

WELLINGTON SHIRE COUNCIL



WELLINGTON
SHIRE COUNCIL

The Heart of Gippsland

HODGES ROAD (CH00 – CH 200) COONGULLA

PROPOSED DECLARATION

SCHEME No. 2101

SPECIAL CHARGE STREET SCHEME

PROPOSED DECLARATION OF SPECIAL CHARGE

'Hodges Road (CH00 – CH200), Coongulla - Special Charge Street

Construction Scheme Number 2101'

1. Wellington Shire Council (**Council**) proposes to declare a Special Charge (**Special Charge or Scheme**) under section 163(1) of the Local Government Act 1989 (Act) for the purpose of defraying any expenses or repaying (with interest) any advance made to or any debt incurred or loan to be raised by Council in relation to the construction of Hodges Road (CH00 – CH200) for 200 metres, in Coongulla (**Street**) and for providing all and any necessary ancillary works associated with the construction of the Road, including drainage. The Scheme, if declared, is to be known as the 'Hodges Road (CH00 – CH200) - Special Charge Street Construction Scheme Number 2101'.
2. The criteria which will form the basis of the proposed declaration of the Special Charge are the ownership of rateable properties in the area of the Scheme (being properties within the 'residential area' of Coongulla) and based on the application of access benefit units, including having regard to the driveway access of those properties in the Scheme to Hodges Road (as the properties are set out in paragraphs 7 and 8 of the proposed declaration), the overall benefits which it is considered the properties in the Scheme (based on the physical and other benefits) will receive from the works to be provided under the Scheme.
3. In proposing the declaration of the Special Charge, Council is performing functions and exercising powers in relation to the peace, order and good government of the municipal district of the Shire of Wellington, in particular the provision of proper, safe and suitable roads and property services within the area for which the proposed Special Charge is to be declared (**Works**).
4. The total cost of the performance of the function and the exercise of the power by Council (in relation to the Works) is \$96,000 and this amount is the total estimated cost of the Works to be undertaken by the Scheme.
5. The total amount to be levied under the Scheme as the Special Charge is \$21,600
6. The Special Charge will commence on the date on which it is levied by Council and will remain in force for a period of 5 years.
7. The area for which the proposed Special Charge is to be declared is all of the land shown on the plan set out in the Schedule forming a part of this proposed declaration (being **Schedule 1**).
8. The land in relation to which the proposed Special Charge is to be declared is all that rateable land described in the listing of rateable properties set in the Schedule forming a part of this proposed declaration of Special Charge (being **Schedule 2**).

9. The proposed Special Charge will be assessed and levied in accordance with the amounts set out alongside each property in the Schedule forming a part of this proposed declaration (being **Schedule 2**), such amounts having been assessed and determined by Council as (and are based on) a fixed charge for each property having regard to access, including and in particular driveway access. Properties which have a shared driveway access to the street to be constructed via common property will have their access benefits calculated on the basis of 100% for the first property and 50% for each additional property (with access being apportioned to each of the properties so as to equal the sum of the percentages divided by the number of properties with common property access), and any other benefits.

(More particularly, the Special Charge is to be apportioned to properties included in the Scheme on the basis of each property having a driveway access to the street to be constructed under the Scheme being apportioned one (1) Access Benefit Unit (ABU) and properties within an Owners Corporation with a shared driveway access to the street via common property being apportioned an Access Benefit Unit calculated on the basis of 100% for the first property and 50% for each additional property. The Access Benefit Unit is otherwise to be apportioned to each of these properties equaling the sum of the percentages divided by the number of properties with common property access.)

