

Verons Estate, Sussex Inlet



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Shoalhaven
City Council

Frequently Asked Questions (FAQ) Verons Estate, Sussex Inlet Special Rates & Essential Road Upgrades

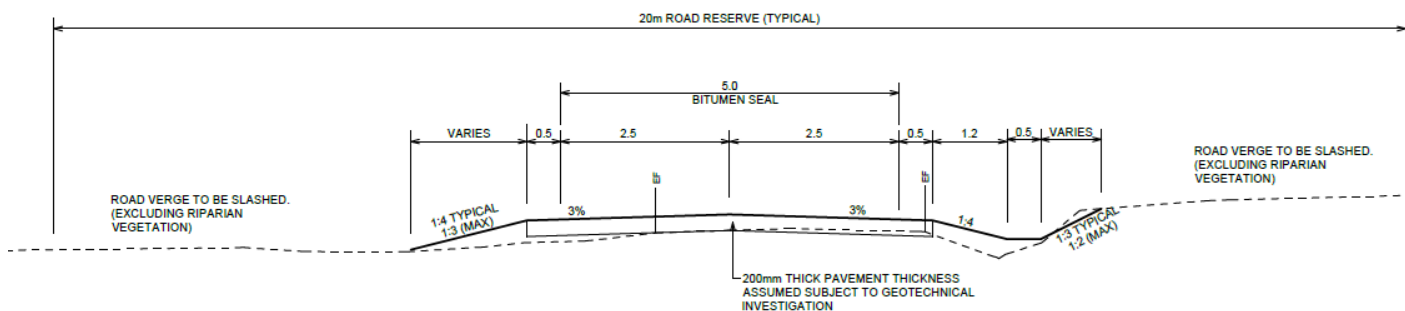
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Why do the roads in Verons Estate need to be upgraded?

- The Verons Estate Planning Proposal (rezoning) was finalised in 2014, resolving the planning status of this 'paper subdivision'.
- Verons Estate has long dead-end roads that do not meet current requirements and are potentially dangerous in a bushfire emergency.
- The Planning Proposal was finalised on the basis that the Estate's roads will be upgraded (at landowners' expense) to more contemporary standards, and to mitigate bushfire risk. The details for the required road upgrades were developed in consultation with the NSW Rural Fire Service and are shown on the [Supporting Map](#) in Chapter S1 (Verons Estate) of the Shoalhaven Development Control Plan 2014.
- Without upgrading the roads, the Estate as a whole cannot be safely developed.
- The proposed road upgrades will improve access to all of the lots within the Estate.

How will the roads be upgraded?

- The existing narrow gravel road will be upgraded to the following specifications:
 - 5 m wide sealed pavement with 0.5 m gravel shoulders
 - Provision of roadside drainage (swale drains, culverts, tail out drains)
 - Vegetation removal within the road reserve to the specifications of Shoalhaven Development Control Plan (DCP) 2014 Chapter S1 (Verons Estate)



- A fire trail will be established along Taramung Road between Wandra Road and Advance Road, subject to availability of funding once the roadwork has been completed.
- The design drawings can be viewed online at:
<http://doc.shoalhaven.nsw.gov.au/DisplayDoc.aspx?record=D16/310284>

How much will the work cost?

- Preliminary designs and cost estimates were completed in 2015/2016.
- The total cost estimate is approximately \$2.1m. A cost summary is provided below.

Item	Amount
Preliminaries	\$ 50,000.00
Clearing and grubbing	\$ 85,000.00
Sediment and erosion control	\$ 66,625.00
Earthworks	\$ 224,200.00
Drainage	\$ 327,442.00
Road pavement construction	\$ 796,693.80
Fire trail (Taramung Road b/w Advance Road and Wandra Road)	\$ 67,402.50

Signs and markings	\$ 4,212.50
Reinstatement	\$ 65,400.00
Sussex Inlet Road intersection upgrade	\$ 331,049.40
Survey and design	\$ 27,621.00
Consultant reports	\$ 29,700.00
Project management, tender documentation and contract management	\$ 32,500.00
TOTAL	\$ 2,107,846.20
Net deficit from Rezoning Investigations	\$ 20,650.00
TOTAL BORROWINGS	\$ 2,128,496.00

- The above amounts include appropriate contingencies (typically 15-25%).
- If the SRV application is ultimately approved by IPART, Council will conduct a competitive tendering process to ensure the work is delivered cost effectively. The estimated cost of the work will be validated and refined as part of the tendering process.
- There is also a net funding deficit of \$20,650 from the rezoning investigation process that Council resolved to reconcile as part of the proposed cost recovery arrangements for the road upgrades. This has been included in the total borrowings.
- Council will contribute 17% towards the total cost of these works.

