



Hawkesbury City Council

Stormwater Management Service Charge

Fact Sheet

The Local Government Act 1993 was amended in 2005 to allow councils to levy a Stormwater Management Service Charge for improved stormwater management. This change was made in recognition of councils' need for sustainable funding to support their key role in stormwater management.

Land within an urban area (a city, town or village) that is in the residential and business categories for rating purposes, except vacant land, will be charged the stormwater management service charge. This charge can only be levied when a council provides additional or a higher level of stormwater management service.

What is stormwater management?

For the purpose of the new annual Stormwater Management Services Charge, stormwater management is defined as the management of the quantity and quality of stormwater that flows off a parcel of privately owned, developed urban land.

What is a stormwater management service?

A 'stormwater management service' is a service to manage the quantity and/or quality of stormwater that flows off land, and includes a service to manage the re-use of stormwater for any purpose.

Which land is eligible to be charged for the provision of stormwater management services?

Land within an urban area that is in the residential and business categories for rating purposes, except vacant land, for which the council provides a stormwater management service.

For the purpose of levying the charge, what does 'urban land' mean?

Urban land means land within a city, town or village.

For the purpose of levying the charge, what does 'vacant land' mean?

Vacant land in this context means that there are no buildings, large slabs of concrete or car parks (ie. no impervious surfaces).

Note: This differs from 'vacant land' as defined in the rating section of the Local Government Act 1993 where it means no dwelling.

Is the charge only for additional stormwater management activities?

Yes. This charge can only be levied when a council provides additional or a higher level of stormwater management service to eligible land. The intention of the charge is to allow councils

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to raise stormwater management revenue in addition to that already provided through a council's general income. There will be significant challenges obtaining community support for raising a charge when there is no corresponding increase in the level of service provided.

Councils are responsible for carrying out stormwater management activities to deal with stormwater runoff from which areas?

Councils have a responsibility to carry out stormwater management activities within their local area, including managing stormwater runoff from:

- public land (e.g. parks and roads)
- private land eligible to be levied the charge (e.g. private residential properties and commercial/industrial premises), and
- other land ineligible to be levied the charge (e.g. Department of Housing properties, non-rateable land).

What can income from the annual Stormwater Management Services Charge be spent on?

The income from the charge can be spent on both capital projects and recurrent expenditure relating to new or additional stormwater management services to eligible land such as:

- planning, construction and maintenance of drainage systems, including pipes, channels, retarding basins and waterways receiving urban stormwater
- planning, construction and maintenance of stormwater treatment measures, including gross pollutant traps and constructed wetlands
- planning, construction and maintenance of stormwater harvesting and reuse projects
- planning and undertaking of community and industry stormwater pollution education campaigns
- inspection of commercial and industrial premises for stormwater pollution prevention
- cleaning up of stormwater pollution incidents (charge can fund a proportion)
- water quality and aquatic ecosystem health monitoring of waterways, to assess the effectiveness of stormwater pollution controls (charge can fund a proportion); and monitoring of flows in drains and creeks, to assess the effectiveness for flow management (flooding) controls (charge can fund a proportion)
- non-permanent staff specifically appointed to work on stormwater management project(s).

What can't income from the annual stormwater management services charge be spent on?

Aside from stormwater management activities not

related to eligible land, funding from the charge cannot be spent on activities for which the primary purpose does not relate to stormwater management from eligible land. These include:

- parks and garden activities
- riparian restoration or management
- bushcare (unless proposed activity specifically relates to stormwater impacts on bushland)
- street sweeping
- kerb and guttering (unless dealing with flooding from private land)
- permanent staff positions.

Is the annual Stormwater Management Service Charge subject to rate pegging?

No. The implementation of the charge is independent of rate pegging.

Is Ministerial approval required to implement the charge?

No.

Are there any exemptions from the stormwater management charge?

The same exemptions that apply to other rates and charges also apply in respect of the stormwater management charge. In addition, all Crown land held under a lease for private purposes granted under the Housing Act 2001 or the Aboriginal Housing Act 1998 is exempt.

How does a council estimate their additional annual stormwater management costs?

Councils may adopt any reasonable approach to estimating the costs of providing additional stormwater management services to eligible land. Councils may work this out on a project-by-project basis, across the whole catchment or LGA.

Are there any limits on the amount of the annual stormwater management charge?