10. Subject to any further resolution of Council, the Special Charge will be levied by Council sending a notice in the prescribed form to the owners of the properties in the Scheme by which the Special Charge is to be paid –
- a) In full amount within 45 days of the notice; or
 - b) By way of quarterly instalments in the manner set out in paragraph 11.
11. Because the performance of the function and the exercise of the power in respect of which the proposed Special Charge is to be declared and levied relates substantially to the provision of capital works, special ratepayers will be given an instalment plan under which –
- a) Quarterly instalments are to be paid over a 5 year period, or other such period as negotiated; and
 - b) Quarterly instalments will include a component for reasonable interest costs, the total of which will not exceed the estimated borrowing costs of Council in respect of the construction of the Road by more than 1 per cent.
12. Council will consider cases of financial and other hardship, and may consider other payment options for the Special Charge.
13. No incentives will be given for the payment of the Special Charge before the due date for payment.
14. Council considers that there will be a special benefit to the persons required to pay the Special Charge because there will be a benefit to those persons over and above, or greater than, the benefit that is available to persons who are not subject to the proposed Special Charge, and directly and indirectly as a result of the expenditure proposed by the Special Charge, the value and the use, occupation and

enjoyment of the properties included in the Scheme will be maintained or enhanced through the provision of proper, safe and suitable roads and property services. Without limitation, Council considers that the Works will –

- a) Reduce dust;
- b) Enhance the amenity and character of the land, and local area;
- c) Create improved riding surfaces for the roads;
- d) Improve access and egress from properties;
- e) Improve road drainage; and
- f) Improve road safety for motorists, cyclists.

- 15.** For the purposes of having determined the total amount of the Special Charge to be levied under the Scheme, Council further considers and formally determines for the purposes of sections 163(2)(a), (2A) and (2B) of the Act that the estimated proportion of the total benefits of the Scheme to which the performance of the function and the exercise of the power relates (including all special and community benefits) that will accrue as special benefits to all persons who are liable to pay the Special Charge is in a ratio of 0.41 or 41%, noting however that, in the exercise of its discretions, Council has chosen to make a further contribution to the cost of the Works so as to arrive at a Revised Maximum Total Levy Amount of \$21,600.

SCHEDULES TO DECLARATION

Schedule 1 - Scheme plan area

Schedule 2 - Listing of all properties with amount of special charges payable and showing manner of calculation of special charge apportionment;

Method 1 - Maximum Levy at 50% Access Benefit & 50% Frontage

Method 2 - Maximum Levy at 100% Access Benefit

Method 3 - Fixed Fee

Schedule 1

HODGES ROAD (CH00 – CH200) – COONGULLA
PLAN OF SPECIAL CHARGE SCHEME AREA.

Scheme Boundary 



Schedule 2

Method 1 - Maximum Levy at 50% Access Benefit & 50% Frontage

WELLINGTON SHIRE COUNCIL

HODGES RD CONSTRUCTION SCHEME - APPORTIONMENT OF COST - MAX. LEVY AMOUNT - 50% ACCESS & 50% FRONTAGE

ASSES NO.	PARCEL NO.	TITLE DETAILS	STREET ADDRESS OF PROPERTY	ACCESS BENEFIT (AB)	FRONTAGE (F)	SIDEAGE & REARAGE (S&R)	TOTAL APPORTIONED LENGTH (AL=F+0.3S&R)	SCHEME AMOUNT DUE (=ABxR + ALxR)
1	38478	359661 LOT: 14 PS: 146226	10 Hodges RD, COONGULLA	1	38.6		38.60	\$6,869.45
2	38479	359679 LOT: 13 PS: 146226	14 Hodges RD, COONGULLA	1	38.4		38.40	\$6,850.86
3	38480	359687 LOT: 12 PS: 146226	18 Hodges RD, COONGULLA	1	39.1		39.10	\$6,915.95
4	37660	351510 LOT: 21 PS: 54861	1-21 Hodges RD, COONGULLA	1		201.2	67.07	\$9,516.60
5	39080	364620 LOT: 15 PS: 146226	230 Ryans RD, COONGULLA	1		55.4	18.47	\$4,997.23
6	39081	364638 PC: 162117	234 Ryans RD, COONGULLA	1		30	10.00	\$4,209.91
TOTALS				6	116.1	286.6	211.63	\$39,360.00

TOTAL ESTIMATED COST OF SCHEME	\$	96,000
COUNCIL CONTRIBUTION	\$	56,640
APPORTIONED AMOUNT	\$	39,360
AMOUNT APPORTIONED TO ACCESS - 50%	\$	19,680
AMOUNT APPORTIONED TO FRONTAGE 50%	\$	19,680
Apportionment Rate - (Access Benefit Units)	\$	3,280.00 per ABU (R)
Apportionment Rate - (Abuttal Length)	\$	92.99 per m (R)

