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# Officers' Reports



**Special Charge Scheme Policy**  
**City Planning and Infrastructure**  
**City Design and Construction**  
**Trevor Griffin**

**ITEM: 5.3.**  
**Ward: NA**

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**Purpose of Report:** To present the results of public consultation on the draft Special Charge Scheme Policy and recommend that Council adopts the Policy.

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## Council Plan Reference

1. People Driven
- 1.3 A City with an accessible and well-connected transport network

## Executive Summary

Special charge schemes allow Council to fund the construction of new infrastructure such as roads, footpaths and drains through a charge on the specific ratepayers that would receive special benefit from those works. The special benefits for a road construction scheme can include reduced dust and better property access for the adjoining properties. These benefits are in addition to the general benefits to other people that drive on the road when passing through the area.

A draft Special Charge Scheme Policy was developed and released for public consultation. Submissions generally objected to aspects of the draft policy or the use of special charge schemes in general. Five main themes of feedback were identified and considered by officers. Officers submit that the draft policy provides a solid strategic framework to implement special charge schemes in the City of Casey and should be adopted by Council.

## Background

On 17 December 2019, Council resolved:

1. *That the draft revised Special Charge Scheme Policy be released for public consultation.*
2. *That a further report be presented to the March 2020 Council meeting based on the results of the public consultation.*

The three most significant changes in the draft policy included:

1. Introducing a five-year Special Charge Scheme Program to plan and prioritise the delivery of schemes according to the level of community demand and the strategic importance of the works to the municipal road, path and drainage networks.
2. Increasing Council's contribution for the construction and asphaltting of unsealed local roads from zero to 25 percent of the total cost of the works.
3. Revising the cost cap per property for construction and asphaltting of unsealed collector and secondary arterial roads to a maximum of \$25,000 per property.

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## Community Engagement

Public consultation on the draft policy was conducted through the Casey Conversations website.

The consultation period was open from Monday, 3 February through Friday, 28 February 2020. A total of 329 unique visitors accessed the consultation page and 29 residents provided written submissions (a response rate of nine percent).

One submission indicated support for the proposed policy as the respondent felt it was consistent with the approaches of neighbouring municipalities. 28 submissions raised objections to aspects of the policy or to the use of special charge schemes generally.

The submissions are included in full in Attachment 1.

There were five main feedback themes that appeared across the submissions. These included the view that:

1. The general rates revenue collected by Council should be sufficient to pay for road construction works to avoid the need to ever levy a special charge on individual ratepayers
2. Council should reduce its capital works spending on other infrastructure such as parks and sports fields and direct the savings into road construction works to avoid the need to ever levy a special charge on individual ratepayers
3. The costs for road construction works undertaken by Council are too high
4. Road construction works should be funded by land developers and the State Government rather than individual ratepayers
5. Roads in rural areas should be left unsealed to maintain the existing character of these areas

Each feedback theme is discussed in further detail below.

### ***Theme 1 – General rates revenue should pay for road construction works***

Most respondents felt that Council's existing general rates revenue should be sufficient to pay for road construction works. These respondents also felt they were not receiving value for money for the rates they already pay as they did not use many of the services provided by Council.

This theme was similarly prominent in submissions to the Victorian Government's Local Government Rating System Review conducted between July and November 2019. In its discussion paper and consultation report, the review panel likened municipal rates to a tax that it is used to provide services that benefit the community broadly. The panel noted that, as with other taxes, there is generally no direct link between the amount collected from a ratepayer and the services received by that ratepayer.

It is beyond the scope of this report to address the overall fairness and equity of the municipal rating system or to challenge the range of services provided by Council. However, it should be noted that the construction, maintenance and renewal of roads and footpaths already accounts for the single largest share of Council's annual service expenditure. In the 2018-19 financial year, spending on roads and footpaths was over 17 percent of total Council expenditure.

This expenditure covers the maintenance and renewal of over 1,800 kilometres of local roads as well the gradual construction and upgrading of secondary arterial roads to service our developing suburbs. As such,

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it is currently beyond Council's capacity to also fully fund the construction of the remaining 120 kilometres of low volume rural roads across the municipality.