Yes. The charge is capped at the lower of:

- \$25 per residential property. In relation to business properties the charge is capped at \$25 per 350m² (or part thereof), or
- the cost of providing the additional stormwater management services.

The charge may vary across the LGA based on the level of service provided.

How is the charge calculated for residential strata lots?

Councils may charge no more than the actual cost of providing a stormwater management service to residential strata lots. As a stormwater management services charge relates to managing stormwater runoff from impervious surface areas, this is almost always substantially less for strata lots than the cost of providing the service to a standard residential property. It is therefore inappropriate to charge the same amount for a strata lot as for a standard residential property.

In calculating the cost of providing a service to a residential strata lot councils may charge up to 50% of the adopted charge as applied to standard residential properties. This effectively caps the stormwater management services charge to residential strata units at \$12.50 per unit.

How is the charge calculated for business properties?

The charge for business properties should be the lower cost of providing the additional stormwater management service, or \$25 per 350m² (or part thereof). As a hypothetical example, a business property has a land area of 800m². If the cost of providing the extra stormwater management service to the property is estimated to be \$95, but the cap for a land area of 800m² is 3 x \$25 = \$75, then the amount levied would be \$75.00. The gap between the capped amount and the service amount must be funded from other income sources.

How is the charge calculated for business strata complexes?

The charge for business strata lots should be the lower cost of providing the stormwater management service, or \$25 per 350m² (or part thereof). The cost should then be divided on a pro-rata basis between the lots. As a hypothetical example, a property containing 10 business strata lots has a land area of 1,250m². If the cost of providing the stormwater management service to the building is estimated to be \$120, but the cap for a land area of 1,250m² is 4 x \$25 = \$100, each of the 10 units may be levied an amount of \$100 ÷ 10 = \$10. Alternatively, the charge could be apportioned according to the area of each strata lot.

The gap between the capped amount and the service amount must be funded from other income sources.

Can/must the charge be levied on all parcels of non-vacant, urban residential or business land?

The charge may only be levied for additional stormwater management services provided to the

parcel of land by the council. There may be individual instances where the council does not provide any service or provides a reduced level of service.

In such cases a reduced charge or no charge may apply.

How does a council determine how much it still must spend on stormwater management from its general income?

The level of expenditure on stormwater management from a council's general income should remain at or be greater than it was prior to introduction of the charge.

Council will need to continue to use general income to provide stormwater management services to ineligible land, such as public land and for funding existing services to eligible land. Where the costs of a new stormwater management activity can be attributed to both eligible and ineligible land, councils can use their current stormwater expenditure to fund the proportion of the activity's costs attributed to ineligible land.

What are the additional reporting requirements?

Council will be required to report on the implementation of each of the stormwater management services proposed in the Operational Plan. This will compare the services proposed in the management plan with the services actually carried out and include a statement explaining any differences between them.

Must funds raised from the levying of the annual stormwater management services charge be spent specifically in the catchment within which they are raised?

Council should aim to reasonably demonstrate that properties are levied a charge according to the additional stormwater management services provided to them. In practice it is difficult to directly link all stormwater management services back to the individual properties levied (e.g. education). To overcome this problem councils may choose to take a 'global' approach in estimating the costs of providing additional stormwater management services across their local government area rather than on a catchment-by-catchment basis, and attributing these costs to each parcel of chargeable land. However, in doing so, councils still need to ensure a reasonably equitable distribution of stormwater management services over time.

Do funds raised from the levying of the annual

stormwater management services charge have to be spent within the financial year they are raised?

Funds related to the charge do not have to be spent within the year they are raised, as it is recognised that these funds may be used to resource major programs spanning a number of years. Relevant reporting requirements would apply to ensure that expenditure is appropriately accounted for.

Council previously had an Environmental Levy - why was it removed?

Council had an Environmental Levy in 2002 – 2007. The money from the Environmental Levy

was used to fund a range of works including the installation and ongoing maintenance of our Gross Pollutant Traps, wetland maintenance, water quality monitoring and weed control. The Levy was removed when Council applied for a Special Rate Variation in 2007/2008.

Is the Stormwater Management Service Charge the same as the previous Environmental Levy?

No. The works carried out by funds generated through the Environmental Levy were not required to be location specific while works funded by the Stormwater Management Service Charge can only be carried out on the stormwater system in our urban areas.

