Valuation Services

Client: Independent Pricing and Regulatory Tribunal

Investigation into the Discount Rate used for determining rentals for Domestic Waterfront Occupancies

Final Report

SAP No: LA-LP-VS-VSP-SP-00005

CONTENTS

Definitions

PSLV	-Precinct Statutory Land Value as determined by the current IPART formula
Average Statutory Land Value	-The average of statutory land values as determined by the current IPART formula but not necessarily constrained by the same boundaries
Discount Factor	- For the purpose of this report, the 'discount factor' is the percentage by which the PSLV is discounted to determine the Per Square Metre value of occupancy land. Therefore, when this report refers to a discount factor of 47%, for example, the PSLV would be discounted by 47% (that is, multiplied by 53%) to determine the value of the occupancy land.
Discount Multiplier	- Discount Multiplier is the rate by which the PSLV is multiplied to determine the value of the occupancy land. When this report refers to a discount factor of 47% (that is, the amount by which the PSLV should be discounted by), this equates to a discount multiplier of 53% (which is 100% - 47%). The discount multiplier is the inverse of the discount factor.
Precinct	-A grouping of lands to be used to be used to determine a PSLV.
WAG	- Waterfront Action Group
LPI	-Land and Property Information
IPART	- Independent Pricing and Regulatory Tribunal
Reclaimed (Dry) Land	- Land beyond the high water mark which has been filled and/or retained to prevent inundation
Wetland	- Land below the high water mark which is subject to tidal inundation or permanently underwater.
Occupancy	- The area of Crown or Maritime land subject to a lease or licence to occupy the land.
Reascertainment	-As defined in Section 14A(6) of the Valuation of Land Act 1916, the Valuer General has the power to re ascertain land values
Capitalisation	- The application of a yield to a known rental for a property to determine the market value of that property.

SECTION ONE
Executive Summary

1. Instructions

Instructions were received from the Independent Pricing and Regulatory Tribunal (IPART) to undertake an investigation of the Discount Factor used in the formula for determining rentals for domestic waterfront occupancies:

a) Recommend one or more evidence-based discount factors.

b) Review and provide comment on:

- the 144 separate valuations of occupancies referred to in WAG's submission
- WAG's proposed discount factors and how they relate to LPI's findings in this study

c) Investigate comparable market rents, including berthing rentals at commercial marinas, swing moorings and other comparable facilities, as well as rents on adjoining land, and explain how these:
   - compare to rents being determined by the current formula
   - relate to findings and recommendations for points (a) to (b) above.

2. Approach Taken for the Three Tasks

In completing the work LPI adopted the following approach:

a) Market Review - rental evidence was sourced from commercial marinas and private rental arrangements, across the state, for wet and dry storage areas for boats in a number of situations.

b) Calculation of Discount Factors - A sample of 52 occupancies were selected as benchmarks from approximately 24 Precincts located across the state. The sample was selected with the purpose of representing regional, metropolitan and Sydney Harbour locations. Occupancies were individually valued to determine a land value specific to each occupancy.

In the course of analysis it was found that the attributes which affect land value differed for reclaimed and wetland and a different approach was required for each.

Reclaimed land shows a direct relationship with immediately adjacent land and can be valued by way of applying a discount factor directly to that land (this alters from that derived by applying a discount factor to a Precinct Statutory Land Value (PSLV).

Wetland, on the other hand, is restricted to the use to which it is put, consistent with erected structures, with the land value showing a relationship to that use rather than the adjoining land. Therefore, wetland has been valued by reference to limited available rental information based on similar uses.

Consistent with instructions, these valuations have been used to determine separate discount factors for reclaimed land and wetland, as well as a single discount factor for all occupancies.

c) Review of the Waterfront Action Group (WAG) analysis - LPI analysed the properties included in the WAG analysis and the discount factors that WAG recommended. The analysis was reviewed for accuracy and revised where considered appropriate. The relevance of the analysis in developing a single discount factor was considered and reported against.

Findings identified in the review of WAG Submissions analysis and dataset:

- **i.** that Median and Average land values from surrounding postcodes do not provide a reliable basis for determination of value of waterfront land or land below the high watermark. If used, average would be preferred over median.
- **ii.** the valuation data used in the WAG analysis contains significant inconsistencies, including duplication and inconsistent SLV base data
- **iii.** general over-representation of higher valued properties and use of a number of relatively low value occupancies in the WAG analysis resulted in higher discount factors
- **iv.** a market based discount rate varies across locations and the use of a geographically concentrated sample does not adequately represent market factors if used across precincts and across NSW
- **v.** the WAG analysis identified a number of occupancies whose Land Values were at the extreme ends of standard deviation on a per square metre analysis, including a number of prima-facie anomalies. The review of occupancies in the WAG analysis whose Land Values showed prima-facie anomalies by Rating and Taxing valuation contractors has initiated re-ascertainment action for 37 of the 144 occupancies. The rating and taxing review was undertaken independent of this review consistent with the requirement of the Valuer General for independence as a feature of the NSW Rating and Taxing System.
- **vi.** the 144 occupancies referenced in the analysis included duplicates, some unidentifiable properties and reserves. LPI was unable to independently calculate some averages used in the WAG analysis
- **vii.** LPI identified 112 properties of the 144 as current and relevant to analysis of land values for domestic waterfront occupancies in those locations as at valuation base date 01 July 2010
- **viii.** The comparison of occupancy land values to directly adjoining land values was considered inappropriate as variations in adjoining land value, per square metre, due to size, topography or use could corrupt the analysis of wetland discount factors. LPI chose comparison to the existing PSLVs as more appropriate.
- **ix.** LPI reviewed the 84% discount factor reflected by the WAG analysis and found it unsupported. Based on 112 identifiable properties, revised data and a basis of the adjoining PSLV LPI calculated a discount of 66% compared to WAG's 84%. When using a basis of adjoining land, as used by WAG, only 86 properties were identified, by LPI, resulting in a discount factor of 64%.

d) Verified and Static Base Date Data - to produce a consistent result in the LPI analysis, data used by Maritime and Crown Lands to calculate Precinct Statutory Land Values (PSLVs) was refreshed and re-analysed in relation to 01 July 2010 base date land values.

e) Calculation of SLVs - For the purpose of this review, where the LPI recommended discount Factors are relative to PSLVs these PSLVs are based on the existing precinct structure. Discounts are also recommended relative to the postcode average and median Statutory Land Values (SLVs) of postcodes in which the occupancies are located. LPI recommends the use of a discount relative to the SLV of waterfront properties rather than discounts relative to average or median postcode values.