Method 2 - Maximum Levy at 100% Access Benefit

WELLINGTON SHIRE COUNCIL HODGES RD (CH00-CH200) STREET SCHEME - APPORTIONMENT OF COST - MAX. LEVY AMOUNT - ACCESS ONLY

ASSESS NO.	PARCEL NO.	TITLE DETAILS	STREET ADDRESS OF PROPERTY	ACCESS BENEFIT	ACCESS BENEFIT FACTOR APPLIED FOR COMM. PROP.	APPORTIONED ACCESS BENEFIT (AAB)	FIXED RATE CONTRIBUTION (FRC)	SCHEME AMOUNT DUE (= AAB x FRC)
1	359661	LOT: 14 PS: 146226	10 Hodges RD, COONGULLA	1		1	\$6,560.00	\$6,560.00
2	359679	LOT: 13 PS: 146226	14 Hodges RD, COONGULLA	1		1	\$6,560.00	\$6,560.00
3	359687	LOT: 12 PS: 146226	18 Hodges RD, COONGULLA	1		1	\$6,560.00	\$6,560.00
4	351510	LOT: 21 PS: 54861	1-21 Hodges RD, COONGULLA	1		1	\$6,560.00	\$6,560.00
5	364620	LOT: 15 PS: 146226	230 Ryans RD, COONGULLA	1		1	\$6,560.00	\$6,560.00
6	364638	PC: 162117	234 Ryans RD, COONGULLA	1		1	\$6,560.00	\$6,560.00
TOTALS				6		6		\$39,360.00

TOTAL ESTIMATED COST OF SCHEME \$ 96,000
COUNCIL CONTRIBUTION \$ 56,640
APPORTIONED AMOUNT \$ 39,360

ABU FACTOR CALCULATION FOR COMMON PROPERTY

Calculation - First property at 100% with 50% for each additional property divided by number of properties

Address Nil
Factor

Method 3 – Fixed Fee - Access Benefit (Revised Maximun Levy)

WELLINGTON SHIRE COUNCIL

HODGES RD (CH00-CH200) STREET SCHEME - APPORTIONMENT OF COST - REVISED MAX. LEVY AMOUNT - ACCESS ONLY

ASSES NO.	PARCEL NO.	TITLE DETAILS	STREET ADDRESS OF PROPERTY	ACCESS BENEFIT	ACCESS BENEFIT FACTOR APPLIED FOR COMM. PROP.	APPORTIONED ACCESS BENEFIT (AAB)	FIXED RATE CONTRIBUTION (FRC)	SCHEME AMOUNT DUE (= AAB x FRC)
1	38478	359661 LOT: 14 PS: 146226	10 Hodges RD, COONGULLA	1		1	\$3,600.00	\$3,600.00
2	38479	359679 LOT: 13 PS: 146226	14 Hodges RD, COONGULLA	1		1	\$3,600.00	\$3,600.00
3	38480	359687 LOT: 12 PS: 146226	18 Hodges RD, COONGULLA	1		1	\$3,600.00	\$3,600.00
4	37660	351510 LOT: 21 PS: 54861	1-21 Hodges RD, COONGULLA	1		1	\$3,600.00	\$3,600.00
5	39080	364620 LOT: 15 PS: 146226	230 Ryans RD, COONGULLA	1		1	\$3,600.00	\$3,600.00
6	39081	364638 PC: 162117	234 Ryans RD, COONGULLA	1		1	\$3,600.00	\$3,600.00
TOTALS				6		6		\$21,600.00

TOTAL ESTIMATED COST OF SCHEME \$ 96,000
COUNCIL CONTRIBUTION \$ 74,400
APPORTIONED AMOUNT \$ 21,600

ABU FACTOR CALCULATION FOR COMMON PROPERTY

Calculation - First property at 100% with 50% for each additional property divided by number of properties

Address Nil
 Factor

HODGES ROAD (CH00-CH100) COONGULLA – SPECIAL CHARGE STREET CONSTRUCTION SCHEME NUMBER 2101

Determination under Sections 163(2)(a), (2A) and (2B) of the *Local Government Act 1989* – Calculation of Total Amount of Special Charges to be Levied ('Maximum Total Levy')

Introduction

Wellington Shire Council (**Council**) has a legacy of being required to deal with a number of issues associated with sub-standard roads and streets throughout the Shire. A key objective of Council is to renew and improve roads and streets within residential environments with a view to providing proper community infrastructure and improved amenity and liveability, and overall resident satisfaction.