Will the work go out to tender?

Yes, Council will conduct a competitive tendering process to ensure the work is delivered cost effectively. The estimated cost of the work will be validated and refined as part of the tendering process.

How long will it take to complete the road upgrades?

- If/when funding and cost recovery arrangements are approved it is anticipated that the project will take up to 1.5 years to complete taking into account typical lead-in and construction timeframes for a project of this nature.

Will electricity or other services be provided?

- No, it will be the responsibility of landowners to arrange connection to the electricity grid, or alternatively, opt for an 'off the grid' system.
- The provision of water and sewer is not included in the project works. In 2016, Shoalhaven Water advised that it is feasible to provide water supply to lots 1 – 20, 28 and 29 at a cost of \$43,547 (2016 dollars) per lot. Shoalhaven Water also advised that should lots 1 – 20, 28 and 29 be connected to town water then they will be levied the water availability charge (\$82.00 for a 20mm metered service in 2016/17) and charged \$1.70/kL for the water used.

What funding arrangement is proposed to upgrade the Estate's roads?

- Council is proposing to take out a loan to construct the Estate's essential infrastructure. The loan repayments will be funded by special rates levied on Verons Estate properties. A similar arrangement has been put in place to fund provision of essential infrastructure in Jerberra Estate, Tomerong.

Why do landowners have to contribute to the road upgrades?

- When Council resolved to investigate rezoning the Estate in 1993, this was on the basis that landowners will have to meet the cost of rezoning the land and providing infrastructure. This position has applied to all paper subdivisions in the Shoalhaven and was also recommended by a NSW Commission of Inquiry into the Heritage Estates in 1999.
- On 9 September 2008 Council resolved to make a one off contribution of \$22,800 toward the interim roadworks (MIN08.1276) and applied a similar approach to Jerberra Estate and Nebraska Estate.
- The proposed special rate arrangement is consistent with the arrangement in place for Jerberra Estate, Tomerong.

Which properties will have to contribute?

- Special rates can only be levied on properties that will benefit from the works/services or will generate demand for the works/services.
- Based on the predicted traffic generated from within the Estate, it is proposed that landowners will contribute 83% of the total project cost. This equates to \$1,766,652 (excluding interest repayments)
- The remaining 17% will be Council funded. This is based on potential usage by non-landowners including properties fronting Sussex Inlet Road which have rear access onto Mokau Road. This equates to \$361,844 (excluding interest)

Why does Council need to apply for a special rate variation?

- Council does not have funds available to undertake the work.
- The only way the work can be funded by Council is through a special rate funded loan.
- To introduce this rate Council has to apply to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a 'Special Rate Variation' (SRV).

How long will the special rates apply?

- The special rates will apply for the term of the loan that will be taken out by Council to fund the project. Council's preferred loan period is 10 years, however a longer period could be considered depending on feedback from Verons ratepayers. The special rate will cease once the loan is fully paid.

What will the interest rate on the loan be?

- Council has an established credit rating that will enable it to secure the required funds at a competitive rate.
- A fixed rate of 3.5% will be assumed in the calculations but it will depend on prevailing interest rates when the loan is taken out.

Will I be able to pay for the work upfront to avoid paying interest?

- No, given the low interest rates currently prevailing and the complexities when land is sold, subsequent to the payment being made, Council will not be accepting upfront payments for these rates.

How much will the new special rates be?

- At this stage Council can only give an estimate of what your rates will be for 2017/2018.
- The table below shows some preliminary calculations based on average property values across those properties with dwelling entitlements and those without.