Special charge schemes provide an effective way to fund a specific project that only benefits a limited number of ratepayers. Officers maintain it is reasonable that the landowners that directly benefit from local road construction works should contribute to funding those works. This allows Council to prioritise capital works expenditure on roads with broad community benefit.

### ***Theme 2 – Reduce spending on other infrastructure to fund road construction***

Another relatively common feedback theme suggested that Council should redirect funding away from recreational, leisure and community facilities to fund the construction of additional road and footpath works.

A significant portion of Council's expenditure on these facilities is sourced from developer contributions. These funds are collected at the time of subdivision and are used to partially fund the construction of significant community infrastructure in the contributing area. The governing legislation does not allow these funds to be used for projects that are outside the development contributions plan area.

The community facilities and major road projects funded by Council rates typically service very large community catchments with many thousands of users. By contrast many local unsealed roads may service a much lower amount of users. As such it may be difficult to justify redirecting rates away from major community infrastructure as proposed in these submissions.

### ***Theme 3 – Costs for road construction works undertaken by Council are too high***

Several submissions expressed the view that the costs associated with Council's construction of roads are too high.

Two submissions claimed that Council deliberately inflates the estimated costs of works to be funded by special charge schemes. These submissions claim this is done in order to extract a larger proportion of the total cost from contributing property owners and in turn to lower the share of costs paid by Council itself. This is not Council's approach. Cost estimates are never deliberately inflated and there can be no financial windfall for Council in doing so. If Council obtains a lower than expected price through public tendering of the works, the amount to be charged to each property owner is reduced accordingly. Every scheme is subject to a final financial reconciliation to ensure each property owner has been charged the correct amount based on the actual, tendered cost of the works.

Another submission noted that the 17 December 2019 Council report stated the approximate cost for road construction in the City of Casey was \$1.2 million per kilometre. The submitter noted that the Shire of Cardinia plans to seal 40 kilometres of roads in the 2019-20 financial year for a total cost of \$25 million or \$625,000 per kilometre.

This comparison involves two different standards of infrastructure. The City of Casey cost is based on delivery of a more urban road that typically includes an asphalt pavement, kerb and channel, footpaths and piped drainage. The Shire of Cardinia costs cited by this submission include only the sealing of the road pavement with minimal other works. The Shire of Cardinia's special charge schemes webpage states that the estimated cost for delivery of an urban road is \$1.5 million per kilometre.

The actual cost of constructing any given road will always vary according to the unique site conditions, engineering requirements and market conditions at the time of the construction tender. In all cases though, Council strives to deliver best value for the community in terms of both the initial construction costs and the on-going maintenance and renewal costs over the whole life of the road. Council's special charge schemes reflect the actual cost to deliver road infrastructure in this municipality.

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***Theme 4 – Road construction works should be funded by land developers and the State Government rather than ratepayers***

Some submissions expressed a view that land developers and the State Government should be responsible for the costs of new road infrastructure rather than individual ratepayers.

Today, most new roads across the City of Casey are constructed by developers. Planning permits require developers to fully construct all the local roads, drains, footpaths and associated urban infrastructure prior to being able to release the lots in each stage of their subdivision. These costs are then included in the land price paid by the new residents.

Most existing unsealed local roads in the City of Casey are in suburbs where the land was subdivided many decades ago. At that time developers were typically not required to provide a sealed road to service new rural lots. As such, the purchasers of these lots have never paid the costs associated with having a sealed road and other urban infrastructure. As a matter of equity, it is not unreasonable these owners should pay for the cost of local improvement works that provide special benefits to their properties. It should not be for all ratepayers to subsidise works on very low volume residential streets. Rather Council's capital works program targets delivery of roads with significant broader community benefit. These are typically termed collector or secondary arterial roads and carry daily traffic volumes of hundreds or thousands of vehicles.

Similarly, the State Government focuses its expenditure on the major arterial road, intersections and freeways under its control that each convey tens of thousands of vehicles per day.

***Theme 5 – Roads in rural areas should be left unsealed to maintain the existing character of these areas***

A small number of submissions suggested that rural roads should be left unsealed to maintain the character of these areas. These respondents stated that they chose to live in a rural area because it was free of the infrastructure typically seen in urban areas.

