Project Assessment Framework

Value Creation and Capture Guidelines

August 2024

Queensland Government

Component of the Project Assessment Framework (PAF)

This document forms part of the Project Assessment Framework, as outlined below.

Overarching policy document	
	Policy overview
Guidance material	
	Strategic assessment of service requirement
	Preliminary evaluation
	Business case development
	Supply strategy development
	Source supplier/s
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	Queensland public private partnership supporting guidelines

Translating and interpreting assistance

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Contents

1. Overview

The *Value Creation and Capture Guidelines*, released as supplementary guidance material available under the Project Assessment Framework (PAF), provides practical guidance regarding the range of issues to consider when analysing project options throughout the different stages of the project lifecycle.

Agencies should refer to the PAF policy overview for further information about the PAF's application and the roles and responsibilities that may apply.

1.1 Purpose of value creation and capture

Governments invest in infrastructure projects and programs to address a key service need, improve service quality, and improve user outcomes. The broader community may benefit from these investments through improvements across the broader network. There will also be incidental benefits from the infrastructure investment, resulting in value uplift for certain beneficiaries. Emphasising value creation through strategic project design can lead to enhanced economic and financial, social, and environmental outcomes.

Value capture is the act of collecting a portion of those benefits from public infrastructure investments that flow to the value of land or increased activity. This supports a better 'beneficiary-contributes' approach and provides the evidence base to support implementation of more equitable infrastructure funding models.

The Queensland Government provides services to the community in an increasingly complex and challenging fiscal and economic environment. In order to provide the highest quality outcomes, the government seeks to optimise value for money in its use of resources.

Value creation and capture approaches have the potential to deliver value for communities by:

- better aligning project outcomes to the needs of beneficiaries
- facilitating project development earlier than compared to projects funded through traditional sources
- delivering a fairer alignment between project benefit and project cost.

As part of broader financial analysis, proponents should consider the potential for additional revenue streams from value creation and capture opportunities.

In this context, the purpose of this supplementary guidance is to assist project sponsors across Queensland Government agencies and delivery partners by providing:

- a standard and consistent approach for considering and applying value creation and capture for infrastructure investments
- a guide to the principles that should be satisfied to ensure successful implementation of value capture.

1.2 Application of the Value Creation and Capture Guidelines

The *Value Creation and Capture Guidelines* have broad application to a range of projects which establish, upgrade or maintain a wide variety of infrastructure classes including transport networks, public utilities, social infrastructure and special purpose industrial facilities. Consideration of these guidelines is a requirement for Queensland Government agencies and delivery partners when delivering significant state government infrastructure investments. As best-practice, agencies and delivery partners are also encouraged to apply these guidelines to proposals for major land use planning decisions which have flow-on implications for state government delivery of urban infrastructure.

Project sponsors should follow the implementation steps outlined in these guidelines. It is important to note that value creation activities will not always be followed by the implementation of a value capture mechanism, as the required implementation steps are constrained by the principles. If the steps are unable to be completed in accordance with the principles, then project sponsors may decide not to proceed with implementing value capture. For instance, if agencies are not able to clearly identify the value being created, or explicitly identify the beneficiaries, value capture may not be viable.

There may also be situations where principles and steps may be partially complied with. For example, there may be qualitative only approaches available to value the benefit being realised by beneficiaries. In this instance, a conscious decision may be made to not do a detailed quantitative analysis of land impact or stakeholder benefit flows because the cost of doing so outweighs any benefit to be derived.

The identification and design of mechanisms should be determined by project sponsors on a case-by-case basis having regard to the particular value profile of the project and the beneficiaries in question. It is critical that mechanisms are proportionate to the value of the benefit associated with the project.

While consideration of the *Value Creation and Capture Guidelines* is a requirement, any application or implementation of a specific value capture mechanism will need to be considered on a case-by-case basis and is subject to Cabinet Budget Review Committee (CBRC) consideration as part of the broader project approval process.

1.3 Value creation and capture roles and responsibilities

In preparing an evaluation, the roles and responsibilities of the various contributors need to be well defined and clearly understood. Refer to the PAF policy overview document for further information about roles and responsibilities regarding the application of the PAF.

Sufficient resources should be allocated by agencies to undertake the work required in evaluating options. In this regard, the resources allocated to an evaluation should be commensurate with the size and likely impact of the project being evaluated.

1.4 Additional guidance material

There are additional resources available under the PAF, as well as additional guidance under the options analysis and detailed business case stages of the *Business Case Development Framework*, and a range of other publications which may be useful. Details of some of the other publications are contained in Appendix D.

The additional guidance comprises a valuable technical resource complementary to the *Value Creation and Capture Guidelines*.

