

Verons Estate, Sussex Inlet

Proposed Special Rate Variation to Upgrade Roads

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Shoalhaven
City Council

Summary

The roads within the Estate need to be upgraded to mitigate bushfire risk and enable the Estate to be safely developed consistent with the rezoning outcome.

The infrastructure required to enable Verons Estate to be safely and appropriately developed is expected to cost around \$2.13 million, of which it is proposed that the Estate's landowners will contribute 83%. It is proposed that Council will meet 17% of the cost in proportion with the potential benefit that will be derived from other users, notably properties between the Estate and Sussex Inlet Road.

It is proposed that Council coordinate this work under a loan-funded special rate arrangement. For this to occur, Council will need to apply to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV).

Community engagement is an integral part of the SRV application process. This document provides an overview of the proposed SRV and forms part of the community consultation package that also includes:

- Frequently asked questions (FAQ)
- Landowner questionnaire

Background

Verons Estate is a 'paper subdivision' comprising 32 lots, each 8 ha in size and is located 3 km inland from Sussex Inlet (refer to Figure 1 below).

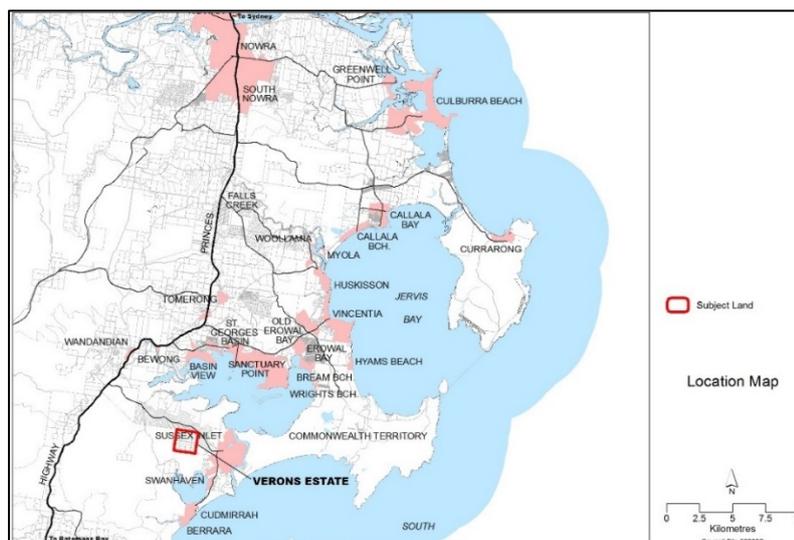


Figure 1 - Verons Estate location

In 1993, Council resolved to investigate rezoning the Estate to potentially allow a dwelling to be approved on each lot, subject to the benefiting owners meeting the costs of rezoning the land and providing infrastructure.

The Estate's planning status remained unresolved until the Verons Estate Planning Proposal (PP) and supporting planning controls were finalised in 2014. The following planning controls commenced:

- Amendment No. 1 to Shoalhaven Local Environmental Plan (LEP) 2014, gave legal effect to the Verons Estate PP. The key changes to the Shoalhaven LEP 2014 were:
 - The land was rezoned from a mix of RU2 – Rural Landscape and E2 – Environmental Conservation to a mix of 'E4 – Environmental Living', 'E3 – Environmental Management' and 'E2 – Environmental Conservation'.
 - The minimum lot size map was amended from 40 ha to 7 ha enabling a dwelling to potentially be approved on Lots 1 to 19. The 40 ha minimum lot size was retained on Lots 20 to 32.
- A site specific chapter (Chapter S1) is included in the Shoalhaven Development Control Plan (DCP) 2014. Chapter S1 provides additional objectives and guidance to facilitate development and ensure the intended outcomes of the Verons Estate PP are achieved in conjunction with residential development, including managing bushfire risk while also achieving environmental outcomes.
- Chapter S1 includes a [Supporting Map](#) which identifies building / development areas on lots 1-19, and vegetation management requirements for the road corridors to mitigate bushfire risk while also protecting important environmental attributes.