3. LPI Findings

1. The current formula for determining rentals for domestic waterfront occupancies, based on a single discount factor, is simple and cost effective thereby satisfying the goals of operational efficiency and consistency. However, these measures adopted to provide for efficiency may impact equitability for stakeholders in that the resultant rentals may not reflect the market rental for that property. Points 3 and 4 in our recommendations provide suggestions for improvements in equitability of applied rentals.
2. Reclaimed land bears a direct relationship to directly adjoining land with its value per square metre (psm) rising and falling proportionately with that of adjoining land due to both quality and size.
3. Wetland does not have a direct relationship with the per square metre value of adjoining land. The value per square metre of adjoining land will vary, between allotments, based on factors such as area and topography. This variation will not be reflected in the per square metre value of the adjoining wetland as the value of this land is not dependent upon the area or topography of the adjoining land. The value of wetland, as used for domestic waterfront occupancies, is more related to marine rentals in a geographic location and is specific to the use to which the land is put. The value per square metre will vary due to size of the occupancy and the variation, between occupancies will be independent of value per square metre of adjoining land.
4. The quality of wetland tends to be reflected in the land value of the adjoining property but is only one of a number of factors which will ultimately result in varying land values of adjoining properties with similar waterfront access on a per square metre basis which will not be reflected in the wetland value.
5. The value of wetland will rise and fall due to location factors similar to those which impact on the value levels of adjoining land. However, the increase and decrease in value will not, necessarily be proportionate.
6. The use of tenured properties only in the calculation of PSLVs contributes to inequities between precincts due to small numbers in some precincts and variations in standard block sizes in varying geographic locations. The smaller precincts impact significantly on the equity of the system, although this mainly reflects rental being too low which in turn, reduces the return to government.
7. Currently the precincts include wide variations in the style of waterfront. Precincts may be perceived as providing more equitable outcomes if they included only those properties with specific waterfront characteristics. The grouping of properties with wide ranging waterfront characteristics reduces the perceived equity of the model. Use of postcode precincts may not effectively improve this situation. It is accepted that the cost of implementing such changes may be contrary to the goal of operational efficiency.
8. Not all land subject to domestic waterfront occupancies is clearly surveyed and much of the Crown Land leased would benefit from identification of the areas attributed to various uses.
9. Public swing moorings form a significant proportion of available wet boat storage, exceeding that available as domestic waterfront storage, and competes directly with private marinas. An alternate methodology for assessing rental levels for wetland occupancies could be by applying a factor to rates determined for public swing moorings based on location. This factor could be reassessed on the same cycle as the redetermination of Public Swing Mooring Rates.
10. There are significant variations in the quality, accuracy and application of data used by Maritime and Crown Lands, and inconsistency with the records of these agencies and LPI in recording, management and use of statutory land values.
11. Areas of occupancies, included in the statutory land value, are often inconsistent between the Register of Land Values and the records maintained by relevant authorities.
12. LPI analysis identifies that a practice appears to have been adopted for Crown Lands occupancies of adding the occupation area to areas used by LPI in ascertainment of land values, which already included those occupancy areas.

13. LPI analysis identifies that some Crown Lands precincts appear to have included some non residential properties.

4. LPI Recommendations

LPI Recommendations are made with reference to the terms of IPART's request, and considered in the context of the IPART review's goals of operational efficiency, equity, consistency and fair return to government for an asset.

The following recommendations arise from the LPI analysis:

1. There is sufficient rationale for the use of two discount factors, one for wetland and one for reclaimed land, providing greater accuracy in determination of individual occupancy values.

A factor for reclaimed land can be developed based on available sales evidence and accepted valuation practice. More detail is provided in Recommendation 3.

A wetland factor can be developed through reference to market rental evidence relating to wetland areas with similar uses. More detail is provided in Recommendation 4.

A single discount factor for both wetland and reclaimed land within occupancies can be determined based on market evidence. However a single discount factor will provide less equitable outcomes than the use of two separate factors.

Tables of recommended discount factors are appended to this report at Annexure 1. The tables also provide for application of recommended discount factors on a proposed region-based model (Harbour, Outer Metropolitan, rest of State) or to NSW Overall.

2. In applying a single discount factor for the whole state, applied to the PSLV, LPI recommends implementation of discount factors as shown in the following table. The discount factors reflect weighted averages using land values of properties analysed within the three regions outlined in recommendation 1.

VALUE BASE	USE	DISCOUNT
Average SLV of waterfront properties with occupancies	All Uses	47%
	Wetland	52%
	Reclaimed Land	38%

3. If adopted, a discount factor specific to reclaimed land would most accurately be applied against the value of directly adjacent land which benefits from it, as opposed to values derived from precincts of any nature. If applied on this basis, the discount factor would not be as set out in Recommendation 2, which is based on application to the PSLV.

The appropriate discount factor for application to the Land Value per square metre of the adjoining land which benefits from the reclaimed land would be 40% for occupancies within Sydney Harbour and 50% for all other occupancies.

This approach would capture the true value of all reclaimed land and will satisfy goals of equity and return to government. A set discount factor would satisfy consistency. There would necessarily be a one off cost per occupancy to identify the area of those lands which are not currently clearly surveyed. However, LPI is informed Maritime lands have already been surveyed and Crown Lands are in the process of implementing a program to survey currently unsurveyed land. Therefore, this would not be inconsistent with the goal of operational efficiency.

4. A separate discount factor applied to wetland occupancy, based on land area, will not provide the same level of equity as that proposed for reclaimed land due to the disconnect between adjoining land value psm and market rentals of the wetland use. If adopted, a discount factor specific to wetland would most accurately be applied where taking account of;

a) Quality of wetland (neither the current precincts nor postcode methodology address this)

b) Area of occupancies against use of occupancy (neither the current precincts nor postcode methodology address this)

However, this would need to be considered in light of the cost of implementation which may not satisfy the goal of operational efficiency.

The alternative is consideration of the potential linking of wetland area rentals with the rate for public moorings as the matters considered in both have some comparability and implementation costs are likely not to be excessive.

5. A program should be considered for conduct between LPI, Maritime and Crown Lands to correctly identify the total area, and specific area, of wetland as opposed to reclaimed land to allow more accurate assessment of occupancy rentals.

LPI, Maritime and Crown Lands should investigate implementation of structured arrangements for use of the Register of Land Values in setting of rentals for occupancies. It is suggested the arrangement be similar to those in effect between LPI and Councils, to provide for consistent access, delivery, use and maintenance of relevant land value records by Maritime and Crown Lands.

To any party relying on this report we advise that this summary must be read in conjunction with the attached report, of which this summary forms part.

SECTION TWO
Report Overview
Instructions

Instructions were received from the Independent Pricing and Regulatory Tribunal (IPART) to undertake an investigation of the Discount Factor used in the formula for determining rentals for domestic waterfront occupancies. In the investigation, LPI was requested to have regard to the rental market for marina berth and swing moorings as well as the submission made to IPART by the Waterfront Action Group (WAG).

IPART requested the investigation address specific tasks as follows;

To assist IPART in arriving at a suitable approach to determining the value of occupancies for the purpose of calculating rents, LPI is required to:

1. Recommend one or more evidence-based discount factors. These recommendations should be:

    - derived after considering and reviewing the valuations referred to by WAG in its proposal for a discount factor (as outlined in pages 11 to 12 and Fact Sheet 8 of WAG's 31 May 2011 submission to IPART)
    - derived after considering the different types of uses of occupancies
    - based on a representative sample of occupancies and precincts across NSW
    - consistent with the principles outlined in the Terms of Reference for IPART's review, including market return, operational efficiency, consistency and equity.