2. Defining value creation and capture

2.1 Value creation

While creating value is one objective of all government activities, some projects present an opportunity to deliver enhanced public value creation through strategic project design. This public value is above and beyond what could typically be expected of general government projects.

Emphasising value creation through strategic project design can lead to enhanced economic, social and environmental outcomes. Examples of benefits could include increased job opportunities and workforce participation, increased recreational infrastructure and green space, improved accessibility and public safety for users (for example, seniors and people with disability) and enhancement of natural catchment areas.

Value creation should be integrated into all key steps of the project lifecycle. It is also important to consider the timing of broader public benefit when considering value creation. The market response can be well in advance of any infrastructure development, meaning benefits can be realised before construction or implementation occurs. For instance, when changing the zoning of land (for example, from rural to urban or from low to high density), the market anticipates the future benefits facilitated by improved use of the site. Further, when new or improved infrastructure is planned, the new and additional benefits that are implicit in future development opportunities become available for a range of beneficiaries.

Case study 1 describes some of the broader benefits that can be achieved by adopting a value creation-based approach (see Appendix A).

When assessing whether there are opportunities for value creation and capture associated with the project, care should be taken to only consider the additional value from those opportunities.

2.2 Value capture

Investment in infrastructure yields and facilitates various economic benefits across Queensland.

Value capture is the act of collecting a portion of the benefits from public infrastructure investments that flow to the value of land or increased activity. The application of value capture funding mechanisms can help to meet the cost of establishing, upgrading and maintaining a wide variety of infrastructure forms.

By seeking to identify, value and harness the benefits facilitated by infrastructure development, funding models that incorporate value capture mechanisms can be established to allow for a more equitable sharing of benefits via a 'beneficiary contributes' approach. Beneficiaries are not only those directly using the infrastructure over the lifecycle, but can also include local property and business owners, developers, operators and governments. Refer to section 4.2 for further information on identifying beneficiaries.

The establishment of funding mechanisms incorporating value capture provides state-wide benefits through facilitating opportunities to bring forward the planning, development and upgrading of infrastructure for Queensland communities.

Case study 2 provides an example of previous value capture application in Queensland (see Appendix B).

3. Principles to guide value creation and capture application

The following policy principles are outlined to provide guidance on the Queensland Government's strategic approach to the application of value capture in the development and implementation of major projects or programs.

These principles should be applied across the project lifecycle, including option analyses and selection, and business cases. They also provide a framework for considering the application of value capture mechanisms in the development of infrastructure funding strategies.

In addition to the principles outlined below, value capture approaches need to align with the general principles of a competitive tax system – notably, economic efficiency, equity, revenue yield, simplicity and applicability.

3.1 Value creation must be integrated into project design

Optimising the investment made in infrastructure requires long-term integrated planning. Integrated planning will maximise productivity and liveability returns and optimise both the core objectives and the value creation opportunities generated by the infrastructure.

Infrastructure planning and project development should explicitly include consideration of potential value uplift to beneficiaries from planning outcomes, including seeking opportunities for wide ranging commercial, amenity and accessibility outcomes that are in addition to the core objectives for the infrastructure.

Taking a broad view of value creation opportunities provides the potential to deliver core policy and program or project objectives which, through adopting a mix of value capture mechanisms funded by private beneficiaries, reduces the net call on public funding sources.

Adopting this principle may require government agencies to look beyond their traditional solutions for project design and development and embrace new and innovative approaches.

3.2 Value creation and capture must be guided by credible analysis of benefits, costs and risks

Value creation and capture approaches should be underpinned by an evidence base, including credible investigation of benefits, costs and risks. This should occur throughout the preliminary evaluation and business case development stages.

3.3 Value capture must consider equity and fairness

Value capture mechanisms provide for beneficiaries of infrastructure investment to make a fair and proportional contribution to the cost of that infrastructure. There should be a clear nexus between the value created by the infrastructure, the beneficiaries who are in receipt of that value, and the transparent application of funding mechanisms that provide for sharing of value to fund infrastructure provision.

There should be consideration of the sustainability of contributions from beneficiaries, particularly in terms of equitable share, distribution of benefits, affordability, capacity to pay and any consequential or unintended market distortions created by the sharing mechanisms considered.

Equally, negative impacts should be considered, including any proposed approach to compensation and/or mitigation incorporated into the development proposal.

3.4 Application of value capture must be practical

The *Value Creation and Capture Guidelines* must be considered for all major infrastructure projects, defined as projects of over $100 million (i.e. all projects developed under the PAF). The guidelines can be applied across a program of works. Agencies can also choose to apply these guidelines against projects below the threshold as it is considered best practice.

Evaluation should seek the optimal approach for each individual project. This will involve consideration of the broad range of benefits created and the portion of the benefits that flow to the value of land or increased activity, the beneficiaries that realise the value, and the potential package of funding mechanisms that seek to appropriately share the value.

