

# Special Rates and Charges Policy

Corangamite Shire

June 2024



**CORANGAMITE  
SHIRE**

# Council Policy



## Special Rates and Charges

### Introduction

The Special Rates and Charges Policy outlines Council's process for raising contributions from property owners who receive special benefits from infrastructure improvements.

The principle of "user pays" allows councils to retain the ability to recover reasonable contributions from people who will derive special benefits rather than be subsidised by general ratepayers.

### Purpose

To establish a strategic framework for the raising of financial contributions from property owners who receive special benefit from infrastructure improvements in a fair, equitable, consultative and consistent manner.

### Scope

This policy covers Council's process for raising contributions from property owners who receive special benefit from infrastructure improvements.

### Definitions

#### ***Maintenance***

Expenditure on an asset which maintains the asset in use but does not increase its service potential or life, e.g. repairing a pothole in a road, repairing the decking on a timber bridge, repairing a single pipe in a drainage network, repairing the fencing in a park, repair work to prevent early failure of an asset or a portion of an infrastructure network.

#### ***Renewals***

Expenditure on renewing an existing asset or a portion of an infrastructure network, which increases the service potential or extends the life, e.g. resheeting part of a road, renewing a section of drainage network, major maintenance on bridges, resealing a road, replacing an existing footpath.

For the purposes of the special charge, scheme renewal projects are those defined in which the primary purpose of carrying out the works is to manage the asset i.e. extend its life. In many circumstances Council takes the opportunity to improve the service that is provided to minimum design standards. For example, when a road is renewed, which has failed and has a 3 metre seal, it may be replaced with a 6.2 metre sealed pavement. In these circumstances these works are classified as renewal.

### **Upgrade Works**

Expenditure on upgrading the standard of an existing asset of infrastructure network to provide a higher level of service to users.

Upgrades would include, but not be limited to:

- Replacing drainage pipes with pipes of greater capacity;
- Upgrading the standard of a road from unsealed to sealed;
- Upgrading the standard of a road to a higher classification;
- Replacing an existing bridge with one having a greater carrying capacity; and
- Upgrading the standard of a road to include drainage and/or kerb and channel.

### **Expansion Works**

Expenditure on extending an infrastructure network, at the same standard currently enjoyed by existing residents, to a new group of users.

Expansion projects would include, but not be limited to:

- Extending a footpath on the road network;
- Extending the drainage network;
- Establishment of new carparks; and
- Development of new facilities.

### **References**

- *Local Government Act 1989* (the “Act”)
- *Local Government Act 2020* (the “Act”)
- Ministerial Guidelines – Special Rates and Charges, September 2004

### **Policy Detail**

This policy applies to all new or improved infrastructure assets that benefit an identified group of property owners within the municipality.

This policy details the circumstances and manner in which new or improved infrastructure works are undertaken with financial contribution from property owners based on principles of fairness and equity. This contribution shall be obtained through a Special Rate or Charge Scheme having regard to the level of special benefit received by those properties and the level of benefit received by the wider community.

### **Works or Services**

A Special Rate or Special Charge Scheme will be used to finance works and services in all circumstances permitted by legislation. The exception to this is that projects less than \$15,000 in total costs will be exempt from a Special Charge Scheme. This is given that the difference between the costs of Council administration and the contributions from benefitting owners for Special Charge Schemes for these projects will be negligible.

When considering infrastructure related projects, Special Charge Schemes will apply in circumstances where there is an upgrade or an expansion to infrastructure.

Maintenance and renewal works will not be considered for a Special Charge Scheme.

Dust suppression works, which, are classified as upgrade works, are of a temporary nature, and will be exempt from a Special Charge Scheme. These works are addressed in Council's Dust Suppression Policy.

### ***Developer Initiated Works***

Where works are initiated by a specific development or planning requirement, and construction of that infrastructure provides obvious special benefits to those existing properties, Council will consider enacting a Special Rate or Charge Scheme to recover reasonable costs from those owners, subject to the following conditions:

- Agreement of the majority of owners to be a part of the scheme. Any identified community benefit, which Council would be required to fund, has been considered in Council's budget process and is consistent with Council's forward works plans and strategies.
- The funding of works does not remove, override or delay the specific planning requirements.

