MACROECONOMICS.COM.AU

20 November 2009

Discussion Paper:
A Codification Framework for the Change of Use Charge

Commissioned By:

ACT Treasury

Table of Contents

Canberra (Head Office) Phone 02 6161 3542 Fax 02 6169 3042 **Melbourne** Phone 0406 378 242
Postal Address GPO Box 2483, Canberra ACT 2601 **Email** office.manager@macroeconomics.com.au **Web** www.macroeconomics.com.au
ACN 128 878 535 ABN 901 2887 8535

Executive Summary

The change of use charge (CUC) system operating in the Australian Capital Territory (ACT) is intended to return a significant proportion of any 'windfall gains' from a lease variation back to the community – consistent with the leasehold system in operation in the ACT, whilst supporting property development activity. However, the CUC system which has evolved over many years appears to have deviated from this straightforward intention. There has been concern over uncertainty in some CUC determinations, and the associated delays in developments from complexities associated with such determinations. The system is now seen by many to be arbitrary, complex, inefficient and inequitable.

In response to industry concerns, the ACT Government requested a review of the CUC system and approved the introduction of **codification** in the 2009-10 Budget. **Macroeconomics** was engaged to undertake the review headed by Professor Des Nicholls of the Australian National University to:

- review the current operation of the CUC system;
- develop a structure for the determination of a codified set of charges for the majority of lease variation applications submitted to Government; and
- participate in a public consultation process with a view to developing a final codification model that has benefited from feedback from industry and the broader community.

Codification involves the establishment of a public register of fixed charges for different, and permitted, land uses in different regions or suburbs within the ACT. It is associated with the determination of a Development Application (DA) for variation to a Crown Lease. Under the proposed system, when the applicant performs the CUC calculation, they will need to refer to a public register of codified values for leases to determine the 'before' and 'after' values applicable to the lease variation relating to their property. The codified values would be presented in a register with entries derived from land values applying in different geographic locations for different land use categories (residential, commercial, industrial etc). There would still be situations where the public register will not apply and a certified practising valuer will need to provide input. This advice will be framed in accordance with the core principles that underpin the codification system.

Community input is being sought into the development of the codification model for the CUC. This Discussion Paper is the first step in the consultation process.

Feedback on the Discussion Paper is welcome and submissions should be provided by 5pm, Wednesday, **16 December 2009**.

The Government will run a formal six week consultation process commencing early in the new year.

1 Introduction

1.1 The Project

In the 2009-10 Budget, the Australian Capital Territory (ACT) Government committed to a system of codification for the Change of Use Charge (CUC) in the Territory. The initiative was in response to industry's concerns around the uncertainty in the CUC determinations, and the associated delays in developments from complexities associated with such determinations[1].

The codification is to be completed during 2009-10 and implemented in 2010-11.

Macroeconomics has been engaged by the ACT Treasury to develop the codes. The review is being headed by Professor Des Nicholls of the Australian National University for ***Macroeconomics***.

The project is to be overseen by a Steering Committee comprising senior officials from (Chair) Treasury, ACT Planning and Land Authority (ACTPLA) and the Chief Minister's Department.

1.2 Terms of Reference

It is proposed that the consultant will:

- review the efficiency and effectiveness of the current CUC system and recommend areas for improvement;
- investigate and undertake background research on existing models before determining whether any existing models could form the basis for the ACT model;
- report fortnightly to the Chair of Steering Committee on progress of the project. All final pieces of work should be sent electronically to the Chair, including all working spreadsheets;
- develop a framework to codify the CUC, ensuring concerns around the current system are addressed including complexity, uncertainty, delays, cost and potential for speculation;
    - the model should be robust and based on econometric or any other suitable modelling technique. The consultant must clearly document the methodology applied in its development. The framework should include a methodology for ongoing maintenance of the system and be easy to update as required by the Territory;
    - the model will include a public register of land values by location, for all land uses, including specialist uses (outdoor restaurants and nursing homes). The public register will also account for various floor space scenarios; and

[1] ACT Budget 2009-10 B.P. No. 3, Page 35.

- make technical experts and necessary analysts available for any industry briefing required during the consultation process.

1.3 Approach to the Task

In announcing the CUC review initiative, the Government had committed to comprehensive consultation with the stakeholders. The project work plan provides for consultation with the industry and interested members of the community at two stages.

In the first stage, a Discussion Paper is to be released in order to seek input and feedback on the overall framework for codification.

Drawing on this input, and its analysis, the consultant team will develop a set of schedules and the proposed administrative system. This will be released for a six week period for consultation and comment. This process will also involve industry briefings and roundtable discussions.

The design of the proposed codification system will be completed following the second stage consultation with an accompanying report on how the stakeholders' comments have been addressed.

1.4 Purpose and Structure of this Paper

The purpose of the Discussion Paper is to provide a platform for input at an early stage of development of the codification system.

For the sake of completeness, and to assist discussion, some background information and characteristics of the current system are included in the paper. Information on frameworks employed in other States is also included for reference.

This information, however, should not be viewed as a comprehensive analysis of the efficiency and effectiveness of the current system (as required in Term of Reference 1), or a full research on the existing models (Term of Reference 2).

Indeed, the paper is not intended to address the Terms of Reference individually or in their entirety – that would be for the final set of reports provided to the Government. Instead, the intention is to outline the proposed overall framework for the codification system, and the methodology for the development and working of the schedules for early input from stakeholders.

The remainder of this paper is organised as follows.

Section 2 provides a brief overview of the current system. Section 2.1 contains a history and concepts underpinning the CUC system. Section 2.2 includes details of previous reviews of the CUC system. Section 2.3 outlines the current legislative framework.

This Section also includes a brief and by no means comprehensive, discussion of the structural problems associated with the current CUC system, as a useful context to the proposed framework.

Section 3 provides a brief summary of frameworks applied in a number of other States.

Section 4 provides an outline of the proposed codification framework for discussion and feedback. Section 4.1 begins by identifying the principles underpinning the proposed framework. Section 4.2 provides a general outline of the framework. Section 4.3 explains the key concepts and the methodology through which the schedules will be developed, maintained and updated. Section 4.4 explains the application of the framework to various development proposals. Section 4.5 discusses the circumstances where codification will not apply and how the system will operate in this case.

Section 5 outlines the process for public consultation including the process for providing feedback on the proposed system.

2 Overview of the Current System

2.1 History and Concepts

The CUC, or betterment as it was originally known, came into effect in 1971 following the abolition of land rents and the move towards a premium based leasehold system in ACT. The betterment levy was applied to any rise in property values attributed to an approved change in a lease purpose clause.

