

# SPECIAL CHARGE SCHEME POLICY



<b>Approval Body:</b>	COUNCIL
<b>Endorsement Date of Current Version:</b>	16 July 2024
<b>Current Version:</b>	<i>Policy documents change from time to time and it is recommended that you consult the electronic reference copy on the Sharepoint to ensure that you have the current version.</i>
<b>Compulsory Review Cycle:</b>	4 years
<b>Review Date:</b>	<p>16 July 2028</p> <p><i>It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively.</i></p> <p><i>Examples include a change to the name of a Council department, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of the approval body.</i></p>
<b>Responsible Department:</b>	City Design and Construction
<b>Responsible Team:</b>	Civil Design and Construction
<b>Relevant Legislation:</b>	<i>Local Government Act 1989</i>
<b>Relevant Council Documents:</b>	Nil
<b>ECM ID:</b>	248432

# 1 Purpose and Intent

The purpose of this Policy is to provide a strategic framework for the implementation of special charge schemes that assist to fund the construction of new infrastructure. This can include the sealing of gravel roads and the construction of new roadside drainage, kerb and channel and footpaths.

Council strives to deliver infrastructure that meet the needs of our growing community. Creating a well-connected transport network is vital to support the rapid growth in the municipality so that residents and visitors can get around with ease.

Council uses its powers under the *Planning and Environment Act 1987* and the *Subdivision Act 1989* to require developers to provide the infrastructure needed in new estates. These costs are included in the land sale price. However, Council cannot retrospectively apply these powers to land that was subdivided in the past without the current standard of infrastructure.

Council recognises it does not have the financial resources to fully fund the upgrade of all existing infrastructure to current standards. Council considers that infrastructure improvements can provide special benefits to abutting properties. These benefits can include improvements in amenity, access, safety or economic benefits such as increased land value.

Council has resolved that the owners of the properties that receive special benefits from infrastructure works should contribute an equitable share of the cost of those works. Council will achieve this using special charge schemes that are implemented in accordance with this policy, section 163 of the *Local Government Act 1989* and the Ministerial Guidelines.

# 2 Scope

This policy applies to special charge schemes used to fund the construction of infrastructure works. The policy applies when the proposed works would provide specific properties with special benefits that are additional to or greater than the general benefits provided to other properties in the municipality.

# 3 Definitions

Key term	Definition
<b>Council</b>	means Casey City Council, being a body corporate constituted as a municipal Council under the Local Government Act 2020
<b>Councillors</b>	means the individuals holding the office of a member of Casey City Council
<b>Council officer</b>	means the Chief Executive Officer and staff of Council appointed by the Chief Executive Officer.
<b>Ministerial Guidelines</b>	means the Ministerial Guidelines - Special Rates and Charges, September 2004
<b>VCAT</b>	Means the Victorian Civil and Administrative Tribunal

## 4 Policy

### 4.1 Future Special Charge Scheme Program

We will maintain a prioritised list of potential future special charge schemes for new and improved infrastructure works. The list will include a description of the works and the relative priority of each project.

Projects can be referred for investigation and be considered for inclusion on the future special charge scheme program at the request of:

- Councillors
- Community members via a petition or joint letter
- Council officers

Projects will be considered for Council funding through the annual development of the capital works program.

### 4.2 Development of a Special Charge Scheme Proposal

Council will use a consultative process to ensure property owners and the community can help inform the development of a special charge scheme proposal. Council will seek community input to the conceptual design of the proposed works and the method of cost apportionment.

Development of a special charge scheme will begin with Council writing to and notifying all property owners within the proposed scheme boundary.

Property owners will be invited to attend a public meeting with their Ward Councillor(s) and Council officers. The meeting will include information on the:

- Conceptual design
- Estimated total cost of the works
- Special and community benefits of the works
- Method of cost apportionment
- Estimated engineering and administration costs
- Methods of payment
- Consultation milestones
- Process for Council to declare a special charge scheme
- Opportunities for submissions and objections to a special charge scheme

Property owners will be invited to provide feedback and input to refine the proposed special charge scheme. A further public meeting may be held to discuss significant variations to the conceptual design, estimated costs or method of cost apportionment.

Council may conduct a mail survey of property owners to determine the level of support for a proposed special charge scheme. Council will consider the survey results during its deliberations on whether to proceed with a proposed special charge scheme. In accordance with section 163B of the *Local Government Act 1989*, Council will not proceed with a proposed special charge scheme if:

- Property owners would be required to contribute more than two thirds of the total cost of the works, AND
- A majority of property owners object to the proposed special charge scheme.

Survey results will not be binding when property owners would contribute less than two thirds of the total cost of the works. For these schemes, Council may, at its discretion, resolve to proceed without majority support when it considers that a scheme will provide substantial special and community benefits.

#### 4.3 Type of Works and Minimum Council Cost Contribution

Council seeks to improve community support for special charge schemes by offering minimum cost contributions that are more than what Council would otherwise pay according to the ratio of the community benefits and special benefits for the project.

Council's minimum cost contribution will be set according to the type of works as follows:

**Minimum 75 percent** Council contribution:

- Construction of secondary arterial roads

**Minimum 50 percent** Council contribution:

- Construction of trunk collector and collector roads
- Construction of footpaths in local Streets

**Minimum 25 percent** Council contribution:

- Construction of local roads
- Construction of kerb and channel in local streets

Council will determine the type of works by referring to the road hierarchy and primary function descriptions in Council's Road Management Plan.

