

CONSULTATION REPORT

**Proposed Declaration of a
Recycled Water 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 recycled water 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 potable or non-potable, including recycled water.

Further, the Water Industry Act 2012 requires that water service providers are registered by the Essential Services Commission SA (ESCOSA) and that there is a dispute mechanism in place with provision for unresolved disputes to be referred to the Energy and Water Ombudsman (EWOSA) for arbitration.

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 recycled water service charge to contribute to funding the operation, maintenance and renewal of the system 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.

It is proposed that the service charge powers be used for the purpose of recovering operational service costs associated with meter reading, administration and property audits for all allotments within the Meadows growth areas where recycled water is provided or made available.

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

Recognising that some areas of Council are not serviced by SA Water and are totally reliant on managing their own water resources, Council in cooperation with property developers has implemented a scheme for the growth areas in Meadows to provide recycled water for toilet flushing and outdoor irrigation to lessen the usage of rainwater and/or ground water. This will provide a sustainable water source and increase the use of recycled water.

It is proposed the Council declares for 2014/15 an annual service charge of a fixed amount of \$48 per allotment on all land where the recycled water is provided or made available and a variable (metered) charge of \$2.37 per kilolitre (KL) of usage to be issued half yearly by tax invoice.

The metered charge will not be included on the rates notice and will be invoiced separately.

DISCUSSION

Activity

1. An annual recycled water service charge is proposed to be declared for the purpose of recovering costs associated with meter reading, administration and property audits for all allotments within the Meadows growth areas where recycled water is provided or made available.

Reasons for the proposed annual recycled water service charge

2. Council acknowledges that basic infrastructure is required in order for there to be orderly growth and sustainable development within the District.

3. This infrastructure includes the provision of recycled water where it can be provided to lessen the burden on rainwater and/ or ground water. This will provide a sustainable water source and increase the use of recycled water. Council has developed this approach in consultation with property developers.
4. The main infrastructure has been provided by the developers.

Relationship of proposed change to overall rates structure and policies

5. Council's existing rates structure should not cater for the administration and maintenance required to operate recycled water services where they are provided or made available to compensate for the lack of suitable non-potable water in specific locations.
6. Current rating structures have historically funded existing Council services in place today.
7. The proposed annual recycled water service charge is independent from the existing rating structure and is being introduced to charge only those properties that will benefit from the infrastructure and service where it is provided or made available.

Likely impact on the ratepayers

8. Ratepayers will pay the new annual recycled water service charge where the recycled water service is provided or made available.
9. The annual recycled water service charge will be declared to apply, in accordance with section 155 of the Local Government Act, 1999.
10. Ratepayers will, where this service is provided or made available, also receive a variable (metered) charge in 2014/15 of \$2.37 per kilolitre (KL) of usage to be issued half yearly by tax invoice (this will not appear on the rate notice and will be invoiced separately.)

Equity Issues

11. Considerations to be taken to account in relation to rating principles are as follows:
12. **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.
13. **Capacity to pay:** this principle suggests that a person who has less capacity to pay should pay less; and that persons of similar means should pay similar amount.

14. For this proposal;
- a. 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.
 - b. 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.
 - c. 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.
 - d. 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

15. The service charge will be 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

16. The recycled water 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

17. It is proposed that the annual amount of the recycled water 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

18. It is not proposed that the annual recycled water service charge will be postponed. It will be due and payable (quarterly) immediately following declaration.

19. In accordance with usual conveyancing practices, if an allotment over which the recycled water 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.
20. 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

21. 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

22. 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

23. 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.
24. Council will precisely determine and track all costs of providing infrastructure and services to the relevant area against the revenue raised from the recycled water 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

25. 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 Council's 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 June 14
- Public meeting for consultation 16 June 14
- Council meeting to adopt new service charge 7 July 14

Feedback on the Proposed Wastewater Sewer Service Charge

Written submissions are being sought on the proposed declaration of a recycled water 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 with "Recycled Water 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 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 or service charge contact Neville Gay, Senior Rates and Property Officer on 8391 7207 or email: ngay@dcmtbarker.sa.gov.au.

Andrew Stuart
CHIEF EXECUTIVE OFFICER