Consideration of the application of potential value capture mechanisms should include deliverability, efficiency, administration, cash flow robustness, risk and minimisation of any unintended consequences.

3.5 A social licence must be developed

Where appropriate, value capture infrastructure projects should involve stakeholder consultation and engagement to identify expected beneficiaries. To the extent possible, as a project progresses, comprehensive stakeholder engagement should be an ongoing component of the delivery process, including business and community participation, to build effective social licence.

Value capture application should be transparent. Information on funding mechanisms should be disclosed to stakeholders as part of the consultation process, including how the benefits are calculated, how the beneficiaries are identified, how the funding mechanisms are applied to beneficiaries and how the funds are used.

There should be a process for parties to apply for further information, and a process for reviewing value capture charges where there are significant economic, financial, social and environmental structural changes.

3.6 Governance structures must be fit for purpose to deliver value creation and capture

Value creation and capture infrastructure projects may be more complex with a greater number of parties with a direct interest in the successful delivery of outcomes.

Appropriate governance arrangements will need to be implemented. This should be ‘fit for purpose’, reflecting the project characteristics, combination of participants, funding sources and risk allocation.

Optimal identification and sharing of benefits may require new and innovative implementation approaches that cross government jurisdictions (Commonwealth, state, local) and involve a range of organisations – including the private sector. This may require new ways for cooperative partnerships to deliver infrastructure outcomes and share the financial outcomes achieved, or public private partnerships.

Similarly, a project delivery vehicle may require a broad scope of authority and accountability to achieve its broad development and funding outcomes – potentially involving investment and participation across all levels of government.

3.7 Value creation and capture should support sustainable development

State and local government planning frameworks contain provisions to promote sustainable development, including sustainable settlement patterns and sustainable urban design.

Where prospective funding from value capture sources depends on the provision of additional development rights, consideration must be given to mitigating the risk of ‘over development’. This includes ensuring that all environmental, societal and economic considerations are appropriately balanced.

Further, it is important to ensure the implementation of value capture mechanisms does not unintentionally result in a reduction in overall development activity. For example, a mechanism such as a developer charge that is charged per property or per floor space may disincentivise development of land to its best use or most productive potential. Mechanisms must be designed and implemented to appropriately balance these considerations.

4. Value creation and capture implementation in the project lifecycle

The *Value Creation and Capture Guidelines* must be applied to all major infrastructure projects and programs developed for investment consideration under the PAF and *Infrastructure Proposal Development Policy* (i.e. projects over $100M).

As minimum best practice, these guidelines are considered for Queensland Government facilitated land use planning decisions (such as Priority Development Areas and Priority Growth Areas) for the consistent application of value creation and capture in delivering government infrastructure.

Once it has been determined that the *Value Creation and Capture Guidelines* are applicable, there are five key steps designed to guide the consideration of value creation and capture in the development of major projects or programs across the project lifecycle. The preliminary evaluation stage is the suitable point at which to establish whether detailed value capture assessment is required in the business case. If at the preliminary evaluation stage, the *Value Creation and Capture Guidelines* are not met (i.e. the principles are not satisfied) then value capture analysis would not proceed on to the business case stage. Value creation and capture opportunities identified at the preliminary evaluation stage should again be considered and confirmed at the business case development stage.

For precincts and programs of work, where the real value uplift is generated by the program as a whole, it may be appropriate to undertake value creation and capture analysis on a program basis. It may also be beneficial to undertake preliminary analysis earlier in the business case development cycle, at the strategic assessment of service requirement stage. Considering value creation in the options identification and refinement stages enables project teams to enhance opportunities for value capture.

While value creation and capture analysis should be presented as part of the financial analysis, project teams should ensure the analysis is also undertaken from an economic perspective. However, consideration of value creation and capture must sit outside the economic analysis, to avoid the double counting of project benefits and the value uplift associated with the benefits. For example, there may be overlap between travel time benefits and any consequent land value uplift.

Table 1: Five steps in implementing value creation and capture

Step	Description	Product lifecycle	Example
1	Identify the value created by the infrastructure	High-level consideration can be undertaken at **strategic assessment of service requirement** stage for major programs and precincts **Preliminary evaluation** (projects, programs and precincts)	A new transport hub is developed in an outer city suburb, including linkages with existing busway. The hub connects the area to the existing public transport network, improves access to labour markets in the CBD and other key employment centres in the region, and reduces traffic congestion.
2	Identify the beneficiaries that can realise the value	High-level consideration can be undertaken at **strategic assessment of service requirement** stage for major programs and precincts **Preliminary evaluation** (projects, programs and precincts)	Homeowners, tenants and owners of large commercial properties in the area are identified as key beneficiaries.