2.1.1 Philosophy of a Change of Use Charge

Betterment is defined as a benefit conferred by the public on some identifiable beneficiaries. If it is not recovered, the benefit becomes an 'unearned' windfall conferred by the public to private beneficiaries. A windfall is unearned in the sense that in the current context it is a creation of the ACT Government's ability to assign value (in the form of rights and privileges) through lease conditions, to parcels of land across the Territory. Leaseholders may receive a benefit without having to make any improvement to their property. Because this value is 'gifted' to the leaseholder, rather than earned, it is socially efficient and equitable that government retains a significant proportion of that windfall and uses it for the benefit of the community.[2]

However, there is a policy trade-off here for government. If government chooses to retain the entire windfall, it may contribute to stifling development activity by providing less incentive for property development. It must be remembered that development activity itself can generate real improvements in land values and a lower CUC rate may spur development activity. But the lower the CUC rate the greater the community benefit that passes into private hands. The task for policy makers is to find the right balance between these two competing objectives to maximise economic development.

[2] The value provided to private citizens through a development application (DA) is:

'...akin to the Government's sale of licences to access other rent generating activities which are rationed for the sake of overall community well being and market efficiency, for example taxi licences, radio frequency licences...'

'…the licence has a market value independent from the circumstances or intentions of the bidders/purchasers. The equilibrium market value of the licence is determined by the present value of future earnings (including a return on capital) from operating the licence minus the costs, assuming a reasonably efficient operator...' SGS 2006 p.31.

Previous reviews of the CUC have concluded that charging the CUC is not a disincentive to development under certain circumstances. However, the ACT Government has recognised that the level of CUC could influence the rate of property development.[3] This assumption underlies the decision to reduce the rate of CUC by 25 per cent for the 12 months from 1 June 2009.

2.1.2 Evolution of the system

While a betterment levy as a principle is firmly grounded in theory, the CUC system as applied in the ACT has been through many changes. While the administrative details of the charge remained relatively unchanged for the first twenty years it operated, since 1990 it has been subject to review and re-calculation on a number of occasions. A brief summary of this history appears in Attachment 1, updated to the present.[4]

Recently the *Land (Planning and Environment) Act 1991* was repealed, with the *Planning and Development Act 2007* now being the relevant legislation. However, the formula for the determination of the CUC has not changed.

2.1.3 Previous reviews of the system

Expert reviews and reports into the CUC system have consistently found it complex to administer and easily contestable, and as a result, lacking in timeliness and transparency for both lessees and the community/government. The resulting lack of certainty has negatively impacted on incentives and outcomes for developers, government and the broader community.

The wide ranging Stein Review (1995) highlighted the lack of transparency in the planning process and in particular the lack of certainty associated with planning charges. They warned of the potential for this uncertainty – more than the leasehold system itself – to negatively impact on investment and development in the ACT.

The ACT Auditor General (1997) found that the application of the CUC system was deficient.[5] This report reiterated the complexity issues associated with the charge highlighted by previous reviews. However, a subsequent report (1998) found that the problems that had led to these deficiencies had been overcome.

---

[3] It has been observed that in considering the outcomes of previous CUC reviews:

> *'One of the most important observations made in a number of these reviews is that there is no empirical evidence to support the argument that the charging of CUC is a disincentive to development.' (ACTPLA, 2005, p.22)*

[4] It is notable that over the period from February 1990 until August 1999 there were six changes to the method for determining the CUC, for periods ranging from 9 months to 36 months, with an average 'life' of 19 months. An overview of the evolution of the CUC system up to 1999 is summarised in Nicholls (1999).

[5] The Auditor General found that four significant applications for lease purpose variations were incorrectly assessed and cost the ACT Government and community $3.7 million in revenue.

The Nicholls Report (1999) reviewed the procedures associated with the determination of the CUC and concluded that the process lacked transparency, simplicity and timeliness. He proposed two reform options, one based on the CUC and a second based on a structure of development control plans on areas, locations or zones, rather than on individual leases, through instruments which would include the Territory Plan, Local Area Development Control Plans and Section Master Plans. The Government adopted the first option, namely that based on a CUC approach, and amended the legislation and administration of the CUC system. The amendments adopted have not substantially changed since those adopted from the Nicholls report were introduced.

In 2005, as part of the Planning System Reform Project (PSRP), ACTPLA produced a number of technical papers describing proposed reforms to the ACT planning system. These included two Directions papers: *Leasehold administration in the ACT. Its role in the planning system* (Technical Paper 1), and *Review of the Territory Plan (Technical Paper 2*).

When discussing the CUC in Technical Paper 1, ACTPLA made a number of observations based on 'earlier reviews and criticism'.

1. '*Developers prefer a system that is designed to provide a quick and seamless approvals process, and that costs associated with the development are known and minimised wherever possible. The community is often concerned that the change does not necessarily support its aspirations, and that the current system is not accessible or transparent. A further criticism is the perception that CUC is too negotiable (p.21).'*

2. *'… the current system lacks certainty and transparency, acts as a disincentive to investors and developers, and does not provide sufficient financial return to the Territory for the administrative effort taken to administer it. ..the potential returns through CUC have been reduced as a result of government policies over time, which discounts the rate of CUC that applies in order to encourage particular planning and development outcomes (p.22).'*

3. *'One of the most important observations made in a number of these reviews is that there is no empirical evidence to support the argument that the charging of CUC is a disincentive to development. The disincentive that is related to CUC is the confusion over how it is determined and what will be the final cost (p.22).'*

These observations succinctly summarise overall perceptions of the current CUC system. In considering an alternative to CUC, the paper quite rightly emphasises that CUC is not an infrastructure or development charge, but a payment for the increased rights achieved through the variation of the lease purpose clause. It recommended the development of a codified development rights charging system that included a public register containing a list of fees that would apply depending on the type of use to be added.

In 2006, ACTPLA commissioned a review of the CUC system by SGS Economics and Planning. The report identified similar weaknesses to those of the above mentioned studies and supported the adoption of a public register of charges for straightforward lease variations attracting CUC based on common features such as floor space, car spaces, number of beds, geographic location, etc. so as to achieve transparency and operational efficiency.

2.2 The Current Legislative Framework

The aim of the CUC system is to capture the majority of any 'windfall gains' from a lease variation through a CUC for the community. Following the PSRP, new legislation governing planning and development in the ACT was enacted through the *Planning and Development Act 2007* (the Act) and the associated *Planning and Development Regulation 2008* (the Regulation). The current CUC system is controlled by this legislation, through Part 9.6 of the Act relating to lease variations, including the variation of nominal rent leases, and Part 5.5 of the Regulation relating to CUCs.

The statutory formula for calculating the CUC when varying leases has the general form:

$$CUC = (V_1 – V_2) \times 75\%.$$

Where:

CUC is the change of use charge for the variation of the lease.

V_1 means the capital sum the lease might be expected to realise if a lease were varied as proposed and then sold immediately afterwards; and

V_2 means the capital sum that the lease might be expected to realise if the lease were not to be varied but still sold immediately afterwards.