Some minimal standard gravel road construction has been undertaken in the Estate, paid for by the landowners via a special rate and a one-off Council contribution in 2008/2009. Now that the land's planning status has been resolved, significant upgrades are required to the road network to reduce risks to fire fighters and evacuating residents to a more acceptable level, so that the Estate can be safely developed. The Verons Estate PP was finalised on the basis that the roads be upgraded.

Road Design

The configuration of the Verons Estate subdivision does not comply with contemporary bushfire planning requirements, particularly the long dead-end roads (Advance and Wandra Roads). The Verons Estate PP was finalised on the basis that the Estate's public road network would be upgraded as outlined below:

- Upgrading the roads to 'perimeter road' standard which typically requires a trafficable width of 8 metres (as described in Planning for Bushfire Protection). The RFS has subsequently agreed to pavement width of 5 metres with 0.5 metre gravel shoulders, provided it is coupled with vegetation thinning on the road verge (see below).
- Thinning vegetation within the road verges, excluding riparian vegetation (noting that seasonal restrictions apply to threatened orchid habitat). Refer to [DCP Chapter S1 – Supporting Map](#).

A typical cross section showing the required specifications is provided in Figure 2 below.

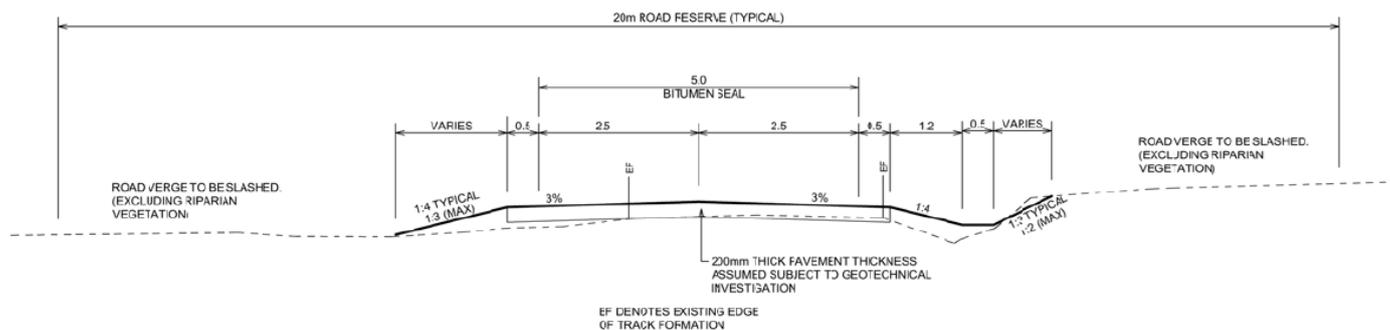


Figure 2 - Typical cross section road upgrade

A preliminary road design and accompanying construction cost estimate was prepared by Council's Project Delivery section, based on the above measures. The design for the intersection of Sussex Inlet Road and Mokau Road is based on the recommendations of a traffic assessment completed by Bitzios Consulting.

The design drawings can be viewed online at:

<http://doc.shoalhaven.nsw.gov.au/DisplayDoc.aspx?record=D16/310284>

Cost

A summary of the cost estimates is provided in Table 1 below and further detail is available online at:

<http://doc.shoalhaven.nsw.gov.au/DisplayDoc.aspx?record=D16/310288>

Table 1 - Summary of costs

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 (includes \$193,200 for sealing – see below)	\$ 796,693.80
Fire trail (Tarramung Road b/w Advance and Wandra Roads)	\$ 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 CONSTRUCTION COSTS	\$ 2,107,846.20
Existing Deficit from previous special rates	\$ 20,650.00
TOTAL	\$ 2,128,496.20

The cost for sealing the roads is approximately 10% of the total project cost. This is preferable given the potential benefits of sealed vs unsealed roads in respect of maintenance (including the road drainage system), dust and noise levels, and water quality.

Feasibility of establishing a Fire Trail along Taramung Road

The establishment of a dedicated fire trail along Taramung Road between Advance and Wandra Roads would provide:

- an alternative access/egress route from Wandra Road to Advance Road; and
- an additional opportunity for strategic fire management operations.

The estimated cost of establishing the fire trail is approx. \$67,000. The fire trail would be gated and locked, and would require maintenance in perpetuity to ensure compliance with the relevant fire trail standards. Annual maintenance costs would be in the order of \$2,000 and this would be met by Council.