Step	Description	Product lifecycle	Example
3	Value the benefits that can be realised by the beneficiaries	**Preliminary evaluation**	Greatest uplift is in land values for residential properties within 1km of the transport hub, expected to benefit by an average increase of 15 per cent.
4	Identify and recommend a suitable mechanism to capture value, if appropriate	**Business case development**	As the greatest uplift applies to specific land, rather than the entire community, a special rate for all residential and commercial properties within 1km of the hub is recommended to capture the value.
5	Implement the value capture mechanism and realise funding	**Supply strategy development** **Deliver service** **Benefits realisation**	A special levy is applied to the benefited area for 15 years from the start of the project construction.

4.1 Identify the value created by the infrastructure

Value capture allows for the identification and capture of an equitable portion of the value released by new infrastructure. It is fundamental to a value capture approach that the value uplift from the infrastructure is very clearly established to allow a firm case for any infrastructure charging mechanism to be established.

The development of land to a higher and better use releases value. While new or improved infrastructure is often central to facilitating this improved utility, and therefore value, the market response can be well in advance of infrastructure development. Proponents should ensure that all opportunities to recognise value outside the core project scope are considered.

4.2 Identify the beneficiaries that can realise the value

Beneficiary mapping should be undertaken at the early stages of project investigations (i.e. also at the strategic assessment of service requirement stage of the PAF) to ensure a clear line of sight to the outcomes to be achieved for those parties and the value capture mechanisms that can potentially help to make the project viable. Common beneficiary categories are:

Landowners, occupiers and developers

The provision of new or improved infrastructure often has an impact on adjacent property values and land development opportunities. In some instances, the pattern of land price growth in cities around the world show that, convenient access to public transit networks, strategic road links, health care, education and other services may provide a measurable uplift in property values compared to other areas that are not as well served. It is noted that the location and type of infrastructure development may affect the level of value of uplift experienced, and therefore it is important to ensure appropriate analysis is undertaken.

Similarly, the availability of infrastructure can allow for more intensive or highly valued development in specific localities (for example, higher densities around transport nodes or the benefit that new hospitals provide for greenfield residential developments), which has the potential to yield value to support that infrastructure cost. It is becoming normal practice to create new land parcels and property rights around key infrastructure that can be sold for development and support the cost of infrastructure via value capture.

Users and operators of infrastructure assets and networks

The most direct beneficiaries of infrastructure are generally the users themselves, which can be individuals, businesses or other organisations.

Asset owners or operators may benefit if a third party's infrastructure investment provides increased demand for the owner/operator's services or improves their efficiency of operation.

Businesses

Some businesses benefit directly from improved infrastructure, either as a user (as above) or more generally from an improved ability of customers and employees to access their premises. Businesses therefore often make the choice to locate near certain infrastructure assets that benefit their commercial interests.

This reflects the principle that infrastructure can facilitate agglomeration benefits, which is a result of better access to suppliers, customers and employees. This can create commercial, retail, and industrial opportunities for certain businesses. This is a fundamental principle for why urban areas drive high value creation and their need for infrastructure to allow this to occur.

Governments

Governments fund many types of infrastructure development but can also be a beneficiary where infrastructure leads to specific increases in economic activity, revenue and development opportunities on government-owned land and other commercial opportunities that can have material value for development by government or acquisition by private sector parties.

4.3 Value the benefits that can be realised by the beneficiaries

In order to make the case for value capture, it is necessary to not only identify the value created by infrastructure and the beneficiaries of that value, but to have a reliable and feasible means to estimate and quantify how much value can be realised by these beneficiaries such that relevant capture mechanisms can be equitably designed and applied.

To allow for alignment between assessment of value, specific individual beneficiaries should be identified, and individual value capture arrangements applied. Where like categories of beneficiaries are identified, averaging of value and broad application of value capture mechanisms can be used. In this instance, it will be highly unlikely that all beneficiaries will benefit equally. Materially iniquitous outcomes may justify specific arrangements or exclusions (for example, reflecting capacity to pay considerations including for disadvantaged cohorts such as First Nations peoples and people with disability).

Valuation of benefits from infrastructure investment is a core aspect of the economic analysis undertaken to assess the impact of a project. Specialist advisory and modelling services may be required to assess the range of potential value outcomes for each relevant category of beneficiary. This assessment should be undertaken as part of the preliminary evaluation and business case development stages, such that government decision makers can assess the viability of project funding mechanisms with confidence.

The assessment of value gained by beneficiaries is also an important part of the stakeholder engagement process to engender support for infrastructure development and funding proposals. Some stakeholders may not be supportive of new charging mechanisms to contribute to infrastructure costs and thus establishing and communicating a strong evidence base will be important.

4.4 Consider the suitable mechanisms to capture that value

Value capture mechanisms are the instruments by which the value created by the infrastructure or planning decision can be captured and used to contribute to the cost of delivery.