### ***Total Cost***

For upgrade and expansion works relating to kerb and channel, footpaths or urban road reconstruction Council will contribute a minimum of 35% of the total cost related to the implementation of a scheme. Actual expenses related to the scheme include preparation, implementation, design, supervision and administration.

The extent of Council contribution to the total cost of a Special Charge Scheme will be dependent on the benefit of the infrastructure upgrade to the wider community compared with the special benefits to specific property owners. This ratio of contribution is determine in accordance with the Ministerial Guidelines to the Act.

For other eligible special charge scheme infrastructure works Council will apply the Ministerial Guidelines to the Act.

At the completion of the scheme, the final cost of the scheme will be determined and the amounts to be recovered shall not exceed 110% of the adopted scheme estimate. Any expenditure above the 110% shall be borne by Council. Where the final cost of the scheme is less than the adopted scheme estimate the saving shall be returned to the contributors.

### ***Apportionment***

Apportionment of costs shall be on each property identified by Council as receiving a "special benefit" and has been included in the Scheme.

In determining apportionment, Council will have regard to the objectives in the *Local Government Act (Part 1A)* to ensure the equitable imposition of rates and charges.

Council will determine apportionment based on a range of factors, which may include:

- Equal split of special benefit charge amongst properties benefiting;
- frontage of lots receiving special benefit;
- area of lots receiving special benefit;
- use of lots receiving special benefit;
- a combination of apportionment criteria methods.

In the instance where a property located on a corner is included in a special charge scheme the apportionment of that property may be based on the lesser of the property's frontage and sideage length. This takes into consideration that the property may be incorporated in the schemes of two separate streets.

Council will model a variety of methods to demonstrate equitable apportionment of the special benefit amongst beneficiaries.

