

10.8 Policy (Review) - Special Rates Policy

POLICY NAME: DRAFT REVIEW
SPECIAL RATE

POLICY REF: S03

MEETING ADOPTED: 24 July 2008
Resolution No. 240708/9

POLICY HISTORY:



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OBJECTIVE

The objective of this policy is to provide a framework for the consideration of charging special rates for projects or services.

BACKGROUND

A special rate is a matter that can be considered if Council is looking to raise income to apply to works or services that specifically benefit particular rateable properties. The properties could be in one selected area, or they could be all the properties across the Shire.

The decision of Council to declare a special rate is entirely a matter for the discretion of the Council, to be exercised as Council sees fit. This Policy is intended to provide an indication only as to how, in most cases, Council will decide to exercise its power in relation to the declaration of a special rate.

The Local Government Act (LGA) (section 495) provides a framework to be satisfied if Council wants to levy a special rate. The LGA states:

- 1) A Council may make a special rate for or towards meeting the cost of any works, services, facilities or activities provided or undertaken, or proposed to be provided or undertaken, by the council within the whole or any part of the council's area, other than domestic waste management services.
- 2) The special rate is to be levied on such rateable land in the council's area as, in the council's opinion:
 - a) benefits or will benefit from the works, services, facilities or activities, or
 - b) contributes or will contribute to the need for the works, services, facilities or activities; or
 - c) has or will have access to the works, services, facilities or activities.

DEFINITIONS

Notional Yield This is the amount that is allowed to be raised by the Council from its rates base. That is, due to the historical precedent of the Council's rating structure there is an annual limit as to how much Council can raise from all of its rates. The category mix can change but the total amount that can be raised is fixed, allowing for rate pegging increases only.

SCOPE OF POLICY

This policy applies to rateable properties in the shire.

RELATED DOCUMENTATION

Related legislation:

- Local Government Act 1993 (s495 and s502)

POLICY

Council will examine the use of special rates based on the framework outlined in this policy. Matters that will be considered in this examination include the existing rate yield, the nature of the work or service and the avenues available for recovery of the cost of the work or service.

1. Rate Yield

Council can raise a special rate that is within the existing notional yield. This means that no additional revenue is generated from the rate it simply re-apportions the burden of payment for income currently received.

Alternatively Council may apply to the Minister for Local Government for a special variation to the notional yield, which will result in additional funds being raised to pay for the works or services that provide specific benefit.

A key issue to be assessed is whether, if a special rate is to be levied will it involve an increase to the existing income base?

2. Applicable Works or Services

Council provides numerous works and services that benefit varying parts of the community to varying degrees. Works or services such as footpaths, bridges, sporting fields, libraries, swimming pools, ferry, and passive recreation are all examples of services provided by Council that are funded from general revenue to greater or lesser degrees.

Council will make value judgements when individual cases arise as to the amount of individual benefit as opposed to a more general community benefit that will be derived from Council's expenditure.

Matters to be considered are:

- Is the work or service unique in nature across the shire?
- Is there a connection between that service and neighbouring rateable properties?
- Can the cost of that service be defined?
- Does Council wish to raise additional revenue for the work or service or does it wish to reallocate its existing revenue?

Council will also be required to make a second judgement regarding the level of benefit derived from rateable properties within the potential special rate locality. Depending on the project or works there will be varying intensities of use that will impact the assessment of benefit received.

Matters to be considered are:

- Does the work or service provide a particular benefit to neighbouring rateable properties?
- If there is a benefit what is the magnitude of the benefit and how should it be apportioned between the neighbouring properties and the balance of the shire?
- If there is a benefit does the land valuation based rating system appropriately apportion that benefit?

3. Charging Options

In considering a special rate Council will examine all other charging options available including the use of fees and charges. The most appropriate charging structure should reflect the applicability of the charge, the connection to the service and the connection to the person(s) responsible for payment of the charge.

4. Framework for Consideration

Council will consider the following matters when assessing individual cases in relation to developing a special rate:

- The nature of the work or service. It is considered that unique and irregular works or services may be more suitable for special rates
- Are there other avenues for recouping the cost of the work or service. It is considered that the use of special rates should a last resort option due to its highly legalistic and cumbersome charging structure (i.e. based on land valuations and rating legislation)
- The cost of the works or service and the number of properties that will be required to meet this cost.
- The relationship between cost of work and degree of benefit afforded to the property.
- Fairness and equity in the imposition of special rates and the apportionment of costs on the basis of total benefits. Given that land value is used to calculate a special rate, it will need to be determined if a levy will be fair to all properties.
- Consider increasing the minimum amount of a special rate to reduce the impact of the rate in the dollar (land value) component of the rate (i.e flatten out the amount payable). Ministerial approval is required to increase the minimum amount (currently set at \$2.00 by the Minister).
- Outcomes obtained from fair, reasonable and consistent community participation and consultation.
- Transparent, accountable and consistent decision making processes.
- Other means, as seen fit by Council, of equitably discerning what works or services should be the subject of a special rate or charge.

REVIEW

The Special Rates Policy is to be reviewed every four years.