General government revenue mechanisms, such as transfer duty, land tax, and capital gains taxes, can automatically adjust to changes in land and property values as a result of government projects. It is important to note that concessions provided on these mechanisms to support certain cohorts, including first home buyers and purchasers of a principal place of residence, mean that governments do not always capture the full value uplift in value of these projects through these existing mechanisms.

Where the taxation system does not readily capture value directly related to an infrastructure investment, a dedicated mechanism could be considered. This ensures that all beneficiaries who experience an increase in the value of their land or property as a result of a government project are able to contribute equitably to the delivery of the project.

Examples include:

- powers available to Economic Development Queensland to set charges in Priority Development Areas
- local governments levying additional rates for local infrastructure or services

- development contributions through infrastructure charges and agreements
- the sale of commercial rights associated with new public infrastructure.

Examples of the types of mechanisms available to project sponsors are outlined in Table 2.

Different mechanisms may be suitable depending on the project and the circumstances. The identification and design of mechanisms should be proportionate, equitable and efficient. As such, a case-by-case assessment should be applied.

CBRC approval processes will continue to apply in relation to projects progressed under the PAF and subject to the *Value Creation and Capture Guidelines*. Therefore, approval of the recommended value capture mechanism to be implemented will be subject to CBRC consideration and approval.

4.5 Implement mechanism and realise funding

Practical direction on implementing the project and mechanism can be found in the *Business Case Development Framework*. Once implemented, the funding derived via the project mechanism should be used to contribute toward the cost of funding the infrastructure project or program or, where appropriate, to contribute toward the general cost of core government infrastructure provision and service delivery. The effectiveness and appropriateness of the mechanism should be evaluated to ensure it remains fit for purpose and continues to align with guiding principles (in particular, that mechanisms are equitable, fair and practical).

Table 2: Potential value capture mechanisms

A non-exhaustive range of potential funding mechanisms and examples, grouped by beneficiary category.

Funding mechanism	Description	Examples	Implementation
Landowners, occupiers and developers			
Local government infrastructure charges	Charges levied on developers where additional demand will be placed on local infrastructure as a result of their development. The revenue generated can then be used to fund priority trunk infrastructure. This mechanism would require collaboration between state and local governments to manage the collection of revenue to the state and any cost sharing arrangements.	Brisbane City Council's infrastructure charge may be levied for development associated with reconfiguring a lot, a material change of use of premises or carrying out of building work.	Charges may be levied where a Local Government Infrastructure Plan (LGIP) has been adopted. The maximum chargeable amounts are set out in the Planning Regulation 2017 (Qld).
Sale of property rights and/or commercial development	Where the market recognises the value created by an infrastructure project, significant revenue can be derived from the sale or lease of government landholdings, air rights and other commercial interests. Joint development is an alternative approach which allows a project owner to enter into an agreement with a private developer to jointly develop the commercial interests benefitted by the infrastructure.	The Brisbane Showgrounds Regeneration Project is a joint brownfield development project between Lend Lease and RNA to deliver residential, commercial and retail infrastructure.	This mechanism is already used by government and there is an established process for the acquisition of land for development and the subsequent sale of government land and development rights. Where possible, government should attempt to utilise disposal methods and timings which are aligned to the "market readiness" of a site for development.
Development bonuses	Developers are provided with bonuses or additional floor space above that allowed in planning controls in return for cash contributions, the provision of infrastructure or other off-setting public benefits.	The Gold Coast's City Plan allows residential density bonuses to be provided where community benefits exceed those that would ordinarily be required to meet planning controls. Bonuses may be provided for environmentally sustainable design, landscaping, community facilities, greater accessibility and increased street activation. The total density bonus is limited to 40% above the normal ratio.	Development bonuses
Landowners, occupiers and developers and businesses			
Local government rates levy	Separate rates or charges levied on all rateable land in the local government area to fund a particular service, facility or activity that benefits the entire community (e.g. an environment levy, waste management levy, or bushland preservation levy). or Special rates or charges levied on specific land which receives a special benefit from the provisions of a service, facility or activity (e.g. significant rezoning, new transport infrastructure).	The Brisbane City Council Suburban Centre Improvement Projects charge property owners with a special benefitted area rate to recoup a percentage of the costs for projects including footpath upgrades, street trees, garden beds, gathering nodes, furniture and public art. The special rate is repaid over a ten-year period as part of quarterly rates bills. The former Fraser Coast Regional Council Infrastructure Levy was a flat charge of $75 per rateable property to contribute to funding the Council's Roads Resurfacing capital program.	If a local government is undertaking the infrastructure project, the rates levy could provide an income stream to repay the debt finance necessary for the upfront investment. If the project is developed by another party, a value capture agreement could be established between the infrastructure owner and the local government.

