

# **CONSULTATION REPORT**

**Proposed Declaration of a  
Wastewater Sewer Service Charge  
on rateable and non-rateable  
land within Council's area  
to  
which this service is provided  
or  
made available**

**May 2014**

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## INTRODUCTION

In accordance with Section 155 of the Local Government Act 1999 Council may declare a service rate or service charge on land (rateable and non-rateable) within the area of the Council for the purpose of establishing, operating, maintaining, improving and replacing (including by future capital works and including so as to take into account the depreciation of any assets) a wastewater sewer service in its area. It is a charge on the land.

Section 155 of the Local Government Act 1999 permits Council to raise a service rate or service charge to land to which it provides a prescribed service. A prescribed service includes the treatment or provision of water.

The main legislative features of a service charge are:

- it can be applied to rateable and non-rateable properties to which Council provides, or makes available, a prescribed service.
- a service rate, or annual service charge, may vary according to whether the land to which it applies is vacant or occupied or according to any other factor prescribed by the regulations and applied by the council.
- a council must not seek to recover in relation to a prescribed service an amount by way of service rate, annual service charge, or a combination of both exceeding the cost to the council of establishing, operating, maintaining, improving and replacing the service in its area.
- funds raised by the service charge must be applied for the purpose associated with improving or replacing council assets for the purpose of the relevant prescribed service.
- an annual service charge may be based on, the nature of the service, the level of usage of the service and other factors.

This consultation report is provided as information for the proposed declaration of a wastewater sewer service charge to fund the operation, maintenance and renewal of sewerage systems where this service is made available. This report is prepared and provided for public consultation purposes in accordance with the provisions of the Local Government Act, 1999.

The proposed wastewater sewer service charge will provide funding to enable this service to be provided i.e. to enable operation, maintenance and renewal.

A publication has been placed in The Courier describing the proposed declaration of a service charge and inviting interested parties to:

- Access and consider the content of this report;
- Provide a written submission to Council; and/or
- Provide feedback at a public meeting

The public meeting is to be held at the commencement of Council's Ordinary Meeting to be held on **16 June 2014**. The public meeting is to receive and consider presentations from the community. The Council is also seeking written submissions from the community on the proposed declaration of the service

charge **to be received at the Council Office, 6 Dutton Road, Mount Barker no later than at 5 pm on Friday 13 June 2014.**

Copies of this report are available to the public at the Local Government Centre, on Council's website and copies have also been forwarded to affected ratepayers.

## **BACKGROUND**

All new developments must provide for an adequate and sanitary wastewater disposal system.

Council in consultation with property developers has resolved that a sewerage system be established to service growth including all of the Mt Barker MDPA area, growth in Meadows and new developments where the wastewater sewer service is to be provided or made available.

Council is aware wastewater in Brukunga is currently facilitated by a sewerage system which was constructed in the mid 1950's. It is not envisaged that the cost associated with the operation of this system will significantly increase. Recognising the historical arrangement and the minimal load on the overall system attributable to Brukunga Council, will not seek to recoup additional funds from the Brukunga residents with the introduction of the sewer service charge i.e. transition from a CWMS service charge.

Council will provide a rebate to ratepayers connected to the existing sewer system in Brukunga. The rebate will be equivalent to the difference between the sewer service charge and the Community Wastewater Management System service charge.

Example for 2014/15 Financial year for Brukunga

Sewer Service Charge	\$514.00
CWMS Service Charge	<u>\$421.00</u>
REBATE	<u>\$ 93.00</u>

The rebate will not apply for any future development in Brukunga that generates new allotments.

## **DISCUSSION**

### **Activity**

1. An annual wastewater sewer service charge is proposed to be declared for the purpose of establishing, operating, maintaining, improving and replacing (including by future capital works and including so as to take into account the depreciation of any assets) the wastewater sewer service where it is provided or made available within parts of the Council area.

### **Reasons for the proposed annual wastewater sewer service charge**

2. Council acknowledges that basic infrastructure is required in order for there to be orderly growth and development within the District.
3. The advent of the MDPA Area and other developments means that certain infrastructure will be required as development is undertaken and this will need to be funded. This infrastructure includes the provision of suitable Wastewater collection, treatment, storage, disposal and reuse. Council in consultation with property developers has resolved wastewater disposal and treatment can be by way of a sewerage system in parts of the Council area as an alternative to using existing Community Wastewater Management Systems.
4. Council's Long Term Financial Plan (Budgets) indicates that the existing ratepayers can not afford to finance an undertaking of this magnitude.

### **Relationship of proposed change to overall rates structure and policies**

5. Council's existing rates structure can not cater for the proposed new infrastructure and services required to meet the demands for wastewater treatment for future developments within the Council Area.
6. Current rating structures have historically funded existing Council services in place today.
7. The proposed annual wastewater sewer service rate is independent from the existing rating structure and is being introduced to rate only those properties that will benefit from the infrastructure service where it is provided or made available.

### **Likely impact on the ratepayers**

8. Ratepayers will pay the new annual wastewater sewer service charge where the service is provided or made available.

9. The annual wastewater sewer service charge will be declared to apply, in accordance with the Act.
10. For the reasons outlined in the 'Background' Council will provide a rebate to ratepayers connected to the existing sewer system in Brukunga. The rebate will be equivalent to the difference between the sewer service charge and the Community Wastewater Management System service charge.