Verons rate calculations - Interest rate of					3.5%
Property Category	Total including interest	No of Ratepayers	Total rates per ratepayer	Rates per year per ratepayer	
	Split		Years		20
Properties with Dwelling entitlement	79% \$ 2,977,519	22	\$ 106,919.98	\$ 5,346.00	
Other Properties	4% \$ 119,101	10	\$ 11,910.07	\$ 595.50	
Council Contribution	17% \$ 506,178	Council %		\$ 25,308.91	

Property Category	Total including interest	No of Ratepayers	Total rates per ratepayer	Rates per year per ratepayer	
	Split		Years		10
Properties with Dwelling entitlement	79% \$ 2,541,051	22	\$ 91,246.83	\$ 9,124.68	
Other Properties	4% \$ 101,642	10	\$ 10,164.20	\$ 1,016.42	
Council Contribution	17% \$ 431,979	Council %		\$ 43,197.87	

Totals include interest over the life of the loan

- You will be able to Contact the Rates Department on (02)4429 3210, once the rates are set. We will be communicating as much detail as possible as it is known and calculations are completed.

Will the special rates change from year to year?

- Yes. The amounts will change based on the rate peg each year.
- The special rates for individual properties will also be influenced by the Valuer General's land valuations, which are currently carried out every 3 years.

What will happen to the existing special rate?

- The existing road construction special rate that applies to some properties in the Estate will cease and be replaced by the new special rate, which if approved by IPART, will commence on 1st July 2017.
- Any unspent monies remaining from the above special rates will be transferred for use on the Verons Estate road upgrades project.

If I sell my land will I continue to be required to pay the special rate in the future?

- No, the rates would be payable by the new owner of the land.
- Outstanding rates and charges are normally negotiated between the vendor and the purchaser before agreeing on the sale/purchase price.

Under what legislation can Council levy special rates?

Section 495 of the Local Government Act 1993 (LG Act) provides the basis for the levying of special rates. It 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.*

The proposed special rates are consistent with the above legal provisions.

What will happen if I cannot pay my rates?

- If you cannot afford to pay the rates, you have the option of selling the land.
- Unpaid rates will accrue as a debt on the land and Council may take action to recover the debt.
- Under Section 713 of the Local Government Act 1993, Council can sell the land if any rates and charges are outstanding for more than five years or after one year for vacant land.
- Simple interest will accrue on a daily basis at the rate specified by IPART annually on all overdue Rates and Charges in accordance with the Local Government Act, 1993.
- Council also has a Hardship Policy which can be applied if needed.

If a dwelling cannot be approved on my lot, why should I have to pay for the road upgrades?

Access to properties within the Estate will be improved to varying extents. The traffic assessment completed for the intersection of Sussex Inlet and Mokau Roads, assumed that 4% of traffic entering/exiting the Estate will be generated by properties that are unable to be developed for residential purposes. Hence, 4% of the project cost will be apportioned to these properties. This is consistent with the statutory requirements for levying special rates, and the arrangements in place for Jerberra Estate.

Why did Council collect rates if the zoning did not allow residential development on the land and what happened to the rates that were collected?

- Council is obliged under the Local Government Act (1993) to levy rates on privately owned land which has a rateable land value. Except for special rates, money collected from rates goes towards Council general fund which is used to fund projects, works and services to all residents, landowners and visitors throughout the City.
- Special rates are collected for a specific purpose and do not go into general revenue.
- The money collected from the Verons Estate special rates has only been spent on Verons Estate and any unspent funds from these will go towards the delivery of infrastructure for the Estate.
- Prior to 1 July 2015 the following special rate levies have applied to most of the properties in Verons Estate:
 - **Rezoning and road design special rates:** these were introduced on 1/7/2006 to repay fixed term (10 years) loans taken out by Council. These special rates ceased on 30/6/2016.
 - **Road construction special rate:** This was introduced on 1/7/2008 (at landowners' request) to allow construction of the gravel road. This special rate will be replaced by the new special rate on 1 July 2017, if approved.

Income and expenditure for each of the above rates is updated quarterly on Council's website at:

<http://shoalhaven.nsw.gov.au/Planning&Building/Strategicplanning/Papersubdivisions.aspx>.

Any unspent funds from the existing special rates will be transferred into the Verons Estate infrastructure budget.

Where can I find more information?

- Visit the Verons Estate page on Council's website:

<http://shoalhaven.nsw.gov.au/Planning-amp-Building/Strategic-planning/Paper-subdivisions/Verons-Estate>

- Attend the public meeting to be held at the Sussex Inlet Community Centre from 7:00 – 8:30 pm on 19 January 2017.