However, if $V_1 \leq V_2$ no CUC is payable.

2.3 Problems with the Current System

The CUC system that has emerged over nearly forty years of operation has moved a long way from the betterment principle. It is perceived by many within industry to be arbitrary, complex, inefficient and inequitable.

2.3.1 The level of uncertainty surrounding charge determinations

The source of the subjectivity is the calculation of the CUC and its reliance on valuations of the lease pre-variation and post variation. This means that the basis of the CUC is a 'matter of opinion', irrespective of how well informed that opinion may be.[6] Because the system is underpinned by subjective judgments, it allows for the possibility of (significant) variations in outcomes even where valuation professionals follow best practice and have the best intentions.[7] The criticism was extended in the Technical Report No.1:

'A further criticism is the perception that the CUC is too negotiable'. (ACTPLA, 2005, p.21)

The subjective nature of the CUC's calculation in many cases leads to disputation. Disputes over valuations can cause delays in the lease variation process resulting in uncertainty and holding costs for developers. This contrasts with property developers' preference for a system that provides quick and seamless approvals (ACTPLA 2005, 21).

When the Australian Valuation Office (AVO) disagrees with a valuation, the parties enter into a discussion process with all parties concerned present. If agreement is not reached at this stage it then proceeds to the appeal phase in the ACT Civil and Administrative Tribunal (ACAT). While the majority of these cases are resolved through the mediation phase the resolution process is time consuming. There are also a small number of cases that proceed to an ACAT hearing where they can then be subject to further possible lengthy legal processes.

2.3.2 Administrative fees associated with administering the CUC

It is not clear that current arrangements cover the full cost of administering lease purpose variations, including costs incurred by ACTPLA. Currently the basic fee for a lease variation, consolidation or subdivision is $1,628.60 with modest additional fees for more complex DAs. If the real cost of administering the system is more than the fees received for providing the service, then the shortfall can be regarded as a cost imposed on the broader community, rather than all of those who benefit from the system.

---

[6] It is recognised that the valuation of real property is not an 'exact science' and as such, different valuers may determine different estimates for V_1 and V_2 leading to different estimates of a CUC for a lease variation. Depending on the type of lease, valuers take into consideration a large number of factors in determining estimates of values. Depending on the type of valuation, these include realisable value based on comparative sales, capitalisation rates, income streams, recent sales evidence, market trends, current and forecast future vacancy rates, value of land and improvements, value of site works (including car parking required by the DA for the new development), access to the site, and demolition costs.

[7] For example, the current CUC framework allows for valuers to take account of factors which include the highest and best use within the limits of the lease purpose clauses, improvements, and capital deductions for demolition costs, offsite works, etc. This approach is seen to be difficult to apply to multi-use variations (i.e. more complex developments).

2.3.3 The levels of revenue leaking under the current system

Under the current CUC system, the ACT community has forgone revenue from its share of the increase in the value of public leasehold. The revenue base for the CUC is very broad (potentially every established residential and commercial block of land in the ACT) and the volume of transactions is significant and reasonably stable at around 200 to 300 in a typical year. However, while the underlying leasehold assets have appreciated in value significantly over the past few years the revenue from CUC has not risen proportionately.

3 Frameworks Applied In Other States

The ACT is unique in its leasehold system, with other states operating primarily under a freehold land title system. While other states and the Northern Territory may have some leasehold land, e.g., pastoral leases in the Northern Territory and ski field areas in the Kosciusko National Park in New South Wales, for the purpose of land development/redevelopment, they generally operate a freehold land title system. The ACT is the only state/territory that has no freehold land.

Under the leasehold system in the ACT the land remains the property of the Commonwealth Government and is managed by the ACT Government on behalf of the Commonwealth. Under the freehold land title system operating in other jurisdictions, the land is owned by the purchaser(s) of a property. This fundamental difference justifies a public charge for betterment/CUC in the ACT but not in other jurisdictions. As such the legislative frameworks that operate in other jurisdictions have no bearing on practices in the ACT.

The freehold land title systems operating in states such as Queensland, Victoria and New South Wales, generally require property developers to pay infrastructure charges based on a relevant contributions plan (see Attachment 2). The underlying principle is that the primary beneficiary from a property development should cover the costs to the public of that development. Development contributions are payments for in-kind works, or facilities or services provided by developers towards the supply of infrastructure to meet the future needs of a particular community in which the development is to be located. In other states these costs and charges are normally transparent and pre-notified, a situation not currently mirrored in the ACT's leasehold system.

The current CUC system in the ACT incorporates the following parts:

- a betterment levy, which relates to an increase in a property value as a result of a change in the associated lease purpose clause;
- onsite capital costs required to prepare the land for redevelopment;[8] and

[8] Onsite costs include demolition costs associated with the removal of building(s) and other infrastructure (which would not be used in the redevelopment) and the costs associated with the remediation in the case of contaminated sites.

- offsite costs required for the redevelopment to proceed. There are two kinds:
  - capital works/infrastructure that would be required irrespective of the type of development; and
  - development specific infrastructure required as a direct result of the particular development proposal.

Under the current system all these user costs are taken into consideration in the determination of the CUC. Developers are able to offset (a proportion of) the increase in land value from a successful lease variation application against both onsite and offsite user costs. However, the original concept of the payment of a betterment was to charge for additional developmental rights; it was not intended to compensate developers for user charges, both onsite and offsite, which were required to undertake the redevelopment. Over time, however, these offsets have become a component of the current CUC system.

It is important to recognise that a CUC is not an infrastructure or development charge, but a payment for a lease variation which results in increased rights to be associated with the lease. The two charges are fundamentally different and as such should be separated in their determination. Just how the ACT should manage developer contributions under the proposed codification system is an issue for the Government to consider. However, conceptually this is a separate matter to the issue at hand.

4 A Codification Framework for the ACT

Codification involves the establishment of a public register of fixed charges for different, and permitted, land uses in different regions or suburbs within the ACT. It is associated with the determination of a DA for variation to a Crown Lease.

4.1 Principles for the Codification Framework

The proposed codification system is underpinned by certain key principles which will be applied to the whole CUC system and not just those transactions subject to codification. Underpinning the proposed codification scheme are 10 core principles.

1. Effectiveness – the system should return an appropriate proportion of economic benefits to the community from the grant of development rights.
2. Simplicity – the system should be simple to administer and easy to update regularly.
3. Transparency – the system should be open and accountable for all parties concerned.
4. Fairness – the system should be fair to all parties involved.
5. Growth – the system should promote property development activity in the ACT.
6. Timeliness – the system should permit accurate assessments to be generated quickly.
7. Certainty – the system should generate predictable outcomes which accord with the planning system.
8. Exclusivity – the system should only assess land values and not improvements.
9. Stability – the system should assess general property value trends in order to smooth market volatility.
10. Universality – the system should apply these principles in all cases.