When Council deems that a road construction scheme will have significant broader community benefits or will be of strategic importance to the municipal road network, the charge against each lot or potential lot will be capped. The cap amount will be adjusted each financial year by applying the Building Price Index as published in the latest edition of Rawlinson's Australian Construction Handbook.

#### 4.4 Cost Apportionment

Council will fairly apportion costs between benefiting properties. In doing so, Council may take into consideration:

- the length of the abutting boundaries
- lot sizes
- land zoning and future subdivision potential under the Casey Planning Scheme
- number and location of property accesses
- the types of special benefits accruing to the land, or

any other matter that provides a reasonable basis of apportionment.

#### 4.5 Engineering and Administration Costs

Council will include the engineering and administration costs associated with developing and implementing a special charge scheme in the total cost of the project. The engineering and administration costs will be determined according to the cost of the works as follows:

Estimated Cost of Works	Engineering and Administration Cost
Up to \$20,000	20% of estimated cost of works
\$20,001 to \$100,000	\$4,000 + \$0.15 per dollar cost over \$20,000
\$100,001 to \$500,000	\$16,000 + \$0.10 per dollar cost over \$100,000
Over \$500,000	\$56,000 + \$0.08 per dollar cost over \$500,000

#### 4.6 Method of Payment

Property owners may pay a special charge either as a lump sum or in quarterly instalments. The maximum number of quarterly instalments will be determined according to the total value of the special charge.

Special Charge to Owner	Maximum Number of Quarterly Installments
Up to \$1,000	10 installments
\$1,001 to \$3,000	20 installments
\$3,001 to \$6,000	30 installments
\$6,001 to \$9,000	40 installments
Over \$9,000	60 installments

Property owners electing to pay as a lump sum will have 28 days to pay in full without incurring interest.

Property owners electing to pay in instalments will have 28 days to pay the first instalment without incurring interest. Subsequent instalments will incur interest at the rate set by Council in accordance with clause 4.7 of this policy.

Council may exercise discretion and negotiate an alternative payment arrangement with a property owner that demonstrates exceptional circumstances.

#### 4.7 Interest on Special Charge Accounts

The interest rate for all special charges will be reviewed annually as part of Council's budget process. As a general guide, the interest rate will be determined by Council's Chief Financial Officer as Council's borrowing interest rate plus one percent (1.0%) for administration costs.

Interest payments will be calculated for the period which commences on the issue date of the previous account up to the quarter ending which coincides with the date of the current account.

## 4.8 Public Notices

After Council resolves to declare a special charge scheme, each property owner within the scheme will be notified by mail and a public notice will be published in a local newspaper and on Council's website.

The public notice will comply with all statutory requirements and will advise that a person may make a submission to Council under section 223 of the *Local Government Act 1989* and that any person who will be required to pay the special charge is entitled to exercise their right of objection under section 163B of the *Local Government Act 1989*.

## 4.9 Consideration of Submissions and Objections

Submissions and objections must be made in writing and submitted to Council by the date specified on the public notice which will be at least 28 days after the date on which the public notice is published.

In accordance with section 223 of the *Local Government Act 1989*, a person making a submission is entitled to request to appear in person or be represented by a person specified in the submission, at a Council meeting to speak in support of their submission.

Council will consider each submission and objection received by the date specified on the public notice and may then resolve to either:

- Abandon the special charge scheme, or
- Make significant changes to the special charge scheme and provide public notice of the amended scheme, or
- Make minor changes to the original special charge scheme and then proceed to declare and levy the special charge by serving formal notice to the contributing property owners, or
- Proceed without any change to the original special charge scheme and proceed to declare and levy the special charge by serving formal notice to the contributing property owners.

Each person that made a submission and each property owner that is required to pay the Special Charge will be notified in writing of Council's decision.

## 4.10 Abandoned Schemes

If Council resolves to abandon a special charge scheme, the abandoned project, or a project of similar scope, will not be reinvestigated or developed for a minimum period of three years. This is to ensure Council resources are used efficiently and effectively in service of projects with high levels of community support.

## 4.11 Right to Appeal Council's Decision

A person may apply to VCAT for review of Council's decision to impose a special charge on them. A person must apply to VCAT within 30 days of the notice of the special charge being issued to them. Section 185(2)(b) of the *Local Government Act 1989* lists the grounds of appeal that VCAT may consider.

## 4.12 Special Charge Scheme Review Group

The special charge scheme review group will meet annually to review this policy and its implementation across the special charge schemes developed or implemented since the previous review. The review group may also convene as necessary to respond to any changes to legislation or other Council policies.

The review group will include Council officers from:

- City and Asset Planning
- City Design and Construction
- City Presentation

The minutes of the special charge scheme review group will be reported to the Director City Planning and Infrastructure.

## 5 Responsibilities

Who	What
City Design and Construction	To review and implement this policy
Finance	To administer special charges accounts
City and Asset Planning	To administer the future special charge schemes program

## 6 Relevant Forms

Nil.

## 7 Document History

Date approved	Change Type	Version	Next Review Date
16 July 2024	Mandatory Document Lifecycle Review	4.0	16 July 2028
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17 April 2018	Major Update	2.0	17 April 2022
21 August 2012	Policy Adoption	1.0	21 August 2016