

Fact sheet: Local government infrastructure framework

Offsets and refunds – determining the cost of infrastructure

This fact sheet provides advice on the process for determining the establishment cost of infrastructure, including land, in response to an application made under section 137 of the *Planning Act 2016*.

Conditions, offsets and refunds

In addition to levying an adopted charge, a local government can impose a condition on a development approval to supply trunk infrastructure – Works or Land. Infrastructure conditions are a mechanism through which local governments can ensure the appropriate infrastructure is in place when development occurs.

Under section 129 of the Act, the cost of trunk infrastructure must be offset against the adopted charge. If the cost of the infrastructure exceeds the adopted charge, a refund must be provided. The offset or refund must be against the total adopted charge for all the local government networks. This was previously referred to as cross-crediting. Local governments are not required to provide offsets or refunds against adopted charges for a water distributor–retailer’s water and sewerage networks.

To allow an offset or refund to be given, it is necessary to know the cost of the infrastructure that has been conditioned to be provided.

Establishment cost

Establishment cost is defined in the Act as:

- (a) for existing infrastructure:
 - i. the current replacement cost of the infrastructure as reflected in the relevant local government’s asset register; and
 - ii. the current value of the land acquired for the infrastructure;
- (b) for future infrastructure—all costs of land acquisition, financing, and design and construction, for the infrastructure.

Establishment cost is used to value existing and future trunk infrastructure to help manage a local government’s forward budgeting and expenditure. It can also be used by developers to calculate a potential offset or refund that would be provided as a reimbursement when they are conditioned to contribute trunk infrastructure.

Determining establishment cost Infrastructure identified in a local government infrastructure plan (LGIP)

Where the relevant infrastructure and its associated establishment costs have been identified in the LGIP or charges resolution, this is the default establishment cost of the infrastructure.



Therefore, where an applicant is conditioned to provide trunk infrastructure, an offset or refund for the establishment cost, consistent with the establishment cost in the LGIP or resolution, should be included in the corresponding infrastructure charges notice.

Unidentified trunk infrastructure

Future trunk infrastructure is not always identified in an LGIP. The need for new trunk infrastructure may only become apparent when a local government assesses a new development application and imposes a condition to provide the unidentified trunk infrastructure. The establishment cost for that conditioned infrastructure is to be determined at the time of development assessment and provided as an offset or refund in the infrastructure charges notice.

Non-trunk infrastructure that should be trunk infrastructure

Where non-trunk infrastructure becomes trunk infrastructure through a conversion process, the establishment cost of that infrastructure must be determined at the time the conversion application is decided.

Applying for the recalculation of the establishment cost

Under section 137 of the Planning Act, an applicant can give notice to require the local government to recalculate the establishment cost of trunk infrastructure that they have been conditioned to provide.

An applicant must give notice to have an establishment cost recalculated before the levied charge becomes payable (plan sealing, change of use or issuing of certificate of classification/final inspection notice). An applicant cannot initiate this process after the levied charge has been paid. Once the establishment cost of the infrastructure has been recalculated, the local government must amend the existing infrastructure charges notice.

Developing a method for determining the cost of infrastructure

Section 116 of the Planning Act requires a charges resolution to include a method for determining the cost of infrastructure subject to an offset or refund. The method must be consistent with the parameters provided under the Minister's Guidelines and Rules (MGR).

The MGR guidance material also contains a default method for working out the cost of infrastructure that is consistent with the parameters identified in Chapter 6 of the MGR.

Trunk infrastructure: Works

The establishment cost of trunk infrastructure (Works) can be determined using the first-principles estimating approach detailed in the MGR.

Trunk infrastructure: Land

The establishment cost of trunk infrastructure (Land) must be determined using the before-and-after valuation method, as outlined by the parameters identified in the MGR.

Distributor–retailers

Water distributor–retailers also have a recalculation process for determining the value of infrastructure under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*. For further information on adopted charges or planning for distributor–retailers, please visit the Department of Energy and Water Supply [website](#).

Further information

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