Below is an overview of the proposed codification system framework which illustrates how each of the core principles is applied.

4.2 Outline of the Framework

Applicants who submit a lease variation DA under the codification system will include the calculated CUC with the application for the site.

When the applicant performs the CUC calculation, they will need to refer to a public register of codified values for leases to determine the 'before' and 'after' values applicable to the lease variation relating to their property. The codified values will be presented in a register with entries derived from land values applying in different geographic locations for different land use categories (residential, commercial, industrial etc). When the codification schedule applies, **no longer will the CUC assessment be based on the valuation of the specific property referred to in the DA, but will refer to the valuation of a 'typical' property in a given area.**

The register will be underpinned by current property value indexes (market rate index values) calculated from the market value of land sales in the same area for similar property uses, or classes of uses. To overcome market price fluctuations, the index values will be based on a rolling three year average of market values of land in specific geographic locations for specific (Territory Plan) zones and identified localities within those zones, where appropriate.[9]

Once the applicant has matched their property to the relevant use indices applying in the register/table, there should be no scope for disagreement between the applicant and ACTPLA for the CUC determination. For this reason there is no need for appeal rights for the applicant using the proposed codification system.

The imposition of economic administrative fees to determine CUC charges may mean that the ACT Government receives more revenue under the codified model (in addition to eliminating any leakage under current arrangements). However, this revenue will be spread across a broader number of participants. Offsetting this policy, the government may also wish to achieve other policy objectives through, for example expanding the range of permitted uses in the Crown lease purpose clause from the outset.

The actual public register of codified values for leases for different land uses in each geographic area (locations or submarkets) of Canberra is currently being prepared by the AVO. This public register is being linked to Zones Development Tables in the Territory Plan 2008 to enable a smooth transition for the future administration of the CUC system by ACTPLA.

The codification system which has been proposed here will be based on variations to permitted uses that would result in changes in land values (by means of an index determined from the market value of land), excluding those onsite and offsite user costs which are allowable under the current CUC system. By taking this approach these costs would be reflected in either the premium paid for the land to be redeveloped or would be passed on to the end users/owners of the land through increased purchase prices/rents payable. This is in contrast to the current system where, by allowing these costs to be accounted for in the determination of V1 and V2, the community is effectively paying for much of the user charges/costs.

As with the current system, the ACT Government would still retain the right to fully or partially waive the determined CUC in certain cases. This right, as at present, would be in the form of a regulation.

There are situations where the codification scheme would not apply as discussed in Section 4.5 below. In these cases it would be necessary to employ a certified practising valuer to assess ‘before’ and ‘after’ values. In these situations the Australian Property Institute Professional Practice guidelines shall be adopted as the standard required for any valuation

[9] The concept of adopting a three year rolling average of values is consistent with the determination of unimproved values for rating and land tax purposes.

reports submitted as part of a framework consistent with the 10 core principles of the proposed codified system outlined previously. Valuations would be based on land values only excluding any structural improvements, or any onsite and offsite costs requirements. For those cases where the 'before' and 'after' values are assessed in professionally qualified valuation reports other than the codification schedule, mediation and appeal legislative processes to ACAT would be allowable as at present.

When a lease variation results in a zero CUC determination outside the codification system, a flat administrative fee will be devised by the ACT Government. Fees will reflect appropriate cost recovery principles so that higher fees will be charged for more complex applications.

4.3 Key Concepts and Methodology for the Schedules

The following section explains some of the key concepts and methodology through which the schedules would be developed, maintained and updated.

4.3.1 Market rate index value

The 'before' and 'after' values employed in the CUC determination would be based on the **market rate index value** for residential land blocks, or market value rates per square metre of gross floor area (GFA) for commercial and industrial land.

The market rate index value for **residential** land determines the current land value component of a typical benchmark property for each land use category by locality in each suburb/district. They are calculated from recent market sales transactions in each locality.

The market rate index value for **commercial** and **industrial** land would be based on a rate per square metre of GFA for commercial and industrial land for each zoned land use category by locality/district. Again this market rate index value would be based on market sales transactions relevant to each ACT suburb or district for each zoned land use.

4.3.2 How the schedules would be updated

It is proposed that an 'average' market rate index value over a three year period would be adopted for the codification process due to commence in July 2010. At the commencement of the new codification process the AVO would be required to provide back dated market rate index values for the 2008 and 2009 periods to enable the 'averaging' process of market rate index values to be adopted. Annual assessments of market values by the AVO at 31st March for each following year are to be incorporated in this process.

The AVO would be required to annually update all the market rate index values for each land use zone under the Territory Plan in each suburb/district, and, in the case of residential land (including medium and high density residential developments sites) in each location in that suburb, and set them out in schedules which are aligned to the Territory Plan (a draft example

is provided in Attachment 3). **The details included in Attachment 3 are market rate index values, which have been supplied by the AVO, and are indicative values only.**

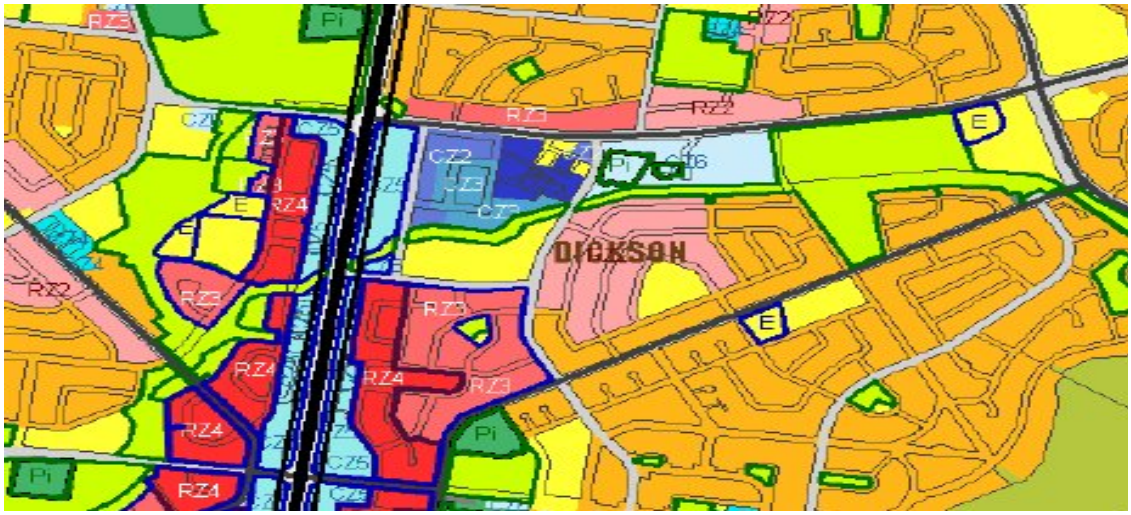
4.4 How the Codification Would Work

The current section explains application of the framework to various development proposals.