Funding mechanism	Description	Examples	Implementation
State (Economic Development Queensland) infrastructure charges	Charges applied for the provision of infrastructure in Priority Development Areas (PDAs). These charges may include general infrastructure charges, value uplift or capture charges, local charges or special infrastructure levies.	The Special Infrastructure Levy for the Greater Flagstone and Yarrabilba "greenfield" PDA applies a local charge to all reconfigurations of lots where the application is not accompanied with a Material Change of Use or Plan of Development. A value capture charge is applied to land outside the urban footprint in the South East Queensland Regional Plan 2009–2031.	The proposed application of charges for future infrastructure and associated increases in rezoning benefits need to be flagged well in advance of application for development to provide transparency and certainty for landowners and prospective developers.
Infrastructure agreements	A voluntary infrastructure agreement or partnership between the property owner, business or developer and the relevant authority provides a negotiated outcome for infrastructure contributions and works.	The Springfield Infrastructure Agreement between Springfield Land Corporation and Ipswich City Council ensures infrastructure charges are quarantined to be spent on projects within Greater Springfield.	Infrastructure agreements are determined on a case-by-case basis, noting the Planning Act 2017 (Qld) provides minimum requirements. As they are a flexible tool, value capture considerations can be included in the agreement.
Businesses			
Voluntary contributions	Key business beneficiaries provide voluntary contributions towards the cost of infrastructure.	The London Crossrail funding package of £18.8 billion included £100 million of voluntary funding from London businesses.	Governments would enter into a negotiated agreement with key stakeholders for voluntary contributions.
Governments (general government revenue mechanisms)			
Local government tax uplift	Property owners in local government areas are charged a general or differential general rate for the provision of services and infrastructure such as roads, bridges and parks. This mechanism would require collaboration between state and local governments to manage the collection of revenue to the state and any cost sharing arrangements.	Brisbane City Council charges rates quarterly. The rate charge is calculated by multiplying a property's rateable value by a dollar rate (based on the land's main land use).	Value uplift could be targeted with increases in differential general rates based on factors such as land use, access or use of council services.
State government tax uplift	Infrastructure investment or economic development that results in an uplift in the value of property or land allows governments to collect a higher amount of revenue from taxes based on value, such as land tax and transfer duty.	Land tax is charged on freehold land with a total taxable value of $600,000 or more (with an exemption for principal homes). Rates are progressive, with increasing tax rates for each threshold of total taxable value. Transfer duty applies to properties or land bought in Qld. Progressive rates are applied to dutiable values over $5,000.	State revenue offices administer and collect taxes from property transactions; however, these funds typically contribute to the State's consolidated revenue rather than specific investment projects.
Federal government tax uplift	Government investment or economic activity which increases the value of property, goods and services can increase the revenue collected from federal taxes such as GST and capital gains tax.	Capital gains tax is applied at the point of sale of assets. For property, 50% of the increase in price from the initial purchase to the sale is taxed at the seller's marginal tax rate.	Federal tax revenue may be allocated to states; however, opportunities for targeting value uplift for a specific project or hypothecating the funds for a particular project are limited.

Appendix A – Queensland value creation example

Case study: Cross River Rail and the benefits of a value creation-based approach

Cross River Rail will deliver a new 10.2-kilometre rail line between Dutton Park and Bowen Hills, with 5.9-kilometre twin tunnels crossing under the Brisbane River and CBD. The infrastructure development will include four new high-capacity stations in inner-city locations and upgrades of two existing stations to integrate the public transport system in South East Queensland and meet the region's future transport needs. While the Queensland Government committed to fully funding the project, Cross River Rail presents a real opportunity for value creation through urban revitalisation.

Figure 1 below shows the integration of the Cross River Rail with the existing rail network.