The recommended discount factor or factors and supporting data should be presented in a form to allow IPART to apply discounts to:

- the current PSLV approach - ie, discount factor(s) relative to the SLVs of privately owned freehold waterfront property within the sample precincts
- WAG's proposed amended approach to calculating PSLVs – ie, discount factor(s) relative to the median SLV for postcodes within a precinct.

LPI should also make recommendations to provide IPART with the option of applying either:

- 1 discount factor in the rental formula (as is currently the case); or
- more than 1 discount factor, where this is warranted and consistent with the principles of IPART's Terms of Reference.

2. Review and provide comment on:

    - the 144 separate valuations of occupancies referred to in WAG's submission
    - WAG's proposed discount factors and how they relate to LPI's findings in this study.

3. Investigate comparable market rents, including berthing rentals at commercial marinas, swing moorings and other comparable facilities, as well as rents on adjoining land, and explain how these:

    - compare to rents being determined by the current formula
    - relate to your findings and recommendations for points 1 to 2 above.

In providing draft and final recommendations to IPART, LPI must also clearly explain the rationale and methodology behind its analysis and conclusions, document key assumptions, and provide relevant supporting evidence."

Overview of IPART Formula

In 2004, IPART reviewed the approach for determining rents for domestic waterfront tenancies.

A basis of the review was that the land affected by waterfront tenancies is a valuable asset and the community was entitled to a reasonable rate of return on that asset.

The review recommended a formula which references statutory land values, issued by the Office of the Valuer General, to determine average "precinct" land values expressed as a rate per square metre. A discount rate of 50% was applied to the individual "precinct" rates to determine a rate per square metre for land which was below the High Water mark adjacent to these precincts (the 50% discount appears to have been an arbitrary figure).

The current formula used is;
Rent($) = [Precinct Statutory Land Value ($/m^2)] x [Occupancy area (m^2)] x [Rate of return (3.05%)] x [Discount Factor (50%)] ***#***

The discount factor is specifically used to determine the occupancy land value.

$$\text{Occupancy Value (\$)} = \text{Precinct Statutory Land Value (\$/m}^2\text{)} \times \text{Discount Factor (50\%)\#} \times \text{Occupancy Area (m}^2\text{)}$$

 # Note. The discount factor referred to in the current formula above operates in the manner of a "Discount Multiplier" as described in the definitions page of this report.

The Precinct Statutory Land Value (PSLV) is currently calculated as:

$$\text{PSLV (\$/m}^2\text{)} = \frac{\text{Total SLV of all waterfront freehold properties with adjoining occupancies in precinct}}{\text{Total area of freehold properties in precinct + Total area of occupancies in precinct}}$$

This effectively results in the average value on a rate per square metre (PSM) for the precinct area.

A review of submissions made to IPART has been undertaken in regard to the discount factor used in the formula.

In 2004, 50% was considered to be an appropriate discount factor to apply for the following reasons.

1. Much of the land used for DWF occupancies is partially or totally submerged
2. There are limitations on how this land can be used
3. Given the land is in public ownership, and will remain that way, the leaseholder can have no expectation of owning the land in the future, and
4. Government policy allows, where practicable, public access over the land.

A KPMG review of the formula undertaken on behalf of CLD identified similar issues, as have been experienced in this review, which inhibit the application of a "one size fits all' discount factor. Their recommendation to leave the discount factor at 50% was not based on research of market sales or rentals which would suggest a different factor might be applicable.

Of interest in this review was the commentary on the varying quality of waterfront occupancies and how these are captured within the precinct land values if they are grouped together in precincts sharing similar characteristics. The current precinct structure is based on geographical criteria and may not adequately address the issue of grouping occupancies based on the quality of the occupancy.

KPMG also explored the problems associated with using the rates per square metre. Waterfront occupancies and waterfront residential properties share the same characteristic that they have a set purpose to which the land can be put which will increase in value as the quality of the waterfront increases. Both will have the same use irrespective of the size of the occupancy. If the area of the residential land increases the psm value of the land will fall and the psm value of reclaimed land will also likely fall. This will be independent of the value of the wetland. If the area of the wetland occupancy increases the psm value of the wetland will also fall. The opposite occurs where area decreases. This will not be reflected in the value of the adjoining land. The application of the discount factor fails to address this relationship.

Approach Taken For This Review

Valuation Services is a division of LPI which services the NSW Valuer General and other government agencies with expert valuation advice.

In undertaking the review, as instructed by IPART, it has been approached on the basis of a valuation exercise which would assist in determining a discount factor.

It should be noted, at this point, that a valuation exercise will not usually be used to determine such a factor. Valuations will usually draw on a pool of available evidence to produce a single valuation of a property. The greater the pool of evidence available, the greater the accuracy of the resultant valuation will likely be.

In recent years there has also been a movement toward Mass Appraisal techniques. These usually rely upon properties with similar characteristics being grouped together. Benchmark properties are then valued after an analysis of market information specific to that style of property. The approach is reliant on the availability of evidence, accurate valuations used as a base and regular reviews of to determine the resulting appraisals continue to reflect the market.

The determination of a discount factor falls outside the two approaches detailed above for the following reasons.

i. There has been no market determination of the base land value of the occupancy
ii. The properties subject to the discount factor do not share similar characteristics
iii. There is no directly comparable evidence
iv. There is no review to determine if the resultant appraisals reflect the market.

Therefore, whilst our analysis will be based on the application of rental evidence, adjusted to reflect individual occupancy circumstances, the resultant discount factor will not produce a market valuation. Rather, the discount factor will be evidence based to allow a best fit approach for application consistent with the goals of market return, operational efficiency, consistency and equity.

The review has been considered in three parts which are further detailed below. The three parts were undertaken and managed by separate teams and, due to time constraints, were carried out simultaneously. Regular project meetings allowed team leaders to link the different parts together as the review progressed.

Part 1 - Market Review

Rental evidence was sourced from commercial marinas and private rental arrangements across the state, for wet and dry storage areas for boats in a number of situations. Rental evidence is appended to this report as Annexure 4. The rental evidence consists of rentals deriving benefits from established facilities (jetties, marina berths, and boatsheds). This evidence was provided to the team undertaking the tasks in Part 2 to allow the development of evidence based discount factors.

Part 2 - Discount Factors

A sample of 52 occupancies was selected from approximately 24 Precincts located across the state. The sample was selected with the purpose of representing regional, metropolitan and Sydney Harbour locations. The sample includes a cross-section of properties in different precincts. Within Sydney Harbour and metropolitan regions the sample of occupancies selected represented most precincts. The 52 occupancies represented varying land sizes and different types of land use. The sample included two waterfront access only properties located in the Pittwater WAO Precinct. LPI considers there is a sufficient distribution of properties and property attributes to constitute a representative sample of statewide domestic waterfront occupancies.

To determine the value of wetland the rental evidence sourced in the market review was used to inform an improved value. The improved value was determined by capitalisation of rental at 4.5% (NSW Treasury Bond rate) with a resultant land value determined by deducting the added value of improvements. This was then compared back to the Precinct Statutory Land Value to determine a discount factor for that use in that location.

Reclaimed land was valued by reference to the rate per square metre of the adjoining freehold 2010 Statutory Land Value. This was then discounted between 40- 50% to reflect the limited market and restricted use of the land. Rationale for this analysis is detailed in Section 5.