4.4.1 Residential codification

Residential codification CUC assessments are to operate in conjunction the Territory Plan 2008.

Schedule 1 The Territory Plan Zone for Dickson



Source: ACTPLA ACTmap-i.

The system would combine the Territory Plan development control overlays with the market rate index value locality plans for each residential suburb (as set out in Schedules 1 & 2 for Dickson).[10]

[10] The definitions of relevant zones and applicable land uses are contained in the Territory Plan.

Schedule 2 The AVO's Locality Plan for Residential Market Rate Index Values for Blocks in Dickson

Note: **Source**: AVO's rating locality map.

It is envisaged that the two overlays would be combined through the use of ACTPLA's online service "ACT map-i" software.

The potential lessee can access the online service and identify their property through the block and section identification system. The location of the lease would identify the allowable zoning from the codification index schedule and the market rate index values for the site(s) as per the individual suburb locality schedules.

4.4.1.1 Dual occupancy development

If the existing dwelling is retained in an application for a dual occupancy the "before value" is assessed at the single residential RZ1 market rate value index for that locality (suburb). The "after value" is determined by adding the medium dwelling rate to the "before value".

Example

A dual occupancy development assessment in Higgins:

Before value:	**RZ1 Locality A =**	**$X (refer to locality (suburb) index)**
After value:	**RZ1 Locality A =**	**$X + RZ4 medium dwelling rate of $r/dwelling.**
CUC:		**$((X+r) –X)=$r**
Remission Charge 75%[11]:		**$0.75 × r**

If the existing dwelling on the proposed dual occupancy site is demolished, the

[11] The 75 per cent rate reflects current Government policy. The actual rate of remission is a matter for Government.

assessment would adopt the same methodology as mentioned above i.e. the CUC assessment would be based entirely on the land value index.

4.4.1.2 Medium density development (greater than two dwellings)

When the existing dwelling is demolished the "before value" is to be assessed at the residential core area RZ2 market rate index value for the particular locality (suburb).

Example

A developer owns blocks 6 & 8 Section 2 in Dickson. As per the Territory Plan the properties are in the residential RZ4 (Medium density) zone. The developer proposes to amalgamate the two sites and develop a new complex that will accommodate 8 new units. The developer references the codification public register and adopts the market rate index value nominated for the site situated within RZ2 locality B. The market rate index value for locality B RZ2 on a per block basis will establish the "before value" of the subject site as per the Dickson schedule. The "after value" is assessed by the market rate per dwelling in the RZ4 public register by multiplying the number of dwellings to be developed by the stated $market rate/dwelling.

Before value:	**2 × $X =**	**$2X**
After value:	**8 × $Y =**	**$8Y**
CUC:		**$(8Y - 2X)**
Remission Charge 75%[12]:		**$0.75×(8Y - 2X)**

4.4.2 Commercial, industrial & retail codification

The commercial codification is also to operate in conjunction with the Territory Plan 2008.

Commercial Crown lease variation

A change of a commercial Crown lease purpose clause would be assessed by a set minimum fee to be determined by the ACT Government for any variation to a permitted use of an existing Crown lease. Additional commercial uses may only be added to the purpose clause of the Crown lease (with DA approval) if the uses are permitted in the relevant Zone under the Territory Plan.

Example

A property in Fyshwick has a current purpose clause that allows for warehousing and bulky-goods retail. A lessee requests that the office use be added to the allowable uses permitted within the purpose clause. As per the Territory Plan zoning IZ1 office use is

[12] The 75 per cent rate reflects current Government policy. The actual rate of remission is a matter for Government.

allowed in that area and the lessee will be granted the office use for the set determined fee.

Increase of Commercial Gross Floor Area variation

A lessee can apply to increase the maximum allowable GFA on a site by identifying via the ACTmap-i process the location of the property on the Territory Plan. The location of the property combined with the Territory Plan Zone sets the market rate index value at which a lessee can purchase extra GFA for that site.

Example

A lessee has recently varied the purpose clause of permitted uses to allow office use in the Crown lease of a property. The lessee now wants to demolish the existing building of 500m^2 then erect a new building of 1,000 m² in the City Centre. The increase of 500m^2 of GFA in the commercial CZ1 zone is \$y/m^2 of GFA as per the market index.

CUC:	**500m2 × \$y/m2 =**	**\$500y**
Remission Charge 75%[13]:		**\$0.75×500y**

4.4.3 Mixed use development

In the case of mixed used commercial and residential the "before value" is assessed at the commercial service market rate index value and the "after value" is assessed by calculating the proposed new commercial component permitted by the market rate index value combined with the residential unit rate set out in the market rate index value schedule.

Example

A commercial lessee in Braddon applies for a mixed use development. The "before value" is assessed at the CZ2 commercial service market rate index value. Then the "after value" is assessed by calculating the proposed new commercial component permitted by the market rate index value combined with the residential unit rate (RZ5) as per the market rate index value schedule.

Before Value:	**Current GFA 2,000m^2 × \$X/m^2 =**	**\$2,000X**
After Value:	**3,000m2 GFA × \$Y/m2 =**	**\$3,000Y**
	Residential 16 units × \$Z =	**\$16Z**
CUC:		**\$((3,000Y + \$16Z) - \$2,000X)**

[13] The 75 per cent rate reflects current Government policy. The actual rate of remission is a matter for Government.

Remission Charge 75%[14]:	**$0.75×$((3,000Y + $16Z) - $2,000X)**

4.5 Where Codification Would Not Apply

Situations where the codification would not apply and where a certified practising valuer would need to provide input are discussed below. In all cases valuations would be based on land values and exclude onsite and offsite costs.

4.5.1 Special use variations

Special use variations would principally relate to the commercial CZ6 Leisure and Accommodation Zone and would be dealt with outside the codification process, with a requirement of the lessee to provide a valuation assessment of the CUC by a certified practising valuer which would be reviewed by the AVO.

The CZ6 Leisure and Accommodation Development Zone includes the following uses:

> *Aquatic recreation facility, car park, caravan park/camping ground, club, commercial accommodation, community use, consolidation, craft workshop, demolition, drink establishment, drive-in cinema, group or organised camp, indoor entertainment facility, indoor recreation facility, minor use, outdoor recreation facility, overnight camping area, parkland, pedestrian plaza, place of assembly, public agency, public transport facility, restaurant, service station shop, subdivision, temporary use, tourist facility and zoological facility.*

The issue of outdoor seating associated with commercial premises, such as cafes and coffee shops, is not specifically listed under the CZ6 Leisure and Accommodation Zone uses but has been identified for consideration in the Terms of Reference. Currently most outdoor seating is located on unleased Territory land licensed by the operator of the restaurant, café etc. As this land is not part of the lease, CUC cannot be charged as there is no lease over the land being used.