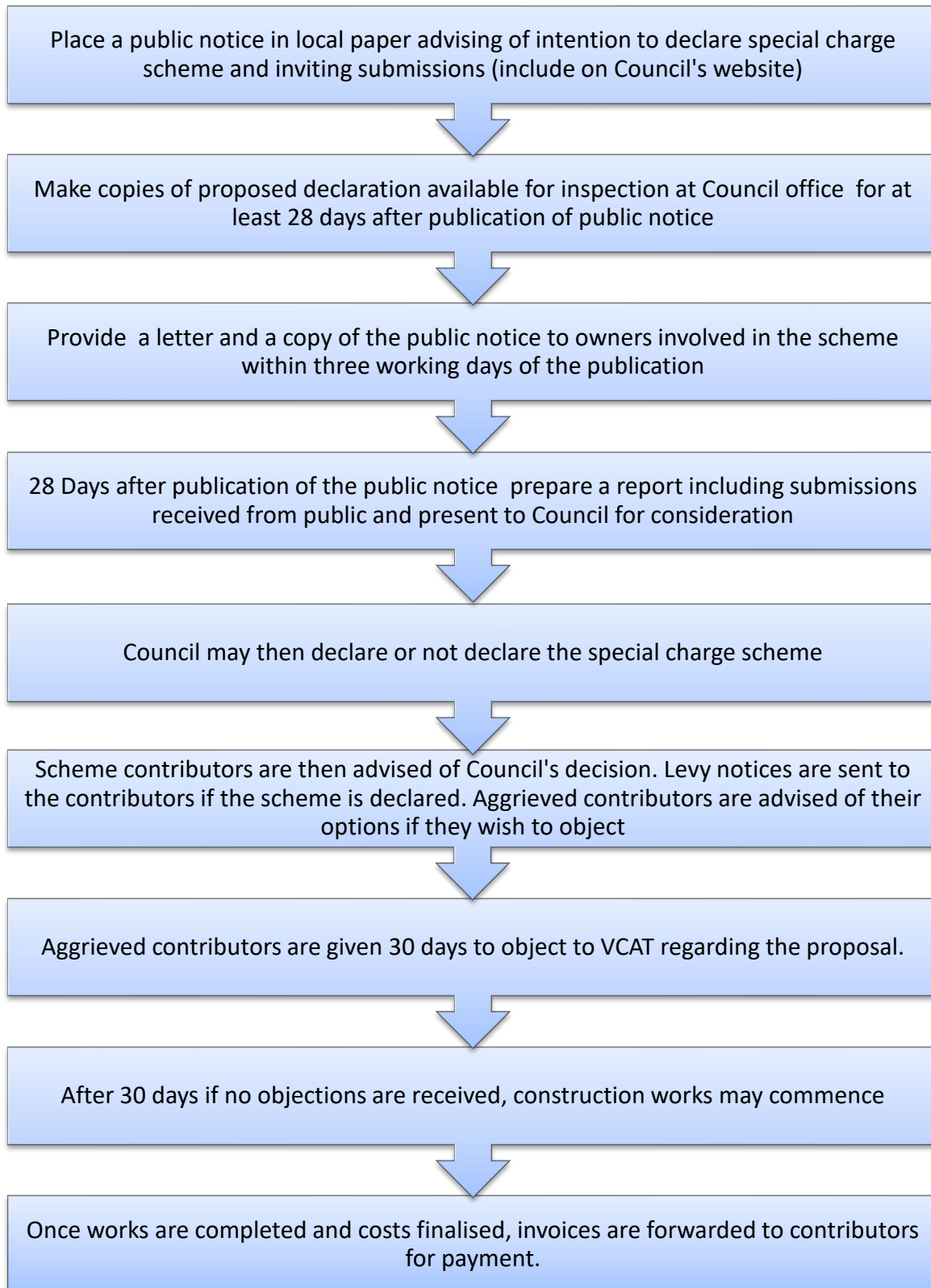
### ***Consultation***

Community consultation and participation will play an important part in the development of specific projects. Many proposals will only be implemented if they have significant support of property owners.

Following Council budget approval to a project, the process for initial consultation will be:

- Development of project concept design and determination of special charge scheme cost estimate and apportionment
- Letters sent to adjoining landowners advising of project proposal, initial cost estimate, feedback form and details of upcoming onsite consultation (where there is only 1 or 2 affected landowners this may be done individually)
- Onsite consultation with adjoining landowners

If the process for implementing the scheme continues, consultation is undertaken in accordance with the requirements of the Act. Steps taken in the statutory process for the scheme are as follows:



### **Objections Process**

If Council proposes to contribute an amount less than 50% of the proposed scheme's total cost and Council receives objections from a majority of landowners in the scheme, Council may not declare the scheme.

If Council proposes to contribute an amount equal to or greater than 50% of the proposed scheme's total cost, Council may declare the scheme without considering objections.

### **Payment**

That in respect of all special rates or charges the following conditions be included when the charge is declared and notice forwarded to the owner:

- The option of:
  - Payment in full within thirty (30) days of the request for payment.
  - Twenty (20) quarterly instalments over a period of five (5) years.
- Interest on instalment payments will be charged at the rate of interest linked to the official Cash Rate (as listed by the Reserve Bank of Australia) plus 1% as at the first day of each quarterly instalment.
- Outstanding payments that are not paid by the agreed time will be charged at the rate of interest linked to the official Cash Rate (as listed by the Reserve Bank of Australia) plus 1%.
- Requests for different arrangements for payment may be considered by the Director of Corporate and Community Services.

### **Human Rights**

It is considered that this policy does not impact negatively on any rights identified in the *Charter of Human Rights and Responsibilities Act (2006)*.

### **Gender Impact Assessment**

The *Gender Equality Act 2020* requires Council to undertake gender impact assessments when developing or reviewing any policy, program or service which has a direct and significant impact on the public. This policy will not have a direct and significant public impact and a Gender Impact Assessment has not been undertaken.

### **Review Date**

This policy is due to be reviewed in June 2028.