The draft policy does not propose the wholesale sealing of all the rural roads in the City of Casey. It is expected that in many areas the unsealed road will be fit for purpose and will remain unsealed per the wishes of the residents on that street. However, where a majority of residents seek to have their street sealed and are prepared to pay the cost of the works, the draft policy provides a way to deliver the works at minimal cost to the broader community.

Clause 4.2 of the draft policy establishes that when developing a special charge scheme proposal, Council will use a consultative process to ensure property owners and the community have input to the scope of the works. In rural areas this may see the delivery of minimal works in order to provide a sealed road surface without the extensive kerb and channel, drainage and footpaths seen in urban areas.

**Next Steps**

After considering all submissions, Officers submit that the draft policy provides a solid strategic framework to implement special charge schemes in the City of Casey and recommend Council adopts the draft policy as presented in Attachment 2.

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## **Financial Implications**

As outlined in the report of 17 December 2019, the proposed increase to Council's contribution for the construction and asphaltting of unsealed local roads will be cost neutral over a 20-year period due to the realisation of maintenance cost savings. The proposed increase in the cap on the charge per property would be expected to reduce Council's required expenditure on roads with broader community benefits by approximately \$225,000 per kilometre.

## **Officer Direct or Indirect Interest**

No Council officers involved in the preparation of this report have a direct or indirect interest in matters for consideration.

## **Conclusion**

Throughout February 2020 Council has sought public comments on the draft Special Charge Scheme Policy. A total of 29 written submissions were received and have been reviewed and discussed in this report. Officers submit that the draft policy provides a solid strategic framework to implement special charge schemes in the City of Casey and recommend the policy now be adopted by Council.

## **Attachments**

1. Attachment 1 – Public Consultation Submissions [5.3.1 - 7 pages]
2. Attachment 2 - Special Charge Scheme Policy -v 3-20-11-2019 [5.3.2 - 7 pages]

## **Recommendation**

**That Council adopts the Special Charge Scheme Policy in Attachment 2.**

## Attachment 1 – Public Consultation Submissions

**Submission 1 – Received 05-02-2020**

*“Cost is inappropriate for property owners to pay and the cost is too high. This should not proceed, the council should have this planned when development was happening/done then when they sold the land for profit”*

Resident from Cranbourne East

**Submission 2 – Received 05-02-2020**

*“I was under the apparent erroneous impression that paying the rates enabled the council to seal the roads as required. Now it appears if the developers don't seal the roads (and increase the values and the rates) now the ratepayers have to foot 75% of the bill which council will undoubtedly will outsource and cost more than if council did the work. What does council do with the rates? Put it into long term deposits and raise council salaries and outsource everything?”*

Resident from Pearcedale

**Submission 3 – Received 05-02-2020**

*“No we should not be charged a Special Charge Scheme at all. City of Casey charges enough for rates as it is. Any major road construction such as the widening of the South Gippsland Highway is the responsibility of State Government not the council. Stop developing parks & sports fields and use that money to improve roads. Also as I understand it, the Casey Council makes developers pay for a section of road in front of any new development”*

Resident from Cranbourne East

**Submission 4 – Received 05-02-2020**

*“As a rate payer I don't believe my rates should be increased to improve amenities that are associated with the area, The improvements required should be forecasted and charged to developers to ensure that the funds are put towards or implemented at the time of settlement (if this is a new estate) or If the area is already completed and required further improvements then on going rate charges should be saved from current rate charged and put specifically into these areas.”*

Resident from Cranbourne South

**Submission 5 – Received 05-02-2020**

*“I object to paying extra for upgrade of roads and footpaths when I already pay taxes and rates. I think the council should pay more attention to slowing down building of new estates in the area to allow time for adequate infrastructure to catch up and be in place. Also to focus on lobbying government for additional funding to ensure adequate roads and footpaths are in place. If members of the community are requesting this then that is ok, but if members of the community must have the option to refuse special charge policy.”*