There is an argument to support the treatment of outdoor seating through the current licensing arrangements. If the current lease and associated licensing arrangements were to be changed to capture the right to have outdoor seating as part of the lease purpose clause, this may cause problems into the future when the Government saw a need to change/vary/upgrade the streetscape, part of which was incorporated in the varied/extended lease. Such an upgrade could result in the need to pay the affected leaseholder compensation.

[14] The 75 per cent rate reflects current Government policy. The actual rate of remission is a matter for Government.

Aged care facilities and child care centres may also be codified or require the lessee to submit a valuation prepared by a certified practising valuer for review by the AVO where any variations to the Crown lease purpose clauses are sought. Community feedback on this issue would be considered.

4.5.2 Non urban (rural)

Properties that are zoned NUZ1 – Broadacre Zone will require the lessee to provide a valuation assessment for any variation to the Crown lease purpose clause by submitting a valuation report by a certified practising valuer for review by the AVO.

The NUZ1- Broadacre Zone includes the following uses:

> *Agriculture, ancillary use, animal care facility, animal husbandry, caravan park/camping ground, cemetery, communications facility, community activity centre, defence installation, demolition, educational establishment, emergency services facility, farm tourism, health facility, land management facility, major utility installation, minor use, municipal depot, nature conservation area, outdoor recreation facility, parkland, place of worship, residential care accommodation, road, scientific research establishment, sign, subdivision, supportive housing, temporary use, tourist facility, transport depot, veterinary hospital and woodlot.*

5 Industry Input

The following section outlines the process for public consultation including the process for providing feedback on the proposed system.

5.1 The Public Consultation Process

The ACT community is encouraged to provide input into the development of the codification model for the CUC.

The discussion paper will also be available electronically on the ACT Community Engagement Noticeboard **http://www.communityengagement.act.gov.au**.

The Government will run a formal six week consultation process commencing early in the new year.

5.2 Feedback

Your suggestions on the proposed codification model are welcome.

Submissions are due by COB, Wednesday, **16 December 2009** and can be provided to:

The Secretariat
Change of Use Charge Codification Project
Policy Coordination and Development Division
Department of Treasury
GPO Box 158
Canberra ACT 2601

Or:

changeofuse@act.gov.au.

References

ACT Budget Papers.

ACT Auditor General, *Public Interest Disclosures – Lease Variation Charges.* Canberra 1997.

ACT Auditor General, *Lease variation Charges: Follow up Review.* Canberra 1998.

ACT Planning and Development Act 2007.

ACT Planning and Development Regulation 2008.

ACTPLA, Planning System Reform Project, Technical Paper 1, Leasehold Administration in the ACT: Its role in the planning system. Canberra, 2005.

ACTPLA, *Review of the Territory Plan*, Technical Paper 2, Leasehold Administration in the ACT: Its role in the planning system. Canberra, 2005.

ACTPLA, Fees and Charges 2009-2010. Canberra, July 2009.

Nicholls, D, *A Study of Betterment and the Change of use Charge in the Australian Capital Territory*. Discussion paper prepared for ACT Department of Planning and Land Management, 1999.

SGS Economics and Planning, Change of use Charges for Leases. Internal Confidential report prepared for ACTPLA 2006.

Stein, P. Troy, P. & Yeomans, R., *Report into the Administration of the ACT Leasehold: Report to the Chief Minister*, ACT Government 1995.

Attachment 1: Evolution of the Current CUC System

Following the abolition of land rents in 1970 and the movement from a rent based to a premium based leasehold system, some of the increase in value as a result of a change of land use has been recovered through the introduction of a CUC. The purpose of this charge was to take account of the fact that, upon the variation of a lease purpose clause, the land may have become more valuable to the lessee.

From 1970 to 1990 the method of calculation of the CUC, as indicated was determined by Section 11A of the City Area Leases Ordinance 1936. Since 1990, following the introduction of self government, there has been a significant number of changes to the method of determining the CUC. Each method requires the determination of a value both before and after the change of the lease purpose clause. The difference between the before and after values, the 'added value', is used as the basis for the determination of the amount of CUC to be paid.

Most changes to the CUC have related to the method of determining the added value and the percentage of this value to be paid. Each of the methods of calculating the CUC, labelled Methods A-G is outlined below. It is of interest to note the time each method survived before being replaced:
Method A (20 years), Method B (26 months), Method C (17 months), Method D (36 months), Method E (10 months), Method F (18 months) and Method G (9 months).

Method A (January 1971 – February 1990)

For this method both the before and after values were required for the determination of the added value, which was then used as the basis for the determination of the amount of CUC to be paid. Both the before and after values were based on the value of the land and improvements.

The before value was the value of the property in its current use, that is assuming there would be no change in the purpose clause during the term of the lease. The after value was the value of the land and pre-existing improvements for the new use - that is, it included the cost of demolition if that was required.

It is notable that the before value excluded consideration of potential for redevelopment. Consequently the land component of the before value would be different to the unimproved value for rating purposes. The *Rates and Land Tax Act 1926* requires that this latter unimproved value be determined assuming potential for redevelopment.

The CUC charged was 50 per cent of the added value, less $1500.

Method B (February 1990 – April 1992)

A major change here was that the added value was calculated as the difference between the before and after values, each of which was based on the unimproved value (so that improvements were excluded). The before value was defined by reference to the *Rates and Land Act 1926* and as a result potential for redevelopment was not excluded. The after value was the unimproved value immediately after the variation to the lease purpose clause had been made. In determining the before value, it was also assumed that the lease would remain in effect for 99 years regardless of the lease's remaining term.

While 100 per cent CUC was implemented, this method also introduced a schedule of remissions ranging from 50 per cent for leases held for at least 20 years to zero for leases held for less than 5 years.

Method C (April 1992 – September 1993)

This method came into effect upon commencement of the Land Act. As in the case of Method B, improvements were not included. The main change from Method B was to omit the assumption that leases would extend to 99 years. The relevant provisions in the legislation were paragraph 184(b) of the Act and Regulations 12 and 13. The remission schedule introduced for Method B was retained meaning that most properties qualified for the full 50 per cent remission of the determined added value.

There was significant criticism relating to this method and its adoption. It was seen as a system that granted development rights at less than their true value and, as such, resulted in an implicit subsidy to the lessee/developer. After a period of just seventeen months the method of calculating the CUC was changed once more.

Method D (September 1993 – September 1996)

This method was based on the before and after values being determined from land values only. The before value was changed to assume that no variation to the lease would be granted during the life of the lease, that is the before value excluded potential. The after value remained the unimproved value of the land after the variation was approved.