Originally, four discount factors were planned covering berth area, built structures over jetties, reclaimed land and jetties, inclusive of all other wet uses. It was found that the majority of wetland resulted in the same discount factor so the final results only reflect discount factors for reclaimed land (dry) and wetland uses (wet).

Firstly, discount factors have been developed and are recommended by LPI in broad regional locations reflecting the average discount factor in;

1. Sydney Harbour (Maritime land)
2. Sydney Metro outside Sydney Harbour (Includes Pittwater, Port Hacking, and Georges River)
3. The rest of the state.

This model of broad regional locations includes NSW Maritime leasehold properties in region 1 and groups Crown Land leasehold properties into regions 2 (Sydney metro) and 3 (rest of state).

LPI notes that Maritime currently assess their rates for swing moorings based on three different regions, although these regions differ being;

1. Sydney Harbour East
2. Rest of Harbour and Pittwater
3. Rest of State

LPI considers that it would be desirable that administration of Domestic Waterfront Leases be based on common regional boundaries. However, the broad regional locations recommended by LPI have been determined on the basis that their markets for rental were considered to be more closely linked, and the properties within the regions are more readily identifiable.

To produce a single discount factor, weighted averages were applied to the results of the benchmark analysis. In order to achieve this, total occupancies within the 3 regions adopted by LPI were divided between properties that included reclaimed land and those which did not. While properties with reclaimed land usually also included wetland we were unable to determine a proportional relationship between each given the large number of properties and limited available information. They were therefore treated as reclaimed land only. This information was then used to assess the weightings used for the calculation of the discount factors recommended by LPI.

Discount factors are reported rounded to no decimal places.

Part 3 - Analysis of Waterfront Action Group (WAG) Submission

LPI was asked to review and provide comment on the 144 separate valuations of occupancies referred to in WAG's submission (to the Review of Rental for Domestic Waterfront Tenancies in NSW dated 31 May 2011) and WAG's proposed discount factors and how they relate to LPI's findings in this study.

To allow this, LPI undertook an extensive analysis of properties contained within a spreadsheet provided through the co operation of the Waterfront Action Group. The analysis was aimed at:

1. Identification of the properties contained within the spreadsheet
2. Revision of the quality of the data used for consistency and accuracy
3. Revision of the Land Values used for accuracy
4. Revision of the rationale and calculations used for the submission
5. Revision of the calculation based on LPI analysis and correction of data
6. Revision of the calculation based on LPI preferred approach

The WAG submission, related to the discount factor, was based on the analysis of 144 properties from which a number of conclusions were drawn. The WAG submission did not refer to a specific discount factors, preferring to report resultant "discount multipliers" instead.

"19. Question ..... to arrive at its suggested discount factor ***(or discount multiplier)*** *of 16%, compared to the adjoining freehold PSLV or 33%, compared to the postcode median SLV"*

LPI has addressed the "discount factor" in this review and, for consistency, all references to the WAG submission were adjusted to reflect a discount factor rather than a "discount multiplier".

LPI considered that the use of median Land Values from postcodes did not provide the appropriate basis for determining the value of Waterfront leases. The properties within a postcode vary considerably and may have little in common with waterfront property. Statutory Land Values for waterfront properties move independently to non waterfront values and this is not captured by the use of a post code median.

LPI revised the calculations in the WAG submission, on corrected data, based on the options preferred in that submission but also ran calculations based on options preferred by LPI. This included against the PSLV (preferred) and the average of the Postcode SLV (preferred to the use of a median).

The revised calculations were not used to inform LPI recommendations for discount factors. LPI's recommended discount factors considered the whole of the state where those used for the WAG submission were concentrated in a small part of Sydney Harbour. As such it was considered preferable to select a more representative set of benchmark properties for the analysis.

A number of the properties used in the WAG analysis could not be reviewed due to a number of factors including;

- Property could not be identified on the Register from information provided
- Property was a duplicate of another property

LPI sourced, from the Register of Land Values, all those properties which could be identified, and used in analysis. This resulted in a reduction to 112 properties.

A number of the properties included in the WAG submission showed Land Values on a per square metre basis that varied greatly to those of other properties. In many cases, these variations did not accord with the known value relationships for these locations. Independent of this review, LPI completed a process requesting review of statutory Land Values by Rating and Taxing valuation contractors, for Land Values of occupancies used in the WAG analysis for those values which appeared, potentially, to be prima-facie anomalies. The review process provided recommendation by valuation contractors for re-ascertainment of a number of 2010 base date Land Values to provide statutory Land Values falling within an acceptable market range. Of the 112 Land Values identified from the WAG analysis, 37 are the subject of current re-ascertainment action. The results of these reascertainments have been reflected in the analysis of data for this review.

The LPI analysis was completed using 2010 base date Land Values including those values the subject of current re-ascertainment action. Given the purposes of the IPART review and potential medium term effect, LPI considers use of the most accurate and reliable statutory Land Value base information to be the most appropriate evidence base for analysis.

Discount factors in this analysis have been reported rounded to no decimal places.

LPI Analysis and Recommendations

The findings and recommendations detailed in this report were compiled following the market review, discount factor analysis and Analysis of the WAG submission as detailed above. While the market review stands alone as part of the LPI review it was also used for the valuation of wetland occupancies leading to the development of discount factor recommendations. LPI Analysis of the WAG submission was not used in assessing discount factor recommendations for reasons detailed in Section Four of this report.

Data Matching and Cleansing and Use of Static Base Date Data

In order to produce a consistent result in the LPI analysis it was necessary to cleanse and re-analyse some of the data used by Maritime and Crown Lands to calculate their PSLVs.

The data provided from various sources, used to assist in this review, has not been based on a consistent approach to base data.

Both Maritime and CLD use a rolling three year average, but different base years are used to establish that average for a given year.

The WAG analysis utilised data obtained from LPI and Maritime, resulting in an analysis based on a combination of a single base date (2010), a two year average and a three year average (as supplied by Maritime).

There were also other anomalies including area discrepancies and Crown Lands using non residential properties in their data analysis which were rectified in the LPI analysis. This has been detailed in Sections Four and Five of this report and all rates used in our analysis reflect a 1 July 2010 base date.

Use of Postcode Median in Calculation of PSLVs

The existing IPART formula relies on average land areas and average land values, within a precinct, to determine the precinct statutory Land Value (PSLV) on a rate per square metre (PSM). The LPI analysis has followed this approach for application of the discount factor based on existing precincts. This has the advantage of comparing like with like.

The WAG Submission favoured the use of a postcode median to determine the PSLV for use in the IPART formula.

LPI does not consider this the most appropriate option

If a postcode basis were to be used, LPI considers the average provides a better representation of the market movement, inclusive of waterfront properties, than the median. Waterfront property values move independently to those of non waterfront properties, which is not reflected in a median.

Given a significant proportion of occupancy area is reclaimed land, which bears a direct relationship to adjoining waterfront land, the average would be the preferred option.