Resident from Berwick

**Submission 6 – Received 05-02-2020**

*"I am against the special charge scheme. How do you objectively determine the benefit you are providing to the land owner or the increase of their property value? Potentially the land owner would rather a local dirt road, for example as it reduces local traffic. \$25,000 per property seems excessive, particularly considering it is on top of taxes which land owners already pay. Land owners don't pay a special charge when a local swimming pool or shopping centre is built, you will be charging for something which is out of their control. Without being able to analyse the formulas which will be used to calculate the land owner's special charge, it is difficult to agree with this scheme. If the charge was a small portion of the Council rate charge, I may agree with it. I wonder if local land owner's would be asked to vote for a new road."*

Resident from Hampton Park

**Submission 7 – Received 05-02-2020**

*"I don't think there should be any special charge to be imposed on people. Council is already charging too much rates. They should manage there spending better."*

Resident from Cranbourne East

**Submission 8 – Received 05-02-2020**

*"As a rate payer who pays over \$2000 per year I wholeheartedly disagree with any further payment to council when it comes to what is their primary responsibility (being roads and rubbish). If you require more funding for this type of project then perhaps you should be managing our finances more appropriately and not sending council members on junkets or paying council members when they've absconded from investigation and quite frankly should be suspended without pay. I for one am SICK TO DEATH of councils (especially the one that I pay with my hard earned cash) who've forgotten what they are supposed to be all about and cannot wait for the day when I have the opportunity to clear out the lot of you."*

Resident from Berwick

**Submission 9 – Received 05-02-2020**

*"Why are residents paying for these services when they should have been provided when the properties were subdivided or houses built. I don't agree. The council should pay full cost."*

Resident from Narre Warren North

**Submission 10 – Received 05-02-2020**

*"Rates are already exuberant, given the services provided. Having dealt with staff from the council previously and received very bad and rude service, I'm getting what I'm paying for to begin with. Then we look at Bunjil place which is hugely wasteful, and uses expensive imported timber which isn't contributing to Australia or providing good value for the residents. Unless there is a quantified benefit in land value, I would be objecting and raising the matter with the Commonwealth Ombudsmen."*

Resident from Lyndhurst

**Submission 11 – Received 06-02-2020**

*"In my view no property owner should be charged for basic infrastructure like roads and drains. Property developers should be held more responsible for such costs and councils need to plan for future developments to include basics in the planning. Every person has a right to these basic Government obligations."*

Resident from Cranbourne East

**Submission 12 – Received 06-02-2020**

*“More cycling paths please. On road so groups can train safely (not shared or raised paths) and off road to commute safely linking the Hallam valley trail and Dandenong trail.”*

Resident from Cranbourne North

**Submission 13 – Received 06-02-2020**

*“I think the council should try and find other means of saving money to cater for this. Every time something comes it is the rate payer who is affected, even when most the rate payers are struggling to pay their bills. My view is to try and find ways to save money and use the savings for such projects.”*

Resident from Narre Warren East

**Submission 14 – Received 06-02-2020**

*“If I've understood correctly I think if the changes are planned and the fees collected over 5 years the cost benefits to ratepayers is positive since they are not up for a huge lump sum payment. It aligns with other surrounding councils processes”*

Resident from Berwick

**Submission 15 – Received 07-02-2020**

*“For new developments and subdivisions yes this is fair and should be implemented but not for existing roads or areas the need upgrading. Existing roads that need upgrading should be covered by ALL City of Casey Ratepayers and not a targeted rate scheme unless you are going make the upgraded and improved roads private exclusive use for those ratepayers and residents that contributed to them only. This is a disaster of an idea waiting to happen. Better budgeting from Council on key infrastructure is needed if this is what you need to resort too.”*

Resident from Clyde North

**Submission 16 – Received 07-02-2020**

*“Special charge scheme is outrageous, Casey council need to spend funds they already receive on works such as road works, street appeal etc. With the City of Casey expanding rapidly, resources and finances need to be managed in a more effective and responsible manner!”*

Resident from Cranbourne East

**Submission 17 – Received 10-02-2020**

*“Totally against this scheme. The council are there to manage within the funds they receive not ask for more money every time there is an infrastructure project required Planning and fund allocation are what they are supposed do so why are they not doing it instead of asking rate payers to stump up more money??”*