Council has (following a review of its 'Residential Road and Street Construction Plan 2014') adopted the 'Residential Road and Street Construction Plan 2019' (**Plan**). As a strategic policy document, the Plan seeks to provide a sustainable budgetary response to the renewal and improvement of sub-standard roads and streets within residential environments throughout the Shire.

The proposed special charge scheme for the construction and improvement of Hodges Road Coongulla for 200m, commencing from Ryans Road (to be known as the 'Hodges Road (CH00-CH100) - Special Charge Street Construction Scheme Number 2101') (**Special Charge** or **Scheme**) is consistent with, and otherwise supports, the Plan.

This determination is made by Council under and for the purposes of sections 163(2)(a), (2A) and (2B) of the *Local Government Act 1989* (**Act**). It addresses the calculation of the 'benefit ratio' in order to determine the total amount of the special charges that may be levied on those property owners who it is considered will receive a benefit from the proposed works through the imposition of the Special Charge (**Maximum Total Levy**).

The calculation of the Maximum Total Levy requires Council to –

- Calculate the total cost of the works; and
- Calculate the 'benefit ratio' based on reasonable estimates being made of –
 - i. The 'total special benefits' to the properties included in the Scheme (TSB(in));
 - ii. The 'total special benefits' to the properties not included in the Scheme (if any) (TSB(out)); and
 - iii. The 'total community benefits' (if any) to be provided by the Scheme (TCB).

A. Define Purpose

The purpose of the Special Charge Scheme is to defray an expense or to repay (with interest) an advance made to or a debt or loan to be raised by Council in connection with the construction, improvement of Hodges Road (CH00 – CH200) in Coongulla

Hodges Road located within a rural - residential area and currently consists of a formed (but unsealed) gravel pavement of approximately 5 - 6m width and 4.8 km in length with irregular surface drains. The road is primarily a rural type road, with the unsealed section extending for the full length of the roads, commencing from the southern end at Ryans Road in the Coongulla township. The road is managed and maintained by Council.

A formal investigation of the proposed Special Charge Scheme was commenced following ongoing property owner concerns and complaints in relation to Council's maintenance grading regime, which applied to the roads. The initial work undertaken by Council in response to these concerns included the preparation of concept designs and an estimate of costs. Property owners were advised that, if implemented, the Scheme would provide for the construction and sealing of the road to a 5.5m width, with kerbing at intersections, and improved surface drainage and driveway crossovers.

The construction and sealing of Hodges Road (CH00 - CH200) will reduce Council's need for ongoing maintenance intervention, while providing a higher level of service for property owners and the general public. Under Council's Road Management Plan, Hodges Road is designated as a 'Local Access B Road' respectively and (as required by the Plan), 67% or more of property owners have expressed support for its construction.

Consistent with the Plan, it is considered that the 6 rateable properties which it is proposed will be included in the Scheme (and the general public) will benefit from the proposed works in the following ways –

- Improved amenity and liveability for residents and community through quality infrastructure and streetscape;
- Removal of dust and health related issues currently experienced in unsealed streets;
- Improved safety for motorists with modern road infrastructure, that is less exposed to rapid degradation;
- Decreased maintenance costs incurred by Council, through reduced demand associated with upkeep of poorly constructed roads, streets & drains;
- Increased community satisfaction via the provision of infrastructure that meets expectations;

Following further investigation of potential methods to facilitate the construction works in Hodges Road, a further consideration of survey results and further discussions with property owners (who continue to show support for the Scheme), it has been concluded that a Special Charge Scheme, generally in accordance with and supported by the Plan, is the preferred approach to facilitate the project outcomes.