In addition the provisions of remission were retained only for changes from residential to more intensive uses or from commercial to residential uses in line with the Government's 50/50 policy aimed at urban renewal. The CUC for other variations was 100 per cent.

Method E (September 1996 – June 1997)

This method was the same as Method D for the purpose of calculating the added value. The betterment of 100 per cent of added value was changed to 75 per cent for all leases except prescribed leases for which a sliding scale of remissions was applied.

Method F (June 1997 – December 1998)

This method reverted to the determination of before and after values being based on improved values and the term 'betterment' was replaced with 'CUC'. In addition, the sliding scale of remissions was removed and a CUC of 75 per cent of the added value was applied for all lease variations. However, the regulations provided for remissions or increases of the determined amount.

The CUC was to revert to 100 per cent of the added value on 24 December 1998.

With the change in the leasehold system to one where leases could now be automatically renewed for a further 99 years on payment of a small administrative fee, there was no longer a need for a schedule of remissions based on the length the lease has been held (or equivalently the length remaining in the current lease).

Method G (January 1999 – August 1999)

This method is the same as Method F except that the reversion of the CUC to 100 per cent has been extended until 31 August 1999.

In his 1999 review Nicholls proposed two options, one based on the CUC and a second based on a structure of development control plans on areas, locations or zones, rather than on individual leases, through instruments which would include the Territory Plan, Local Area Development Control Plans and Section Master Plans. The Government adopted the first option, namely that based on a CUC approach, and amended the legislation and administration of the CUC system

In its 2005, ACTPLA (Technical Paper No. 1) considered previous reviews and included a list of reviews relevant to leasehold (Appendix B), (including a number of unpublished reports for ACTPLA). With respect to CUC, it recommended the development of a codified development rights charging system that includes a public register containing a list of fees that would apply depending on the type of use to be added. It also recommended that the register would also establish charges to increase the intensity of allowed development, where the restriction is allowed for in the lease.

The 2006 SGS report noted (Section 2.2) that:

> *'Following the Nicholls recommendations, amendments were made to the legislation and administration of the CUC system. These amendments are best understood by reference to the current legislation and practical operation of the*

system, which have not substantially changed since the changes arising from the Nicholls report were introduced.'

The SGS report also supported the introduction of a system of codification for the determination of a CUC.

After the *Land (Planning and Environment) Act 1991* was repealed, the *Planning and Development Act 2007* became the legislation applicable to lease variations. The formula for the determination of the CUC has not changed in the new legislation. The ACT Government, in its 2009-10 Budget, in an effort to stimulate development activity in the construction industry, reduced the percentage of CUC payable from 75 per cent to 50 per cent of the added value for one year until 30 June 2010.

Attachment 2: Models from Other Jurisdictions

The ACT is the only state/territory with a leasehold land tenure system. Other jurisdictions have freehold systems, including Queensland, Victoria and New South Wales, and generally require developers to pay infrastructure charges based on a relevant contributions plan. Development contributions are payments, or in-kind works, or facilities or services provided by developers towards the supply of infrastructure to meet the future needs of a particular community, in which the development is to be located.

Victoria

In Victoria developer contributions are one of a number of options available to the State and Local government for funding infrastructure. The *Planning and Environment Act 1987* allows for development contributions through the:

- planning scheme amendment process;
- planning permit process; and
- building process.

These contributions are payments or in-kind works made by the proponent that contribute towards the provision or upgrade of infrastructure including roads, public transport, storm water and urban run-off management systems, open spaces and community facilities. The Victorian planning system allows for development contributions to be obtained by means of Development Contributions Plans (DCPs), conditions on planning permits and voluntary agreements.

The Development Contributions Guidelines provide guidance for the preparation of DCPs. They contain a detailed methodology for preparing DCPs which can be applied under Part 3B of the *Planning and Environment Act 1987*.

The guidelines provide:

- a context for the legislative provisions in the *Planning and Environment Act 1987*;
- councils, developers and infrastructure agencies with a clear explanation of the development contributions system; and
- practical advice to ministers, public authorities and municipal councils wishing to prepare and implement a DCP for the purpose of levying development contributions.

Following an extensive review of the development contributions system, overseen by an independent steering committee with representation from local government, the housing and urban sectors, the Government passed revised legislation, the *Planning and Environment (Development Contributions) Act 2004*. This legislation provides a

more acceptable approach to raising developer contributions, offering greater flexibility for the provision of social and community infrastructure. This legislation provides guidance for councils on the principles and methodologies to be applied in preparing DCPs using a public register of infrastructure charges.

New South Wales

The NSW development contributions system helps provide new and increasing communities with appropriate infrastructure. *The Environmental Planning and Assessment Act 1979* (EP&A Act) is the relevant legislation which sets out how the State's development contribution system works. Section 94 of the EP&A Act allows consent authorities (usually local councils) to levy the development process to help fund local infrastructure such as roads, drainage, parks and essential community facilities.

Section 94 Contributions Plans allow for the delivery of local infrastructure by local councils which is provided for communities directly serviced by, or surrounding, the infrastructure. State infrastructure is funded by the NSW Government using State infrastructure contributions and general revenue. The State infrastructure contributions only apply in certain development areas. This larger scale infrastructure, such as regional roads or schools, is planned for by looking at regional rather than local needs.

The NSW Premier announced a package of reforms to the development contributions system in December 2008. The package resulted from a review of infrastructure contributions which as the Department of Planning states on its website, 'aims to balance the cost of contributions with the need to ensure there is sufficient incentive to develop new land for housing' and includes:

- a change in the way State infrastructure contributions are calculated and collected;
- the establishment of a $20,000 threshold for local development contributions and a review process related to this threshold; and
- the immediate cessation of some water infrastructure charges.

The State Government has published Development Contributions Practice Notes to assist councils, applicants and the community in understanding the issues and legal requirements of the relevant sections of the EP&A Act relating to planning agreements and contributions. These notes provide advice on a range of issues that are relevant to the preparation and administration of development control plans and the implementation of planning agreements. The notes, in addition to addressing other outcomes, provide templates for Section 94 and Section 94A DCPs, and planning agreements that should be followed.

An example of this is the case of the Section 94 Contributions Plans in New South Wales and the application of that model by the Queanbeyan City Council.

Queanbeyan City Section 94 Contributions Plan

Section 94 of the *Environmental Planning and Assessment* (EP&A) *Act 1979* permits Queanbeyan Council to plan, identify and levy contributions upon new developments where it has established that the development is likely to result in increased demand for public services and public amenities within a local government area. In order to levy contributions, the Council prepares a contributions plan in accordance with the requirements of the EP&A Act and associated regulations. Table 1 presents an example of the developer contributions payable. The developer can see exactly what they are liable for as a levy for a particular type of development, as well as how the levy is to be distributed across the various classes of allowable expenditure by council.