SECTION THREE
Review of Rentals and other Market Data
Explanation of Context

A sample of 52 domestic waterfront occupancies was selected from precincts across NSW with the purpose of representing regional, metropolitan and Sydney Harbour locations. The sample includes a cross-section of properties in different precincts, of varying land sizes and different types of land use, including some waterfront access only properties.

Market research of rental evidence comparable to the uses of domestic waterfront occupancies was completed in order to inform determination of an improved value for the wetland component of the 52 sample occupancies.

The market evidence is appended to this report as Annexure 4.

Market Research of Rentals

Research was undertaken into rentals for the storage of boats in the following situations:

- Swing moorings in commercial marinas
- Berth of various size with Jetty access in commercial marinas
- Dry storage facilities for boats
- Advertised private rental information where available

NSW Maritime advises in its *NSW Boat Ownership and Storage Report July 2010* that of boat registrations as at 1 July 2009, 93% were for vessels of 8 metres or less. That report adopted a maximum trailerable limit of 6 metres as "*Beyond 5–7 metres, the costs of trailer storage increase rapidly along with technical complexity and cost of the vehicle and trailer required for transport*" Whilst this is not disputed, it is noted that trailers for vessels of 8 metres in length are readily available and though many such vessels utilise on-water storage. To provide a consistent basis for comparison, LPI determined to focus research on vessels of 30 feet or 9.14 metres in length.

Advertised rental information in respect of boat storage has been recorded and is annexed to this report at Annexure 4. Where details were not available operators of storage facilities have been contacted directly. This information relates to permanent or long term storage.
The information has been recorded for the following areas:

North Coast – all areas north of Newcastle
Nelson Bay – incorporating Port Stephens
Brisbane Water
Hawkesbury
Pittwater
Middle Harbour
Sydney Harbour
Georges River
Port Hacking
South Coast – all areas south of Port Hacking.

Swing Moorings in Commercial Marinas

Private Mooring Licences may be available through NSW Maritime which also issues Commercial Mooring Licences to marine business enterprises and it is the latter that this report will consider.

Swing moorings are fixed points in the water to which a vessel can be tied when not in use and which cannot be accessed via dry land or jetty. Protected locations where moorings are less likely to swing in the wind or currents are preferred and marina operators may charge different rates for different locations.

The rental charged for the swing mooring usually includes tender access to the stored vessel as well as access to any marina facilities with the operator responsible for maintenance.

It is noted that the provision of swing moorings by commercial operators declines outside the area bounded by Brisbane Water in the north and Port Hacking to the south where the rents achieved show a general range of 22 to 50% of the rents for jetty berths offered by the same operators (Mooring Rent as % of Berthing Rent shown in the tables attached to this report as Annexure 4).

Berths of Various Size, with Jetty Access, in Commercial Marinas

Marinas provide a docking and storage facility for boats and may include jetties adjoining wet berths, swing and pylon moorings, dry storage facilities, slipways, dry docks, repair and refuelling facilities. Power, water, sewage pump-out, car parking and security are regularly available and a number provide toilet and showers, Wi-Fi internet and are located adjacent to ancillary tourism facilities.

The above facilities, together with the location and size of the marina and the quality of the improvements, including its ability to accommodate a range of vessel sizes, will impact on the rents required to obtain a berth, mooring or dry storage.

Berthing and mooring rents were compared to determine if there was a consistent variation in the rents charged, and a further check has been undertaken to determine if there exists any correlation between marina wet berth rents and Precinct Statutory Land Values (PSLVs). To this end, on the accompanying spreadsheet, the Maritime or Crown Lands precincts in which each marina is located have been identified and the PSLV listed. The PSLV is then divided by the Monthly Berthing Rent to calculate a PSLV/Berth Rent Factor.

Correlation between PSLVs and Berthing Rents would be indicated by consistency in PSLV/Berth Rent Factors, however the Factors vary and in some locations the variations are quite significant. By way of example Brisbane Water shows a range of 0.12 to 2.55 and in Sydney Harbour the range is 2.18 to 8.98.

Dry Storage Facilities for Boats

Dry storage facilities for boats comprise open hardstand areas, storage sheds and dry stack facilities. Few marinas contacted provided dry storage facilities and only 2 of these could accommodate a 30’ vessel under cover.

A number of marinas had hardstand areas on which boats were stored but these were generally only for short periods and related to maintenance requirements.

Dry stack facilities are not common in New South Wales and were offered at 3 marinas - d’Albora Marina at Akuna Bay, the very new Rozelle Bay Marina and the as yet not operational Shoalhaven City Marina. This method of storage provides for the stacking of boats on shelf like arrangements in storage sheds using specially adapted forklifts. At Akuna Bay only boats to 7.5metres could be accommodated and as with the Rozelle Bay Marina there is no apparent discount in rent from what is required for a wet berth. No comparison was available at Shoalhaven City.

High'n'Dry Storage Solutions at Kurnell also provides dry stack facilities and whilst not on the water this operation provides a trailer service to boat launching facilities.

Dry storage is available through firms such as Kennards Self Storage and Metro Storage and whilst covered storage for a 30’ vessel was not available at all locations the representatives of each firm that were consulted advised that any differences in monthly rates charged at different locations was attributable to differences in land values.

The location of facilities do not provide for a comparison with PSLVs, however, average and median land values for the applicable postcodes are available. Comparisons do not indicate that rents for dry storage of boats correlate with land values.

Advertised Private Rental Information

There is a dearth of private rental information.

At William Street Henley a mooring pen at the end of a private jetty, presumably accessed via the lessors’ property has been advertised at 33% of the berthing rate at nearby Cabarita Point Marina, and within the market range of swing mooring rates in the Harbour.

The share of a private jetty at Newport accessed via a public park jetty has been advertised at 66% of the berthing rate at nearby Sirsi Marina and 56% higher than that marinas mooring rate.
Another private advertiser is seeking a mooring or berth for his 29' boat for up to $300 per month but advised he has had no response.
The limited evidence makes it inappropriate to draw any conclusions for the wider market.

Comparison against current rentals assessed by IPART formula

The rental information gathered in the foregoing analysis was used in the valuation of the benchmark occupancies with the goal of determining a land value for the wetland portion of the occupancies. This process is detailed in Section Five of this report.

The instructions received from IPART requested a comparison be made to determine the variation between existing rentals being levied and those determined as part of the valuation process. As the rentals currently determined are for land only and those determined through market research were improved, accurate comparison cannot be made.

As an alternative, the land value determined through the LPI valuation process was compared back to that which is arrived at via the IPART formula as currently used. The value of the land determined through valuation showed variation from that determined through factor of between -79.48% and 4,315.95%. The table documenting results can be found at Annexure 7.

The implication is that land values derived through use of a common discount factor bear little relationship to those determined through market based valuation techniques.

Conclusion

The research shows that in general, rents required for boat storage in coastal areas of New South Wales do not correlate with land values on either a precinct or postcode basis. As a number of industry participants have stated, considerations in setting rents relate to what the market will bear. Such considerations include what the competition is charging with variations based on the quality of service and facilities and the client's capacity to pay which might be gauged from the value of their boats.

NSW Maritime in its *NSW Boat Ownership and Storage Report July 2010* predicts continued growth in boat ownership and with many operators advising of limited available berths demand for storage will not decrease and consequently there should not be any downward pressure on storage rentals in the foreseeable future.

