



KR/LLDF27042015

27 April 2015

IPART  
PO Box K35  
**HAYMARKET POST SHOP NSW 1240**

Dear Sir/Madam,

**SUBJECT: SUBMISSION – MODELLING LOCAL DEVELOPMENT CONTRIBUTIONS**

Council wishes to make the following comments on the consultation paper Modelling Local Development Contributions in a present value framework.

1. In principle support to the methodology used to determine the discount rate for contribution plans using net present value (NPV).
2. In principle support to the use of geometric average of the Reserve Bank of Australia inflation forecast for the next year and nine years of the midpoint of its target inflation range, for adjusting the nominal discount rate for inflation in order to derive a real discount rate.
3. In principle support that future contributions plans should be modelled in nominal terms. This enables council to include inflation assumptions within the model. There is an agreement that escalation rates should be realistic and consistently applied, it gives Council the flexibility to apply different escalation rates to the different categories.

Council has recently adopted a new S94A Contribution Plan for development within the Wellington Local Government Area. The Develop Services Plan is currently under review, with both plans being reviewed in the context of the current Local Government reform.

Yours faithfully



Karen Roberts  
**ACTING GENERAL MANAGER**