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### **Equity Issues**

11. Considerations to be taken to account in relation to rating principles are as follows:
  - **Benefits received:** Reliance on this principle suggests that (all other things being equal) a person who receives more benefits should pay a higher share of tax. The proposed Service charge will be applicable to all landholders where the service is provided or made available.
  - **Capacity to pay:** this principle suggests that a person who has less capacity to pay should pay less; and that person is of similar means should pay similar amount.

For this proposal;

12. A general rating principle is that a service charge is an equitable, targeted way of recovering the cost of the provision of services and infrastructure that are intended to primarily benefit ratepayers who are provided with or have access to this facility. The charge will be a fixed amount determined annually by Council.
13. Council needs to consider whether today's ratepayers and other service users should pay more or less than the cost of providing today's services to them and the consequential implications for future ratepayers.
14. Council needs to strike an appropriate balance between funding from direct users of specific services (through user rates and charges) and broader public beneficiaries (through general rates) having regard to the public characteristics of key services.
15. The principal of intergenerational equity highlights the importance of financial sustainability to ensure that each generation 'pays their

way', rather than any generation 'living off their assets' and leaving it to future generations to address the issue of financing new infrastructure.

### **Basis of charging**

16. The wastewater sewer service charge will be annually declared as a fixed amount to be imposed on land (rateable & non rateable) within Council's area to which it provides or makes available this service. The charge will be the same for vacant and occupied land.

### **Basis of rating**

17. The wastewater sewer service charge will be an annual service charge, applied on the same basis to all land where the service is provided or made available. This is regardless of whether the land is rateable or non rateable, vacant or occupied.

### **Period of rating**

18. It is proposed that the annual amount of the wastewater sewer service charge will be declared each single financial year having been included in and accounted for as part of the usual annual business planning process.

### **Postponement of Payment**

19. It is not proposed that the annual wastewater sewer service charge will be postponed. It will be due and payable (quarterly) immediately following declaration.
20. In accordance with usual conveyancing practices, if an allotment over which the wastewater sewer service charge has been declared is sold before the service charge is paid, the full year's rate will be adjusted as between the vendor and purchaser.
21. Pursuant to section 182 of the Local Government Act, if Council is satisfied on application of a ratepayer that payment of the service charge would cause hardship, Council may postpone payment in whole or in part for such period as Council sees fit.

### **Remission**

22. If a council is satisfied on the application of a ratepayer that payment of rates in accordance with this Act would cause hardship, the council may postpone payment in whole or in part for such period as the council thinks fit; or remit the rates in whole or in part.

### **Rebates**

23. A Council may grant a discretionary rebate of rates or service charges in specific circumstances on such conditions as the Council

sees fit. Council will give reasonable consideration to the granting of rebates on merit. Council complies with the provisions in relation to the Local Government Act in regard to rebates and has an existing policy: *Rates Rebate Policy*.

### **Accountability**

- 24 Council is accountable to spend the revenue collected by the service charge only for the purposes of the activity for which the rate is declared, unless the prescribed service is discontinued, then any excess funds may be applied for another purpose specifically identified in the council's annual business plan as being the purpose for which the funds will now be applied.
25. Council will precisely determine and track all costs of providing sewer infrastructure and services to the relevant area against the revenue raised from the wastewater sewer service charge declared. A separate fund will be established so that financial statements can readily be prepared which will be publicly available in accordance with the Australian Accounting Standards.

### **CURRENT RATING OVERVIEW**

26. Council's current rating strategy, as endorsed by the Council in July 2013, as part of the 2013/14 Annual Business Plan, includes a number of policy areas that have been implemented throughout the District. A copy of the Annual Business Plan is available upon request or on Councils website.

## CONSULTATION PLAN & TIMETABLE

- Council Meeting to endorse Community consultation 19 May 14
- Advertise consultation 21 May 14
- Cut off date to receive written submissions 13 Jun 14
- Public meeting for consultation 16 Jun 14
- Council meeting to adopt new service charge 7 Jul 14

### **Feedback on the Proposed Wastewater Sewer Service Charge**

Written submissions are being sought on the proposed declaration of a wastewater sewer service charge on land where the prescribed service is provided or made available in the Council Area. Submissions are to be submitted to:

The Chief Executive Officer  
District Council of Mount Barker  
PO Box 54  
Mount Barker SA 5251

or [council@dcmtbarker.sa.gov.au](mailto:council@dcmtbarker.sa.gov.au) with "Wastewater Sewer Service Charge" in the heading

*Please Note: If you intend to come to the Council meeting (and present any feedback) you will need to advise Council by Friday 13 June 2014, by emailing Neville Gay at; [ngay@dcmtbarker.sa.gov.au](mailto:ngay@dcmtbarker.sa.gov.au) or register by phone 8391 7207.*

**by no later than at 5.00 pm on 13 June 2014**

If you have any queries in relation to the declaration of a separate rate contact Neville Gay, Senior Rates and Property Officer on 8391 7207 or email: [ngay@dcmtbarker.sa.gov.au](mailto:ngay@dcmtbarker.sa.gov.au).

Andrew Stuart  
**CHIEF EXECUTIVE OFFICER**