

# INFRASTRUCTURE CHARGES FACT SHEET

## What are infrastructure charges?

Council is able to levy charges for new development under the *Planning Act 2016* (the **Planning Act**) and [Cairns Regional Council Charges Resolution](#) (the **Charges Resolution**). As part of the development assessment process, Council may issue an infrastructure charges notice (**ICN**). This notice sets out the amount of infrastructure charges required to be paid, how these are calculated, and when they are due.

Infrastructure charges are intended to offset the impact of new development on infrastructure which is shared between multiple users and the public (trunk infrastructure). The infrastructure charges which Council levies contributes towards the costs of expansion and augmentation of trunk infrastructure. They are an important revenue source for Council and assist Council in managing the financial impacts of infrastructure demands arising from development growth and help in managing the fiscal impacts across the broad rates base (i.e. ratepayers).

It is important to note that Council's Charges Resolution adopts a single charge whereby the amount of the charge is the same irrespective of the trunk infrastructure networks impacted. This means that no part of the adopted charge is earmarked to any particular network and infrastructure charges may apply in areas where certain trunk infrastructure is not present (e.g. unsewered areas).

## When do infrastructure charges apply?

Infrastructure charges will generally apply to all new development within the Cairns Regional Council local government when:

1. a development approval has been given;
2. the Charges Resolution identifies that an adopted charge applies to the development; and
3. the development will generate extra demand on or for trunk infrastructure.

Additional demand generally means an increase in the use of trunk infrastructure over and above the demand

generated by the existing use of the land. For example, subdividing one lot into two will create demand equivalent to one additional lot.

Council applies infrastructure charges to new development by giving an ICN at the same time as giving a development approval. These charges are generally required to be paid when the relevant development commences or before plans of subdivision are released by Council.

It is important to be aware that the liability for infrastructure charges runs with the land and are taken to be rates (ie levied on land) for the purposes of recovery. This means that if a Developer does not pay infrastructure charges, and then sells the land, the new landowner will be liable.

## How are infrastructure charges calculated?

The Charges Resolution sets out the rates and formula that Council applies to work out the monetary value of the demand new development will have on the trunk infrastructure network. Infrastructure charges are calculated as part of the development assessment process and details of how they are calculated are provided in an ICN.

The Charges Resolution can be used to work out how much the infrastructure charges may be for a particular development proposal. Alternatively, Council may be able to provide an estimate of the applicable infrastructure charges as part of its pre-lodgement process.

## What are credits for existing land uses?

Generally, a credit will apply where there is other existing lawful development on the relevant land. In those circumstances, the *Planning Act* requires that the Developer receives a credit in relation to the demand generated by that existing development. The rationale for this is that infrastructure charges are only meant to be levied for additional demand generated by development.

Credits are calculated based on the provisions of the Charges Resolution. In certain circumstances Council may need the Developer to provide historic approval information in order to accurately calculate the credits applicable.

### What are offsets and refunds?

Offsets and refunds may apply in certain circumstances where a Developer has been conditioned to provide trunk infrastructure. Trunk infrastructure is infrastructure that Council usually delivers and pays for however, is infrastructure that Council may also require, through a condition, for a Developer to provide.

An offset arises where the value of the infrastructure is less than the charge – the charges are reduced by the value of the infrastructure. For example, Charge = \$1,234,000 and Value of Conditioned Trunk Infrastructure = \$1,000,000 an offset of \$1,000,000 will apply and the value of charges is reduced to \$234,000.

A refund arises where the value of the trunk infrastructure is more than the charge – the charges are reduced to nil and Council must pay the Developer the balance value as a refund. For example, Charge = \$1,000,000 and Value of Conditioned Trunk Infrastructure = \$1,234,000 and a refund of \$234,000 will apply.

Any applicable offsets and refunds are required to be identified on the ICN and calculated based on the methodology in the Charges Resolution.

For offsets, Council can use the Schedule of Works (SoW) in the Local Government Infrastructure Plan (LGIP) or estimation process to determine the value (establishment cost) of infrastructure conditioned. This value is included as an offset on the ICN. A Developer can dispute this cost by requesting a recalculation of the establishment cost under the Charges Resolution.

An ICN will identify the date that Council proposes to pay the Developer any balance amounts after offsets have been applied to the value of infrastructure

charges. The date for any refund is usually the delivery date identified in the SoW in the LGIP.

### What is Deferred Payment of Levied Charges?

Council has a [General Policy for Deferred Payment of Levied Charges](#). Under the General Policy, the recipient of an ICN may approach Council to enter into an Infrastructure Agreement (IA) for the deferred payment of levied charges. Council will only enter into an IA where the legal and financial risks are appropriately mitigated through:

- For Applicants meeting the conditions for deferred payment of levied charges and requests to defer payment of levied charges for up to 60 business days – enforceable terms of an IA that protect Council's and the community's interests.
- For Applicants meeting the conditions for deferred payment of levied charges and exceeding 60 business days but no longer than 250 business days – enforceable terms of an IA that protect Council's and the community's interests and the provision of appropriate 'security'.

An application for Deferred Payment of Levied Charges can be made to Council by submitting an application under the General Policy.

### General Policy – Financial Assistance for Not for Profit Organisations

Council manages requests to waive infrastructure charges for Not for Profit organisations under the [General Policy – Financial Assistance for Not for Profit Organisations \(Fees and Charges\)](#).

The General Policy establishes a framework for the provision of financial assistance for Not for Profit organisations. It has been prepared to allow Council to consider applications from Not for Profit organisations for financial assistance in the form of a full or part waiver of specific fees and charges.

Council's decision whether or not to give financial assistance either in full or part waiver of fees and charges relating to infrastructure is discretionary under the Policy.