SECTION FOUR
Review of the WAG Submission on the Discount Factor and supporting Analysis

Assumptions Used in Review of WAG Submission

When reviewing the properties supplied by WAG with their submission it is clear that the data was obtained from a number of sources including IPART, Maritime Services, Crown Lands and the LPI. Both Maritime and Crown Lands use a 3 year rolling average for their SLV calculations, however they do not use common base dates. For example for the 2011 year Maritime uses base date 2007, 2008 and 2009 Land Values while Crown Lands uses 2008, 2009 and 2010 base dates. Furthermore where data was not sourced from either of those 2 agencies the values used by WAG appear to have been sourced from LPI records and uses only the 2010 base date. This has resulted in the WAG analysis being based on inconsistent data.

In order to address this issue our analysis of the WAG properties, as well as any other analysis we have conducted, is based on a date of 1/7/2010. Due to further inconsistencies we have also reassessed other base data used in our analysis. Details of assumptions we have made are outlined below.

- As detailed above the actual PSLVs used by Maritime and Crown Lands are based on differing 3 year rolling averages. LPI has recalculated the PSLVs using 2010 Land Values only. In the case of Maritime Precincts we have used the same base properties used by them to calculate the PSLVs. With the Crown Land precincts we encountered further discrepancies. Though the calculations are meant to be on domestic properties only, several of the Crown Land precincts were calculated using properties that were a commercial use/zoning. In these cases we recalculated the PSLVs excluding (as best we could) the properties that were not domestic/residential. In some cases this produced significant differences in the PSLV. In all our analysis we have based our calculations on the PSLV calculated by us as detailed above.

- Postcode Average SLVs used by LPI have been based on postcode data extracted from LPI's Valnet database. The properties used to calculate the postcode average and median were all non strata residential zoned properties in that postcode. Any properties that did not have an area were excluded from the analysis.

- A number of properties (32) supplied by the WAG were excluded from the analysis, reducing the sample from 144 to 112 properties. There were 2 main reasons for exclusion. The waterfront reserve properties could not be positively identified due to the lack of property details supplied with the submission. The other most common reason for exclusion was that the property included by WAG for analysis was a duplicate of another property already analysed in their submission. A list of excluded properties and reason for exclusion is appended to this report as Annexure 8.

Assumptions Used in Analysis of WAG Submission

The properties in the WAG submission were analysed on a number of bases by WAG. The analysis addressed postcode median, and adjoining freehold.

The LPI analysis has examined the non-excluded subject properties on the same bases (though based on the revised data including re-ascertained values mentioned earlier in this report). LPI has also included analysis of these properties based on a comparison with the PSLVs and the postcode average SLVs.

The LPI review of the WAG analysis is detailed below.

- LPI has analysed the subject properties in relation to the PSLVs. The assumptions used by LPI in calculating the PSLVs are detailed above and we have used the current precinct structure in our analysis. The Land Value of the WAG submission properties was compared, by LPI, to the PSLV to determine a discount factor based on those properties.
- Postcode Median SLV approach is the WAG submission's preferred analysis. LPI has analysed the WAG submission properties based on the precinct median calculated as outlined above. The Land Value of the WAG submission properties was compared to the Postcode Median SLV to determine a discount factor for those properties.
- LPI also undertook a review based on Postcode Average SLVs. The LPI review addressed this basis for comparison purposes. The Land Values of the WAG submission properties were compared to the Postcode average SLV to determine a discount factor.

- The WAG submission analysed the occupancies by comparing the Land value of the occupancy to the Land Value of the attached Freehold Land. A number of these properties did not adjoin a particular freehold property and therefore an appropriate discount factor could not be determined. The WAG submission states that an average value was utilised, where an adjoining freehold could not be identified, however LPI was unable to verify the calculated average that they used.

Comments on WAG Submission

LPI's analysis of the waterfront occupancy properties supplied by WAG informs the following comments.

The WAG Submission favoured the use of a postcode median to determine the PSLV for use in the IPART formula.

LPI does not consider this the most appropriate option

If a postcode basis were to be used, LPI considers the average provides a better representation of the market movement, inclusive of waterfront properties, than the median. Waterfront property values move independently to those of non waterfront properties, which is not reflected in a median.

Given a significant proportion of occupancy area is reclaimed land, which bears a direct relationship to adjoining waterfront land, the average would be the preferred option for a postcode basis.

The properties submitted by WAG were located around the Sydney Metropolitan area with the majority of them within Sydney Harbour. A large number of these were in the Woollahra and Hunters Hill Local Government Areas. The high Land Values of properties in these areas resulted in generally larger discount factors shown for the occupancies in the WAG submission than would be the case using a wider range of properties. This is in keeping with the market analysis conducted in all areas of the state which generally showed larger discounts in the Sydney Harbour area than in other areas of the state.

A number of the occupancies included in the WAG submission showed Land Values on a per square metre basis that varied greatly to those of other properties. In many cases, these variations did not accord with the known value relationships for these locations. Independent of this review, LPI completed a process requesting review of statutory Land Values by Rating and Taxing valuation contractors, for Land Values of occupancies used in the WAG analysis for those values which appeared potentially to be prima-facie anomalies. The review process provided recommendation, by valuation contractors, for re-ascertainment of a number of 2010 base date Land Values to provide statutory Land Values falling within an acceptable market range. Of the 112 Land Values identified from the WAG analysis 37 are the subject of current re-ascertainment action. The results of these reascertainments have been reflected in the analysis of data for this review.

The consequence of this was that the Land Value of a significant number of the occupancies used in the WAG analysis was too low, which produced a much higher discount factor than should have been the case. When these Land Values were reviewed to an acceptable market level the discount factors were much lower as detailed below.

LPI identified, by review of the WAG analysis, that to provide an accurate factor a broader geographical range of properties needed to be included in a representative review.

The WAG analysis reflected a discount factor of 84%, which was based on an average of discount factors derived from the adjoining freehold values excluding the top and bottom 25% (producing an effective sample of 72 properties). Of the 144 occupancies referenced by the WAG analysis LPI excluded duplicates, unidentifiable properties and reserves, resulting in 112 properties, of the 144, as current and relevant to analysis. LPI reviewed the 84% discount factor reflected by the WAG analysis and found it unsupported. Based on the 112 identifiable properties, revised data and a basis of the adjoining PSLV, LPI calculated a discount factor of 66% compared to the 84% reflected in the WAG submission. When using a basis of adjoining land, only 86 properties were identified adjoining occupancies. These resulted in a discount factor of 64%. LPI also re-calculated the initial WAG data for the same 86 properties, using the values in the WAG analysis ignoring reascertainment, and produced a 71% discount factor.

LPI notes that the WAG analysis could not be expected to take into account revised Statutory Land Values unavailable to the WAG submission.

SECTION FIVE
Analysis of Discount Factor Based on Precinct Sample
Overview

LPI has been instructed to provide one or more evidence based discount factors. In providing those factors, LPI was instructed to consider the following.

