

6. Developer Service Charges for Water and Sewer

The purpose of this report is to seek Councillors approval of a proposed amendment to Procedure 2.3.1(l) – Developer Services Charges for Water and Sewer Where Allotments are Vacant and Part of an Existing Assessment.

Group Manager, Infrastructure Waste & Water

BACKGROUND

Section 64 of the Local Government Act empowers Councils to levy charges on development to address the impacts of such development on Council's water and/or sewer services.

10 On 8 April 2008 Council adopted the existing procedure for developer service charges for water and sewer where allotments are vacant and part of an existing assessment. The procedure is in need of a small amendment to provide greater clarification and also to streamline administrative tasks associated with implementation of the policy.

PROPOSED CHANGES

The relevant section of the existing procedure reads as follows:

20 *A partial exemption will be granted in the case of vacant assessments, where no contribution has been paid and where unconnected charges for the service have been continuously paid since before January 2003. Council will deduct from such cases, the sum of unconnected charges paid prior to 2003 to a maximum of 50% of the current DSC.*

The proposed amendment reads as follows:

A partial exemption will be granted in the case of vacant assessments, where no contribution has been paid and where unconnected charges for the service have been continuously paid. Council will deduct from such cases, the sum of unconnected water and sewer charges paid to a maximum of 50% of the current DSC.

All administrative costs incurred by Council to calculate paid unconnected charges will be passed on to the Developer at the rate nominated in the yearly Fees and Charges, where the financial data is more than six years old.

REASON FOR THE PROPOSED CHANGES

30 This section of the current procedure is liable to be interpreted in a variety of ways. The variation of its interpretation may and has encouraged inconsistent charging of developers. The amendment brings greater clarity to the procedure.

ISSUES

Policy

The amended policy would give greater clarity and lead to more consistent understanding and charging associated with Section 64 contributions.

Financial

40 The amendment will result in a small number of additional unconnected charges being credited to property owners when they pay Section 64 contributions. The actual amount of these charges is not able to be calculated. Given the large quantum of the current Section 64 charges compared to the relatively small credit amounts, our ability to fund future capital works is not likely to be compromised.

CONCLUSION

The proposed amendment brings greater clarity to the procedure. It will mean some loss of contributions by comparison with the current procedure but allows the recoup of administrative costs associated with any rates and charges investigations where the financial data is more than six years old.

RECOMMENDATION

50 That the following clause in Procedure 2.3.1(l): Developer service charges for water and sewer where allotments are vacant and part of an existing assessment

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be replaced by:

60 *A partial exemption will be granted in the case of vacant assessments, where no contribution has been paid and where unconnected charges for the service have been continuously paid. Council will deduct from such cases, the sum of unconnected water and sewer charges paid to a maximum of 50% of the current DSC.*

All administrative costs incurred by Council to calculate paid unconnected charges will be passed on to the Developer at the rate nominated in the yearly Fees and Charges, where the financial data is more than six years old.