsville, Rockhampton, Roma, Mackay, Gladstone and Toowoomba.

Value Capture

We have serious reservations about the Government's interest in investigating and implementing 'value capture' as a so-called "innovative project funding and financing" option (*Implementation Initiative 4*, page 48, Part A). This includes the premise of establishing a 'value capture unit' within Government.

The SCCA has been involved in discussions about 'value capture' in a number of jurisdictions in recent years. It is our experience that Governments take an overly simplistic view with regard to what 'value capture' (or 'value sharing' or 'value uplift') involves and how 'value' is created and realised.

There is also a general failure to acknowledge the significant tax, council rate and infrastructure contributions already made by shopping centre owners and a lack of recognition of the important role shopping centres play as hubs of employment and tax generation (including through GST on retail sales). Governments are also happy to ignore their role in constraining 'value' over time as a result of substandard or long delayed infrastructure delivery.

Although there are a range of models, 'value capture' could expose shopping centres to considerable additional costs, including the application of what are, in effect, new property taxes to "offset infrastructure costs" (page 48) borne by Government.

We are seriously concerned that this will amount to the Government double or triple dipping against commercial property assets.

This concern is heightened by the reference in the Draft Plan to "infrastructure enhancing property development" and "commercially focussed transit oriented developments". In our experience, Governments are attracted to the idea of integrating/co-locating public transport and community infrastructure with shopping centres and we would be concerned if our members were perceived as 'low hanging fruit' for the application of what may be a detrimental 'value capture' approach to infrastructure funding.

We are also unclear how 'value capture' would work across the various infrastructure classes identified in the Draft Plan and what, if any, role commercial property may be asked to play with regard to the likes of health and education infrastructure.

It is essential that deliberations within Government regarding 'value capture', including the creation of a "dedicated value capture unit", involve officials from the State Valuation Office, including possible representation from the Valuer-General.

The involvement of officials from Queensland Treasury will also be required. Some 'value capture' models, including 'Tax Increment Financing', involve (generally speaking) the isolation and reinvestment of increased tax receipts into a defined area. This would require investment in new processes and Governance arrangements within and between Treasury and stakeholders.

There would also need to be a role for industry stakeholders, including specialists in shopping centre valuation, to be involved in this process, including participation in the deliberations of the proposed "value capture unit".

State Infrastructure Charges

The SCCA is keen to understand what is intended with regard to both the proposal to "*Establish a working group to secure local and state government agreement on apportionment of infrastructure works and charges for all state infrastructure*" (Implementation Initiative 1), and the proposal to "*Determine appropriate state infrastructure charges*" (Implementation Initiative 4; it is unclear whether the proposed "value capture unit" under Implementation Initiative 4 would be making these determinations).

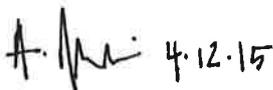
On face value, these are extremely significant proposals which would require the involvement of state and local government and, very importantly, the involvement of the shopping centre and broader developments sectors. It would be essential that these deliberations also consider the conditioning of works by state government agencies.

Members

The SCCA's members are AMP Capital Investors, Blackstone Group, Brookfield Office Properties, Charter Hall Retail REIT, DEXUS Property Group, Eureka Funds Management, GPT Group, Ipoh Management Services, ISPT, Jen Retail Properties, JLL, Lancini Group, Lendlease, McConaghy Group, McConaghy Properties, Mirvac, Perron Group, Precision Group, QIC, Savills, SCA Property Group, Scentre Group, Stockland and Vicinity Centres.

I would welcome an opportunity to discuss this submission with representatives from the Department. Please do not hesitate to contact the SCCA's Senior Advisor on 02) 9033 1941 or kpryce@scca.org.au.

Yours sincerely,

Handwritten signature of Angus Nardi, dated 4.12.15.

Angus Nardi
Executive Director