Resident from Botanic Ridge

**Submission 18 – Received 10-02-2020**

*“The massive increase in the capped rate, seems to be nothing more than council seeking 100% financing from residents who already pay high rates, rates that are supposed to go towards new road construction. I feel that the estimated costs for the construction of the roads have been grossly inflated in an attempt to mislead the public on the true value of the work. Not only is the huge increase unnecessary, the fact that in many areas within the municipality, council have collect decades worth of rates from residents, and delivered very little in the form of upgrades to amenities and roads, as is the case in Devon Meadows. This increase will not be accepted by the community, and if it were, would cause undue financial stress to many residents, most of whom are in retirement, and would struggle to meet current rate commitments with council. The city of Casey is one of the largest in Victoria, with an abundance of land development happening all over the shire, collecting millions of dollars in developer contributions and additional rates, there should be an abundance of funds to go back into improving areas in the shire. As per your report tabled at the last council meeting, there was nearly \$7 Million dollars in surplus funds at councils disposal, funds that could be used for new road construction? The shire of Cardinia currently has a program running to seal around 40 klms of road, for a total investment of \$25 Million dollars, a scheme funded by the rates received from residents, not through a dodgy scheme designed to have the residents foot the bill. The scheme in Cardinia has a cost of \$625,000 per klm, as opposed to the City of Casey's suggested \$1.2 - 1.5 Million per klm. One thing that your report failed to acknowledge and considered in your feasibility, was that due to the increase in property values, residents would then also be slugged with an upwardly revised rates notice. So what your scheme is attempting to do, is tax the poor resident, 3 times for works that should already be schedule into your budget, as you should already have funding coming through as rates. So the poor resident will have to endure a higher rates bill, a max capped rate of \$25,000, with an interest rate attached to the capped rate as well. This is unacceptable, and I will be seeking council to abolish it's standing on the proposed scheme, and to follow in the footsteps of its neighbor, and implement a Strategic Sealed Roads Project and maintenance program much like that of the Cardinia Shire, funded from rates collected.”*

Resident from Devon Meadows

**Submission 19 – Received 10-02-2020**

*“I don't agree with charging rate payers. Our rates are already high and I don't believe Casey Council are doing the right thing by rate payers. Why don't councillors take a small pay cut to show their constituents that they want to work with them and not keep charging more and more”*

Resident from Devon Meadows

**Submission 20 – Received 10-02-2020**

*“Please don't listen to the minority. The majority of Devon Meadows residents are happy with the dirt roads. If people are unhappy with a bit of dust on their cars, they shouldn't have bought a property on a dirt road. Devon Meadows has always been a farming/horse/dog area and most of us want to keep it that way. We love the quiet and relaxed nature of the area and don't want the additional traffic and hoons that sealed roads would cause. My family have neither the desire or the finances to contribute to any schemes to seal our roads. I can assure you that this view is held by most of my friends in Meadow Rd and surrounding streets.”*

Resident from Devon Meadows

**Submission 21 – Received 11-02-2020**

*“Having already been involved in the sealing of Cross rd special scheme when we didn't want it we definitely do want to be involved with Olive rd sealing. Our paddock along Cross rd now floods in heavy rains which it didn't before. We pay our rates and get only rubbish collection and occasional grading of our rd and nothing else. I believe the Casey Council should pay for the sealing of the Olive rd if it goes ahead which we do not wish to happen. I believe that most people would not be able to afford the mentioned capping of \$25,000. Let our rates pay for it instead of all the wastage that council uses them for at this time. To finalise my comment we do not want Olive rd sealed we bought for the rural atmosphere here and this would distract from that. P.S. we have enough horns that don't obey the speed limits as is with a sealed rd they will just drive faster and be keeping us awake doing 360s at all intersections.”*

Resident from Devon Meadows

**Submission 22 – Received 11-02-2020**

*“In reference to special charges, council ask property owners to pay for upgrades to their areas roads. The reason this is requested is usually because the council has allowed the surrounding area to be developed. This increases traffic volumes. Developers pay incentives to councillors so that they can proceed with a development that will put millions of dollars into their pocket. Developers should be paying for road upgrades and not residents unless a 75% majority of residents request the upgrade and are willing to pay for the upgrade. Forcing residents to pay for upgrades they do not want is a form of socialism that should not be welcomed into a democratic society.”*