1. *The factors were to be derived after considering and reviewing valuations referred to in the WAG submission (Pages 11 to 12, fact sheet 8).*
   These valuations were reviewed through a separate process, detailed in Section Four, and have been revised accordingly. Whilst they have been considered, they have been found unsuitable, overall, in assisting the provision of evidence based discount factors due to issues also detailed in Section Four.

2. *The factors were to be derived after considering the different types of uses of occupancies.*
   The factors were derived after a valuation exercise was undertaken on benchmark properties which represented a wide range of uses across varying locations along the coast. It is noted, at this point, that considering the use of the land resulted in valuations altering little in quantum where the use remained the same despite the area of the occupancy increasing.
   The resultant discount factor, when applied to the average occupancy in a precinct, fairly represents the use. Where areas diverge significantly from the average the resultant value basis used to determine rental becomes less representative of the use.

3. *The factors were to be derived based on a representative sample of occupancies and precincts across NSW*
   The factors were derived after a valuation exercise was undertaken on benchmark properties which represented a wide range of uses across varying locations along the coast.

4. *The factors were to be derived consistent with the principles outlined in the Terms of Reference for IPART's review, including market return, operational efficiency, consistency and equity.*

The provision of one or more recommended discount factors satisfies the goal of operational efficiency as they are to be applied to base values derived from existing land values

The approach used to determine the derived discount factors has been applied consistently against all benchmark properties.

The derived discount factors provide a market return based on use.

To assist in the equity of the factors, they have been derived using weighted averages from different regions to arrive at a factor reflecting the proportion of lands in each region.

Whilst LPI was requested to consider the use when deriving evidence based factors, consideration was also given to the alienation of private land for a public use.

The area of land required for a similar use is variable and dependent on the style and quality of the wetland which is subject to occupancy. Whilst this may be reflected in a lower land value per square metre, it will not always be reflected in the adjoining land value or the adjoining Precinct as defined. The land value as derived by factor, in cases where larger than average areas are required may well exceed that as derived based on use. This is especially so as the cost of building and maintaining structures will also increase due to the greater area.

It should be noted that the opposite is so as the area of the occupancy becomes less than the average, usually due to highly prized deep waterfrontage.

In an effort to resolve this issue, consideration was given to the value of the land to the public, not reflecting the use of the occupancy. As the waterways are a recreational space, open space land was considered as an appropriate comparison. A pilot study, undertaken by LPI as part of this review, considered this as an

alternate approach for determining wetland values. Reclaimed land was not considered in the pilot as it was found reclaimed land is best valued as an addition to adjoining yard space.

The pilot study was undertaken in the Maritime Precincts, as open space land is more highly valued in highly urbanised areas.

The statutory land values for open space lands in the post code areas defined by Maritime precincts were compiled and an average rate per square metre was adopted for each Precinct. Statutory land values were chosen to allow a process which satisfies the goal of operational efficiency. It is recognised valuation principle that open space land values reflect the underlying value of surrounding land, the alternate uses and the availability of open space in a local area. As urbanised open space reflects the underlying value of a building entitlement, adjustment is required to reflect limited building entitlement (ie no dwelling) in small wetland occupancies. A discount of 50% was applied to reflect this limitation.

The resultant per square metre Land Value represented between 4.37% and 13.71% of the adjoining precinct statutory land value rate after applying the existing 50% discount factor.

The result is that, even if no discount is applied to open space land to reflect the limitations of wetland use, it will still result in a Land Value less than 30% of that currently derived by use of a discount factor.

To satisfy the requirement of a market return, the valuations undertaken as part of the analysis have been based on use. Rental evidence collected in the market review has been adjusted to reflect the altered situation presented by waterfront occupancies and has assisted in determining the value of wetland. Reclaimed land has been valued having regard to its value as additional yard space.

Benchmark Valuation Methodology

As part of the review of the discount factor LPI had regard to market based evidence.

LPI has undertaken desk top valuations (ie, valuation without physical inspection) of 52 benchmark properties located across precincts throughout both the Maritime and Crown Land occupancy areas. The analysis did not include physical inspection of the properties but relied on information in the Register of Land Values, satellite and aerial imagery and diagrams and permitted uses associated with occupancies, provided by Maritime and Crown Lands Department.

The properties had a mix of reclaimed land, jetties, berths, boat sheds, and slip ways.

The valuation process involved identifying the adjoining land holding to which the reclaimed land and wetland adjoined.

The reclaimed land and wetland was identified through crown mapping and aerial photography and diagrams provided by the Crown Lands Department.

Methodology for Valuing Reclaimed Land

In valuing the reclaimed land LPI had regard to the value of the adjoining land being the 1 July 2010 Statutory Land Value.

A discount factor was then applied to the reclaimed land. The rationale for application of a discount factor to the land is based on the limited number of possible purchasers of the land and restrictions on the use of the land.

As there is limited evidence by which to determine a discount factor, guidance has been taken from relevant judgements in the NSW jurisdiction.

These include ***Morts Dock and Engineering Co Ltd v The Valuer General (1923),*** (5 The Valuer, at P.169 also 6, L.G.R, 162) and ***Hetton Bellbird Collieries Ltd v The Valuer General 1941***. Both judgements considered the situation where two owners each hold a remnant of land each of which is of very little value but, when combined, have a substantial value. It was considered neither would concede to the other, the full value of his block when the two are combined. It was further considered they would split the difference

between them. These judgements were specific to situations where there would only be one likely purchaser. (Both judgements reference land valued with potential for use as wharves, jetties, slips, piles, or piers.)

The key principle illustrated by these court cases is that small parcels of land that only have one potential purchaser would not sell at full market rate. The court determined that agreement between two parties would be reached at 50% of the market value.

LPI further reviewed this approach by considering sales of adjoining land where there was also a limited market. Sales included purchases of extra yard space, and possible car parking areas with the analysis producing results in line with the court decision.

The LPI analysis has adopted a 40% discount rate on the rate per square metre of the 1 July 2010 statutory Land Value for reclaimed land in Sydney Harbour and a 50% discount rate for all other reclaimed lands outside Sydney Harbour.

The Sydney Harbour discount is proposed at 40% on the rationale that Sydney harbour front land is at a premium, many of the occupancies have substantial improvements constructed upon the reclaimed land, and land adjoining Sydney Harbour provides direct access to a world class waterway.

The recommended discount factors reflect the limited market and restricted use of the land.

Methodology for Valuing Wetland

The method used in LPI analysis to value the wetland areas (which includes jetties, berths, slipways, boat sheds and ramps) was the capitalisation of rental income approach.

In this method LPI has determined the annual income of the subject occupancy and capitalised this at an expected yield based on the current NSW Treasury bond rate of 4.5% to arrive at a market value of the occupancy. LPI has then determined the value of the improvements, and deducted the cost of the improvements from the market value. The residual value represents the market value of the wet land.

In determining the annual rental income of the subject occupancy LPI has had regard to market based evidence of comparable rentals in similar locations, including rentals at local marinas, swing moorings and private rentals.

The analysis has adopted lower berthing rates on the domestic waterfront properties when compared to a commercial marina. The local marina has the advantage of providing fuel and various services together with parking which a private berth cannot provide. The extent of this allowance was determined having regard to individual circumstances of benchmark properties.