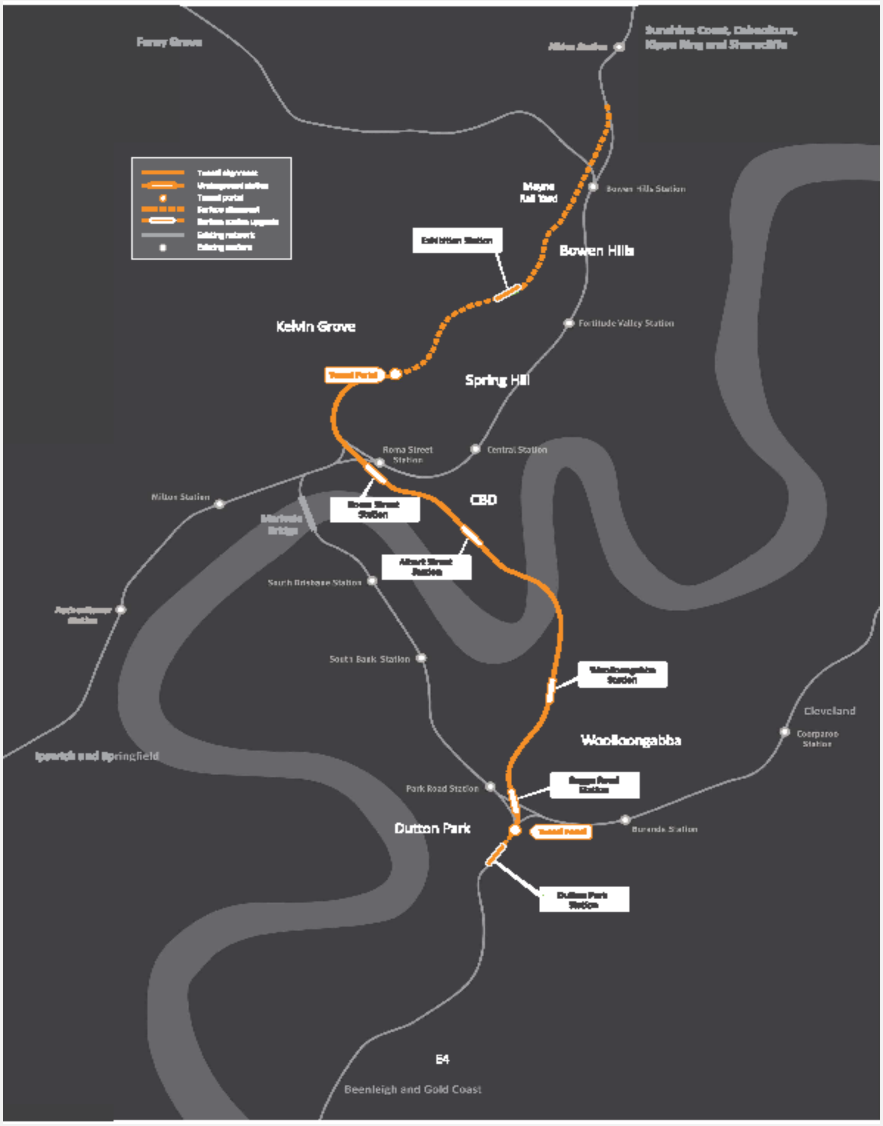

Figure 1: Cross River Rail – integration with existing rail network

Apart from delivering critical public transport infrastructure, by adopting a value creation-based approach, Cross River Rail will contribute to positive economic, environmental and social outcomes. These benefits include supporting economic growth and employment during construction and after, increased urban and commercial development opportunities at and around stations, maximising productivity and efficiency of other network growth projects through greater connectivity, reducing road congestion for commercial vehicles, and reducing greenhouse gases by shifting more people onto public transport.

Appendix B – Queensland value capture example

Case study: Economic Development Queensland value-uplift developer charge in the Bowen Hills PDA

The Bowen Hills Priority Development Area (PDA) is a 108ha inner-city property development project delivered by Economic Development Queensland (EDQ), a commercialised Queensland Government business unit.

The PDA process enables EDQ to expedite amendments to established land use planning, development assessment and infrastructure charging regimes. For the Bowen Hills PDA, material changes include:

1. New land use zones
2. Increased development densities and plot ratios
3. Replacement of the local government infrastructure charge with a new general infrastructure charge (based on total GFA) for all new development
4. Introduction of a new value uplift charge – a charge applied in addition to the general infrastructure charge, where new development takes advantage of the increased development densities/plot ratios.

Figure 2 below depicts the extent of the Bowen Hills PDA and broadly compares the current development densities to the former regulatory framework.