Resident from Devon Meadows

**Submission 23 – Received 11-02-2020**

*“I do not want my road changed to a made road. I do not want to pay the cost of this. I live on Worthing Rd and like it just the way it is. The cost you are proposing is a absolutely ridiculous! Council should be paying for this not the residents.”*

Resident from Devon Meadows

**Submission 24 – Received 18-02-2020**

*“The special charge scheme policy document has not been circulated to residents and there isn't even a link to the draft policy in the email communication. The summary of what it is regarding is not enough information for considered commentary. People do not know what this is. I can only surmise that this another example of council trying to pull the wool over residents eyes with limited information. However with the limited information that has been provided I would not be supportive of slugging residents with more costs purely because you are not able to reconcile your P&L. The incredibly high mandated council rates are more than enough to pay for any extras. Please do not ask the low income demographic that resides in Casey to get penalised any more. Please email a copy of the policy to me.”*

Resident from Narre Warren

Note: A direct reply was sent to this resident on the 18 February with a copy of the draft policy.

*“Thank you for your speedy reply. I didn't see the documents so I appreciate you providing them. I will review the policy and revert. It is still my view however that there is no need for an increase to rates or ask for additional funds from residents if this is included in the budget or additional funds are included in the budget for exceptions. Given the recent corruption allegations at council level, I think that suggesting this is a slap in the face to residents.”*

**Submission 26 – Received 19-02-2020**

*“The proposal appears to give council the final say on any fee proposed. There needs to be the facility for challenging any proposal by council to charge rate payers a fee by an independent arbiter without any costs for such process being charged to the ratepayer! The benefit valuation in most cases would be difficult to quantify and in some cases, ratepayers may not even want the works undertaken. In view of recent publicity also, there is really only one way to go: Works outside private property should be funded by council alone!”*

Casey Resident (suburb not provided)

**Submission 27 – Received 28-02-2020**

*“Given the current climate of Casey Council being operated by an Administrator for the next 4 years, I believe this sort of decision should wait, until elected councillors can fully represent the people they are elected to serve.”*

Resident from Narre Warren

**Submission 28 – Received 28-02-2020**

*“I feel that it is inevitable that the second half of Worthing Road will be properly surfaced eventually. However, I believe that in the light of recent “goings on” in our local council, some financial leeway should be granted to property owners in Devon Meadows who will be involved in these road charges.*

*Firstly, I believe that the charge for the remainder of sealing Worthing Road should not exceed the amount charged to property owners at the other end of the road.*

*Secondly, I note that the Policy mentions proper drainage being constructed. At the present time, we have no drainage and the road is constantly flooding after heavy rain.*

*I hope that we can be assured that drainage pipes will be properly placed and kerbing installed as well.*

*I understand from a friend in Finsbury Road that when they were charged for the road to be built it was \$5,000. The other end of Worthing Road was \$8,000. I think that our costs should be capped at \$8,000.*

*According to your letter, these residents paid 100% of the road costs. Now Council is proposing to pay 25% how can our costs be triple the costs previously mentioned. Can you please explain the exorbitant increase?”*

Resident from Devon Meadows

**Submission 29 – Received 28-02-2020**

*"I refer to the item on the Council website <https://www.casey.vic.gov.au/news/council-provides-increased-funding-local-road-construction> and Version 3.0 of the Special Charge Scheme Policy.*

*The following response is provided as constructive feedback on the proposal.*

*The headline is a surprise to me as well as a little misleading. There is no doubt that 25% is far better than zero. One could assume we are getting something more for our money compared to the current arrangement of residents paying 100% of the cost. Really!! Is this what local government is about? In my view this is still somewhat less than what is reasonable for ratepayers.*

*It is interesting to note that a number of councils have decided to abandon this notion of a special charge scheme.*

*Paragraph five of clause 1 (version 3.0) of the policy states that council has resolved that owners of properties that receive special benefits should contribute an equitable share to cover the infrastructure stated in paragraphs two and four. My concern here is that to date this policy appears to facilitate the function of being a project inhibitor rather than a project enabler.*