B. Ensure Coherence

The proposed road and surface drainage improvement works to be located within the Scheme area will provide a special benefit to the 6 rateable property owners located within the Scheme boundary, and are otherwise physically connected to the purpose set out in A.

C. Calculate Total Costs

The implementation of the Special Charge is regulated by section 163 of Act. Ministerial Guidelines made pursuant to the Act require Councils to be transparent about how they calculate the 'Maximum Total Levy'.

For this project, the Maximum Total Levy has been calculated in accordance with the Act and the Guidelines. The Maximum Total Levy, and other relevant information, is summarised in the table below.

Total Scheme Cost	\$96,000
'Benefit Ratio' Determination	0.41 or 41%
Maximum Total Levy Amount	\$ 39,360
Further Council Contribution	\$ 17,760
Revised Maximum Total Levy Amount	\$ 21,600

D. Identify Special Beneficiaries

It is considered that all 6 rateable properties in the Scheme (as they are listed in the apportionment spreadsheet) will receive both road- and drainage-related special benefits from the proposed works.

The relevant special benefits which it is considered each property will receive are –

- Reduction in dust;
- Enhancement of the amenity and character of the land and local area;
- Creation of improved riding surfaces for the street;
- Improvement in access and egress from properties;
- Improved road drainage; and
- Improved road safety for motorists and cyclists.

The Scheme area (showing the 6 properties and the location of the roads to be constructed) is shown in on the plan below.



E. Determine Properties to Include

For the purposes of calculating the Benefit Ratio, a notional benefit value – to be called a Benefit Unit (BU) – will be used. A BU is a deemed benefit equal to the *average* benefit for each and every property included in the Scheme. This average benefit is considered to comprise *both* access and amenity benefits.

It is considered that that all of the properties included within the Scheme will receive a benefit from the works to be provided under the Scheme (being 1 BU for each property), regardless (for the purposes of calculating the Benefit Ratio but not for the purposes of the final distribution of the Special Charge amongst the Special Charge contributors) and regardless of whether or not particular properties have subdivision or other development potential (or, in some cases, further subdivision or development potential). The BU so chosen has been broken up equally into both access benefit and amenity benefit (viz., 0.5 BU for ‘improved access’ and 0.5 BU for ‘improved amenity’).

F. Estimate Total Special Benefits

Total Special Benefit Units are defined as follows –

Total Special Benefits = Total Special Benefits In + Total Special Benefits Out, that is –

$$(TSB = TSB_{(in)} + TSB_{(out)})$$

TSB_(in) has been calculated as follows –

Total Special Benefit Units In (TSB _(in))	Access (50%)	Amenity (50%)
Total number of Rateable Properties in Scheme receiving Special Benefit and being required to pay the Special Charge (6)	0.5 x 6 = 3 BU	0.5 x 6 = 3BU
TSB_(in) =	6 BU	

TSB_(out) has been calculated as follows –

Because –

- All of the properties in the Scheme (including common property) are rateable; and
- There are no properties in the Scheme receiving a special benefit which are not required to pay the Special Charge –

there are no **TSB_(out)** properties. **TSB_(out) = 0**

G. Estimate Total Community Benefit

In addition to establishing the Total Special Benefits for the Scheme, an assessment of any Community Benefit is also required to be undertaken in order to calculate the Maximum Total Levy.

In terms of assessing the level of any Community Benefit, it is generally considered that the works included in the Scheme will primarily benefit only those properties which are included within the Scheme boundary, and that accordingly the level of benefit to the broader community will be limited.

It is considered that the Community Benefit attributable to the proposed Scheme works will be generated from the broader community receiving some benefits and which benefits (in the interest of fairness and equity) Council should be pay for (and not the special charge contributors).

The community benefits are considered to be –

- A wider use of Hodges Road (CH00 – CH200) following its construction;
- Improved drainage and water quality; and
- Reduced ongoing maintenance costs for Council.