In summary, provided it is properly constructed and maintained, the fire trail would be beneficial from a bushfire perspective. It is proposed to include establishment of the fire trail in the project for the purpose of the Special Rate Variation application, and determine if it can be constructed once the actual cost of upgrading the roads is known (subject to approval of the Special Rate Variation application).

Cost Recovery Options

Special rates are seen as the preferred cost recoupment option because it allows the costs to landowners to be spread over a number of years while also providing financial certainty for Council.

Section 495 of the *Local Government Act (1993)* allows Council to levy Special Rates. 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. Special rates can be levied on rateable land that in Council's opinion:

- benefits or will benefit from the works, services, facilities or activities; or
- contributes or will contribute to the need for the works, services, facilities or activities; or
- has or will have access to the works, services, facilities or activities.

To avoid impacting on other expenditure programs, a special variation would be sought from IPART to increase the total rate revenue above the rate pegging limit. IPART would assess the application against the guidelines published by the Division of Local Government, Department of Premier and Cabinet.

Other cost recoupment mechanisms are not considered appropriate in this instance. A summary of alternative cost recoupment arrangements is provided below.

- Development contributions - payable as part of the development approval process meaning that cost recoupment would depend on development of all of the individual lots. Cost recovery via Developer Contributions would not be financially sustainable for Council because landowners may not seek to develop their land for a number of years. There would be no certainty when Council would receive contribution payments, which in turn would impact on Council's ability to repay the loan. Furthermore, each landowner would be required to pay their contribution payment in a lump sum at the time of development, unlike a special rate which allows the costs to be spread over a number of years.

- Fees and charges - recoupment via a fee and/or charge is not a viable option due to the potential losses that would be incurred by Council. There may be interest from some landowners to make an upfront payment, in order to avoid future interest payments.

However, it would not be possible to charge a fee to all landowners, as a one off payment for the cost of the works would be out of reach for the majority. The other concern with a fee or charge is that once invoiced, Council would follow the debt recovery process and there is the potential for landowners' credit ratings to be affected if the fee or charge is not paid by the due date.

- Planning agreements - a legally binding agreement with each landowner to pay their proportion of site costs upfront or through a schedule of payments. However, given the number of landowners involved it would be difficult to get agreement from all landowners.
- Council could seek to use provisions that were introduced under Schedule 5 of the NSW *Environmental Planning and Assessment Act* for overcoming implementation barriers associated with the fragmented ownership of paper subdivisions.

To be eligible to use these provisions, Council would need to run a formal ballot to demonstrate that at least 60% of landowners, and the owners of at least 60% of the land area, support the proposed arrangements. This option is likely to demand significant Council resources to progress, but could potentially be considered if IPART does not approve the Special Rate Variation.

Cost Apportionment

To ensure the special rates are applied in accordance with section 495 of the Local Government Act, it is proposed to apportion the costs based on the 'post development' traffic generation rates used in the traffic assessment that was completed by Bitzios Consulting for the Sussex Inlet Road – Mokau Road intersection. The traffic generation rates are shown in Table 2.

Table 2 - Proposed apportionment of costs

	Property category	Peak trips/hr	%
1	Verons Estate properties with dwelling entitlement potential (Lots 1-19, and Lots 20, 28 and 29 which are '1964' holdings)	19.8	79
2	Other Verons Estate properties (Lots 21-27 and 30-32)	1	4
3	Properties fronting Sussex Inlet Road which will potentially use Mokau Road as their secondary access	4.275	17

Proposed Special Rates

The special rates would be applied for the length of the loan taken out by Council to fund the road upgrade work. Average special amounts based on a 10 and 20 year loan, are shown in Table 5.

Table 3 - Proposed average rates

	Property category	Average Rateable Land Value	Average Special Rates 10 year Loan	Average Special Rates 20 year Loan
1	Verons Estate properties with dwelling entitlement potential (Lots 1-19, and Lots 20, 28 and 29 which are '1964' holdings)	\$209,318	\$9,124	\$5,346
2	Other Verons Estate properties (Lots 21-27 and 30-32)	\$111,000	\$1,016	\$596
3	Council contribution based on potential benefits derived by other road users	NA	\$43,198	\$25,308

Further Information

Internet

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

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