*The local government act provides in part:*

- A Council must only declare a special purpose charge on rateable land if the owner or occupier of the rateable land will derive a special benefit from the provision of the proposed works or services to which the proposed special purpose charge will relate.*
- For the purposes of the above "special benefit" means a benefit that is additional to, or greater than, the benefits available to owners or occupiers of other rateable land which will not be subject to the proposed special purpose charge.*

*Much of the project work envisaged here means that these properties will only be enhanced up to the standard of facilities available to others not to a greater level.*

*I note the comment that we have more than 120 km of unsealed roads and the Council does not have the funds to seal all of them. Can you really compare them? I think it is a bit of a paradox given Urban and Rural infrastructure have differing considerations and demands. In my view, it is not a valid comparison.*

*Council will maintain a prioritized five-year program of future special charge schemes. These projects should already be identified should they not. Without councilors for the next three years how does the community nominate or identify such infrastructure projects.*

*The purpose of local government is to provide an effective and efficient way for the provision of common services and infrastructure. Now we have council suggest that they will contribute up to 25%. What are we getting for our rates? We have a budget surplus of some \$100M this year and I understand that this helps to provide for capital works. A number of which are included in the capital works program each year.*

*I refer to paragraph two of the Purpose and Scope together with the vision about being Australia's Most Livable City, all noble and ideal goals. However, does that mean we have to pay a significant additional impost for individual projects that are really part of council responsibility in order to realise this vision. Surely much of this lies within council budgets rather than additional charges to the extent raised here.*

*The premise of charge and intent appear to be at odds.*

*Whilst I acknowledge that some form of special charge scheme could be applicable in some circumstances I would suggest that a more equitable offset is appropriate.*

*I would be more than happy to discuss this in person at any time suitable to council."*

*Resident from Berwick*



# Special Charge Scheme Policy

<b>Approval Body:</b>	Council
<b>Endorsement Date:</b>	
<b>Council Plan Reference:</b>	1.3
<b>Current Version:</b>	3.0 <i>Council policy documents change from time to time and it is recommended that you consult the electronic reference copy on Casey Council's Website to ensure that you have the current version. Alternatively, you may contact Customer Service on 9705 5200.</i>
<b>Compulsory Review Cycle:</b>	Four years
<b>Review Date:</b>	30 June 2023 <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. 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 Council.</i>
<b>Responsible Department:</b>	City Design and Construction
<b>Relevant Legislation:</b>	<i>Local Government Act 1989</i>
<b>Relevant Council Documents:</b>	Nil
<b>Breaches:</b>	Nil
<b>ECM ID:</b>	248432

Special Charge Scheme Policy (Version No. 3.0)

## 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

<b>Council</b>	means Casey City Council, being a body corporate constituted as a municipal Council under the <i>Local Government Act 1989</i>
<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 <i>Ministerial Guidelines - Special Rates and Charges, September 2004</i>
<b>VCAT</b>	Means the Victorian Civil and Administrative Tribunal

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## 4. Policy

### 4.1. Future Special Charge Scheme Program

Council will maintain a prioritised five-year program of future special charge schemes for new and improved infrastructure works. The program will include a description of the works, the estimated cost of the works, the amount to be charged to property owners 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

The five-year program will be reported to Council each year as the preferred order for developing special charge schemes. Schemes 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.

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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 Contributions

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 at **\$25,000** as at 1 July 2020. 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.

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**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:

<b>Estimated Cost of Works</b>	<b>Engineering and Administration Cost</b>
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. Methods 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.

<b>Special Charge to Owner</b>	<b>Maximum Number of Quarterly Instalments</b>
Up to \$1,000	10 instalments
\$1,001 to \$3,000	20 instalments
\$3,001 to \$6,000	30 instalments
\$6,001 to \$9,000	40 instalments
Over \$9,000	60 instalments

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 5.7 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 Notice**

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

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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

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- Communications and Marketing
- Customer and Digital
- Finance
- Governance
- Property and Procurement

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

### 5.1. Breaches

Nil

## 6. Relevant Forms

Nil

## 7. Document History

Date approved	Change Type	Version	Next Review Date