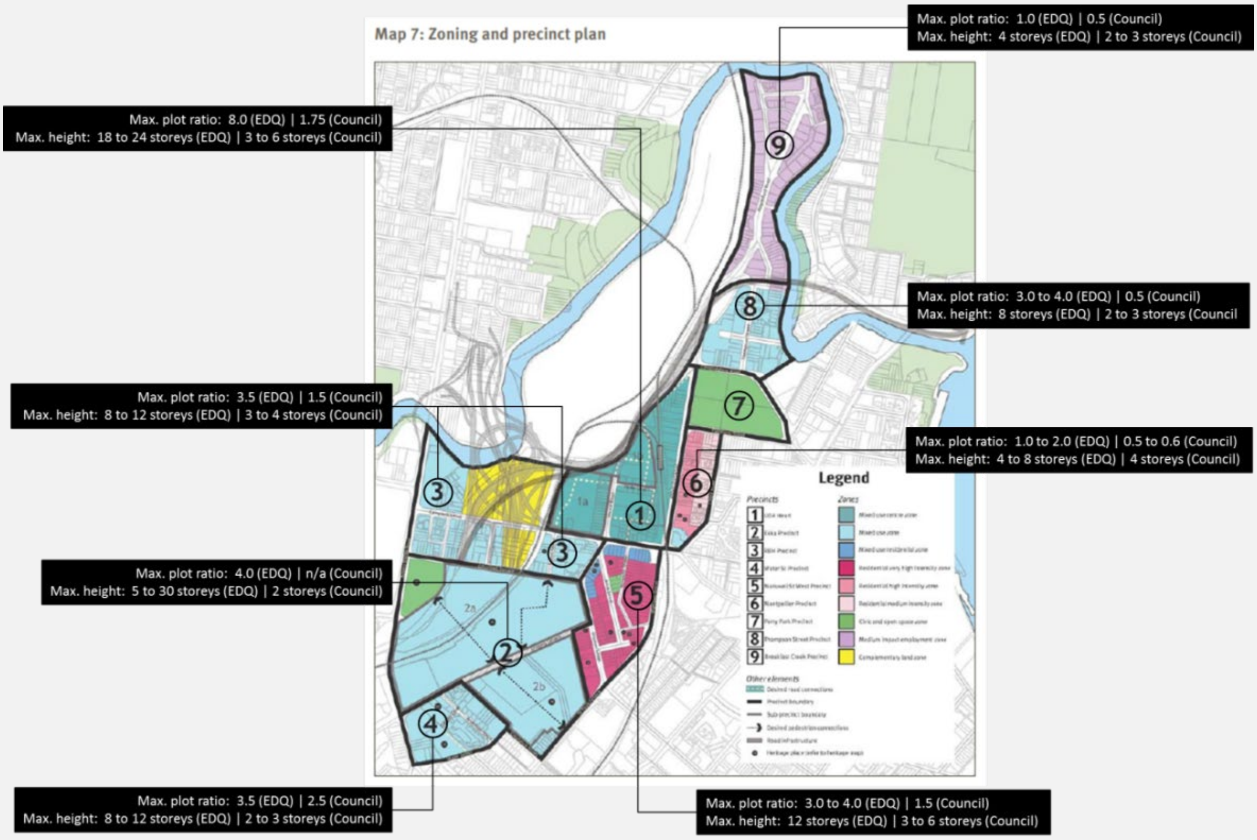

Figure 2: Bowen Hills PDA – comparison of development densities

The application of the value uplift charge recognises that the development potential of land within the PDA is greater than compared to its pre-PDA status. The charge ensures that the benefits of increased development potential and land value are shared between landowners and the community, rather than accruing only to landowners – the monies collected under the value uplift charge are used within the PDA towards the delivery of essential infrastructure, the provision of affordable and diverse housing, and towards achieving ecologically sustainable design outcomes.

The charge can only be levied at the time of development approval and collected at the time of development completion – hence the timeframes in realising the revenue.

Appendix C – Key definitions

Term	Definition
Beneficiaries	The parties that directly benefit from delivery of the project or program, not limited to direct users of the infrastructure.
Benefit	A net economic, social or environmental gain to a beneficiary's position as a result of the infrastructure development. Benefits may include an uplift in land value, increased job opportunities, improved access and increased green space.
Equity	The relative fairness of the funding approach, having regard to the proportional benefits that are gained from the project or program.
Mechanism	The tool used to collect a portion of the benefits from infrastructure development which can be used to contribute to the cost of delivery.
Program	A collection of individual projects delivered towards a common objective.
Proposal	A collective term used to refer to investment submissions put forward for either a single project or a program.
Traditional sources	Funding infrastructure from general Commonwealth, state and local governments' taxation revenues.
Value	The benefit, considered in quantitative or monetary terms, that accrues to a beneficiary as a direct result of the infrastructure investment.
Value capture	The act of collecting a portion of the benefits from public infrastructure investments that flow to the value of land.
Value creation	Delivering public value which is additional and complementary to the core objectives of the infrastructure development, contributing to enhanced economic, social and environmental outcomes.

Appendix D – References

Other government guidelines

The following references may be of use:

1. Queensland Government, Department of State Development and Infrastructure, *Business Case Development Framework*
   https://www.statedevelopment.qld.gov.au/industry/infrastructure/business-case-development-framework

2. Victorian Government, Department of Premier and Cabinet, *Value Creation and Capture Framework*, February 2017
   https://www.vic.gov.au/value-creation-and-capture-framework

Other references

3. Australian Transport Assessment and Planning, *Australian Transport Assessment and Planning Guidelines: Category 9 – Other Guidance*, September 2021
   https://www.atap.gov.au/other-guidance/index

4. Global Infrastructure Hub, *Innovative Funding and Financing Framework*
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AUDAX AT FIDELIS

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