Broader traffic use

To calculate the level of Community Benefit which it is considered will be attributable to persons who are not accessing or servicing the properties within the Scheme boundary (but who will nevertheless use the road for wider access purposes), an assessment of vehicle movements has been undertaken. Based on a Traffic Count taken in December/January 2020/21, it was determined that there are 60 vehicle movements per day along Hodges Road during off peak times and 160 vehicle movements per day during peak times (in its present form). An average of 90 vehicle movements per day has been adopted.

Based on these traffic movements, it is considered that the some of these vehicle movements relate to use by persons who are accessing or servicing the Special Benefit (in) properties the scheme (based on an average of 6 vehicle movements per day).

Therefore, the Total Special Benefits for 'road access' by the Special Benefit (in) properties is determined to be 3 BU (this is based on approximately 36 vehicle movements per day (6 x 6 (averaged out and give or take)).

Based on current traffic volumes (and any projected increases in traffic following construction of the road by persons not receiving special benefits), it is anticipated that the overall traffic along Hodges Road would not significantly increase, meaning that it is anticipated that there will be little additional vehicle movements per day following construction of the roads. Despite this, an allowance is made for what may be some increase in traffic movements and, accordingly, any projected increase in external traffic will account for the Total Community Benefit, and this will result in the calculation of the following BU's for any such traffic by the broader community.

Total Community Benefit Units for any broader traffic use of the road is calculated as follows–

$$\begin{aligned} \text{TCB}_{\text{traffic}} &= 3 \times (90/36) \\ &= 3 \times 2.5 \\ \text{TCB}_{\text{traffic}} &= 7.5 \end{aligned}$$

Improved drainage and water quality

Sealing of the roads will result in improved drainage and better water quality: It is recommended therefore that **0.5 BU** be allowed for this benefit, which is however considered to be a marginal benefit.

$$\text{TCB}_{\text{drainage}} = 0.5$$

Reduced ongoing maintenance costs

There will be less ongoing maintenance costs for Council in having to care for and manage a sealed road, rather than an unsealed road: It is recommended therefore that **1 BU** be allowed for this benefit, which again is considered to be a marginal benefit.

$$TCB_{\text{maintenance}} = 0.5$$

Therefore,

$$\begin{aligned} TCB_{\text{total}} &= TCB_{\text{traffic}} + TCB_{\text{drainage}} + TCB_{\text{maintenance}} \\ &= 7.5 + 0.5 + 0.5 \\ TCB_{\text{total}} &= 8.5 \end{aligned}$$

H. Calculating the 'Benefit Ratio'

The Benefit Ratio is calculated as follows –

$$\begin{aligned} R &= \frac{TSB_{(in)}}{TSB_{(in)} + TSB_{(out)} + TCB} \\ &= 6 / (6 + 0 + 8.5) \\ &= 6 / 14.5 \end{aligned}$$

$$\text{Benefit Ratio (R)} = 0.41$$

I. Calculating the Maximum Total Levy

The following formula, as set out in the Act, is used to determine the Maximum Total Levy–

$$R \times C = S$$

where –

R is the Benefit Ratio determined by Council;

C is the total Scheme cost; and

S is the Maximum Total Levy

Maximum Total Levy Amount (R x C = S)
0.41 x \$96,000 = \$39,360

Council may levy up to **41%** of total costs, or **\$39,360**

J. Other relevant considerations

Council notes that if it levies the Maximum Total Levy Amount of \$36,360 the special charge contributors would be required to pay by way of special charges amounts which exceed the amounts set out in Council's Residential Road and Street Construction Plan 2019¹.

In the exercise of its discretions, and otherwise in accordance with the Plan (and the objectives which the Plan seeks to achieve), Council chooses to allocate a further amount of \$17,760 in and towards the cost of the Scheme works, meaning that the Maximum Levy Amount to be charged to the Scheme will be \$21,600 (***Revised Maximum Total Levy Amount***).

The Revised Maximum Total Levy Amount is to be apportioned amongst the property owners within the scheme area in accordance with the method of distribution of the Special Charge to be determined by Council in the declaration of the Special Charge.

¹ Refer to section 6.2 of the Plan by which a fixed rate contribution model of \$3,600 has been proposed and adopted by Council for Small & Coastal Towns where sealed roads are to be provided.