Table 1 Queanbeyan City Council-Summary of Developer Contributions for Particular Types of Developments

	Residential Subdivision ($)	Industrial Subdivision ($)	Medium/high Density (3+ bedrooms per dwelling) ($)	Medium/high Density (2 bedrooms per dwelling) ($)	Medium/high Density (1 bedrooms per dwelling) ($)	Commercial Development ($)
Queanbeyan Multi-purpose	180	n/a	180	108	90	n/a
City Cultural Centre	381	n/a	381	229	191	n/a
Bicycle Paths	411	n/a	411	246	205	n/a
Car Parking	n/a	n/a	n/a	n/a	n/a	9,009 per space
Footpaths	911	n/a	911	911	911	n/a
City Indoor Pool	260	n/a	260	156	130	n/a
Library facilities	98	n/a	98	59	49	n/a
Open Space	257	n/a	257	154	128	n/a
Roads	Nil	n/a	Nil	Nil	Nil	Nil
Civic Improvements	164	n/a	164	98	82	2,082 per 100m^2
Plan Administration	6	92	6	3	3	70 per m^2
Total	**2,668**	**92**	**2,668**	**1,964**	**1,789**	**As above**

Source: www.qcc.nsw.gov.au

Attachment 3: Codification Market Indices Public Register

What follows is the content of a draft document prepared by the AVO for the purposes of illustrating the operation of the proposed codification system. **The market rate index values as shown on the schedules are indicative values only, including the proposed minimum development codification charges.** Sample examples of market rate index values in individual suburbs to be used in the Codification process are supplied below.

Note

The minimum development codification charge in residential zones will be applied as follows:

Medium density	**$P / dwelling**	**(RZ1 - RZ4)**
High density	**$Q / unit**	**(RZ5)**

When a higher codification charge is assessed utilising the codification market rate index values as shown per suburb the higher charge will apply.

BELCONNEN DISTRICT

Zones	Description	Locality A	Locality B	Locality C
Suburb: Belconnen				
Residential RZ2	Suburb Core Zone	$200,000	$300,000	$300,000
Residential RZ4	Medium Density	$150,000 Rate per dwelling		
Residential RZ5	High Density	$40,000 Rate per unit		
Commercial CZ1	Town Centre Core	$2,000 GFA/m^2		
Commercial CZ2	Town Centre Business	$450 per GFA/m^2		
Commercial CZ3	Town Centre Service	$1,600 per GFA/m^2		
Commercial CZ5	Town Centre Mixed Use	$1,000 per GFA/m^2		
Commercial CZ6	Leisure and Accommodation Zone	$500 per GFA/m^2		
Suburb: Higgins				
Residential RZ1	Single Residential	$250,000	$300,000	$400,000
Residential RZ2	Suburb Core Zone	$300,000	$400,000	$500,000
Residential RZ4	Medium Density	$125,000 Rate per dwelling		
Residential RZ5	High Density	$35,000 Rate per unit		
Commercial CZ4	Local Centre Zone	$500 per GFA/m^2		
Suburb: Macgregor				
Residential RZ1	Suburban Zone	$180,000	$300,000	$400,000
Residential RZ2	Suburban Core Zone	$350,000	$400,000	$500,000
Residential RZ4	Medium Density	$125,000 Rate per dwelling		

Zones	Description	Locality A	Locality B	Locality C
Residential RZ5	High Density	$35,000 Rate per unit		
Commercial CZ4	Local Centre	$500 per GFA/m^2		
Suburb: Macquarie				
Residential RZ1	Suburban Zone	$200,000	$350,000	$450,000
Residential RZ2	Suburban Core Zone	$400,000	$500,000	$650,000
Residential RZ4	Medium Density	$160,000 Rate per dwelling		
Residential RZ5	High Density	$25,000 Rate per unit		
Commercial CZ1	Group Centre Core Zone	$2,000 GFA/m^2		
Commercial CZ2	Group Centre Business Zone	$1,800 GFA/m^2		
Commercial CZ3	Group Centre Service Zone	$1,600 GFA/m^2		

INNER NORTH CANBERRA

Zones	Description	Locality A	Locality B	Locality C
Suburb: Dickson				
Residential RZ1	Suburban Zone	$380,000	$450,000	$450,000
Residential RZ2	Suburban Core Zone	$500,000	$550,000	$650,000
Residential RZ3	Urban Residential	$500,000	$550,000	$650,000
Residential RZ4	Medium Density	$150,000 Rate per dwelling		
Residential RZ5	High Density	$25,000 Rate per unit		
Commercial CZ1	Group Centre Core Zone	$3,000 GFA/m^2		
Commercial CZ2	Group Centre Business Zone	$2,000 GFA/m^2		
Commercial CZ3	Group Centre Service Zone	$1,800 GFA/m^2		
Commercial CZ5	Mixed Use Area	$1,000 GFA/m^2		
Commercial CZ6	Leisure and Accommodation	$300 GFA/m^2		
Suburb: O'Connor				
Residential RZ1	Suburban Zone	$500,000	$650,000	$700,000
Residential RZ2	Suburban Core Zone	$500,000	$650,000	$650,000
Residential RZ3	Urban Residential Zone	$500,000	$650,000	$650,000
Residential RZ4	Medium Density	$180,000 Rate per dwelling		
Residential RZ5	High Density	$25,000 Rate per unit		
Commercial CZ4	Local Centre	$1,800 GFA/m^2		
Suburb: Braddon				
Residential RZ1	Suburb Zone	$380,000	$500,000	$550,000
Residential RZ2	Suburban Core Zone	N/A	N/A	N/A
Residential RZ3	Urban Residential	$500,000	$600,000	$650,000
Residential RZ4	Medium Density Zone	$160,000 Rate per dwelling		
Residential RZ5	High Density	$60,000 Rate per unit		
Commercial CZ2	Business Zone	$2,000 GFA/m^2		
Commercial CZ3	Group Centre	$1,800 GFA/m^2		
Commercial CZ4	Local Centre	N/A		
Commercial CZ5	Mixed Use Area	$1,000 GFA/m^2		

Zones	Description	Locality A	Locality B	Locality C
Commercial CZ6	Leisure and Accommodation	N/A		
Suburb: Civic				
Commercial CZ1	City Centre Zone	$1,000 GFA/$m^2$		
Commercial CZ5	City Centre Mixed Use Area	$1,000 GFA/$m^2$		
Commercial CZ6	City Centre Leisure and Accommodation	$300 GFA/$m^2$		
Suburb: Fyshwick				
Industrial IZ1	General Industrial Zone	$500 GFA/$m_2$		
Mixed Use IZ2	Industrial Zone	$700 GFA/$m_2$		