In determining the value of the improvements the LPI analysis has had regard to Rawlinson's Construction Handbook 2011 and verbal inquiries made of Waterfront Construction Builders. Based on these inquiries we have found that the 2011 cost of construction of a 30 metre jetty with a floating ramp and pontoon with a single berth is approximately $80,000.

Each benchmark property has had their improvements individually costed.

Variances in the valuation's can occur where two properties in a comparable location have similar land uses but different building areas. The rentals may be similar but the value of the improvements may differ. This results in two properties having different land values for comparable land uses.

An example of this is when two properties offer a jetty and a berth. They would both achieve the same rental regardless of the length of the jetty. For example a jetty of 60 metres in length with a berth and a jetty of 30 metres in length with a berth could rent for the same amount. The differences in construction costs would result in different land values.

Occupancy Areas

The occupancy areas have been divided into two (2) categories:

Occupancy Area Type 1- Reclaimed Land

Occupancy area Type 2- Wetland

Calculation of Discount Factor

LPI have been asked to provide one or more evidence based discount factors. The factors were to be presented to allow IPART to apply discounts to the current PSLV approach and the proposed WAG approach based on median SLVs for postcodes. The discount factors were to be supplied in order to allow IPART to apply one discount factor or more than one discount factor where this was warranted.
Following market analysis and consultation with IPART it has been decided to provide a number of discount factors based on regions and land uses. The details of these factors are as follows:

- Basis of value:- Discount factors are to be recommended for application to base value figures and we have supplied factors for 3 different value bases. These value bases are as follows
  - PSLVs of waterfront properties with occupancies
  - A postcode average SLV
  - A postcode median SLV

- Land Uses:- It was considered appropriate to calculate separate discount rates based on usage. After market analysis we determined that separate discount factors for 2 use types were suitable. These are
  - A wetland rate that applies to land below high water mark.
  - A rate for reclaimed land.

- Region:- After analysis of evidence it was clear that discount factors varied significantly, with Sydney Harbour properties indicating a far greater discount than properties located in regional areas of the state. It was therefore considered appropriate to recommend different factors for different regions. After due consideration it was determined that it was most suitable to apportion the properties to 3 regions as follows:
  - Sydney Harbour Region, which includes all Maritime lease properties.
  - Outer Metropolitan Region, which includes all Crown Land properties that are located in the Pittwater, Port Hacking and Georges River precincts.
  - State Region, which includes the Crown Lands properties located in the precincts not included in Outer Metropolitan such as (but not limited to) Hawkesbury, Brisbane Water, Tuggerah Lakes, Port Stephens, Hastings, The Anchorage, Clyde River etc precincts.

Methodology Used to Determine Discount Factors

The discount factors determined following the above process are summarised in Annexure 1 attached to this report. An explanation of these factors follows.

The factors were calculated based on our analysis of a series of 52 benchmarks as outlined above. These benchmarks were grouped into regions as above.

The benchmark properties were analysed to show a market land value, which was then expressed as a rate per square metre for that property. That rate per square metre was then compared to the relevant PSLVs of waterfront properties with occupancies, Postcode Average SLV and Postcode Median SLV in order to determine a discount factor. It should be noted that in a number of cases the result produced not a discount but in fact an increase (ie the benchmark property rate per square metre was actually higher than the average or median SLV for the postcode or precinct). These discount factors were then averaged out to produce an average discount factor for wetland and reclaimed land for each of the 3 regions. This was done in relation to the PSLV, Postcode Median SLV and Postcode Average SLV. All these factors are shown in our discount tables.

Methodology Used in Calculating Weighted Averages for Discount Factors

LPI was requested by IPART to also produce one single discount factor as per the current system. LPI determined that the best way to do this was to apply a weighted average to the average discount factors described above. The weighting was conducted on 2 different bases.

The first basis, as shown in Table 4 of the recommended discount factors, was weighted based on the number of properties in each region and for each land usage. Due to the fact that the greater number of properties in this review were located in Crown Land areas outside the Sydney Harbour, this approach produced a weighted result skewed by the volume of non-Harbour properties and much lower discount rates (40% for all uses) than would be expected.

The second basis for weighting the averages was based on the actual Land Value of the properties rather than the number of properties. This approach had the result of putting a greater emphasis on Sydney Harbour properties, which is where the highest values are. This produced results which are more conservative and equitable for the majority of stakeholders.

Summary of Information in Tables of Recommended Discounts

Table 1 - This shows discount factors based on the existing Precincts, but broken down in to regions as outlined above and further broken down in to use types. In order to maintain a consistency with the information used in our analysis, all figures are based on statutory land values for 1 July 2010 (including re-ascertainment actions current as at the date of this report).

LPI understands the PSLVs are calculated using a 3 year rolling average SLVs. To provide a consistent base for this analysis, LPI recalculated the PSLVs using 1 July 2010 values only with the recommended discount factors relating to these values. Further, when data was analysed it was found that Crown Land were using a number of properties in their SLV calculations that were not domestic (residential) properties. When we calculated PSLVs we excluded these properties from our calculations.

Table 2 - This shows discount rates based on the postcode average SLVs. This is also broken up in to regions and uses. The postcode average SLVs, like all our calculations, is based on values as at 1 July 2010.

Table 3 - This shows discounts based on post code median SLVs, which have been calculated using similar criteria to postcode averages outlined above.

Table 4 - This shows a single discount factor for all properties. The discount factor is calculated on a weighted average based on the number of properties in each region and by usage as outlined above. As mentioned earlier in this report, this method produced a result that was not considered equitable.

Table 5 - This shows single discount factors for all properties calculated by use of weighted averages based on the Land Values of properties related to their region and usage and produces a more equitable result than Table 4. The discount factors shown in Table 5 would be our recommendation, if a single discount factor were to be adopted.

As noted in the list of 'Definitions' for this report (p. 4), the 'discount factors' listed in Tables 1 to 5 refer to the percentage by which PSLVs should be discounted to determine the value of the occupancy land. Therefore, a discount factor of 47% means that the value of the occupancy land is equal to the PSLV multiplied by 53% (where 53% is calculated by subtracting 47% from 100%). Where a 'discount factor' has a + sign (eg, +7% in Table 2), this means that the PSLV should be increased by 7% to determine the value of the occupancy land. Therefore, in this instance, the value of the occupancy land is equal to the PSLV multiplied by 107% (where 107% is calculated by adding 7% to 100%).

SECTION SIX
Findings and Recommendations

LPI Findings

1. The current formula for determining rentals for domestic waterfront occupancies, based on a single discount factor, is simple and cost effective thereby satisfying the goals of operational efficiency and consistency. However, these measures adopted to provide for efficiency may impact equitability for stakeholders in that the resultant rentals may not reflect the market rental for that property. Points 3 and 4 in our recommendations provide suggestions for improvements in equitability of applied rentals.
2. Reclaimed land bears a direct relationship to directly adjoining land with its value per square metre (psm) rising and falling proportionately with that of adjoining land due to both quality and size.
3. Wetland does not have a direct relationship with the per square metre value of adjoining land. The value per square metre of adjoining land will vary, between allotments, based on factors such as area and topography. This variation will not be reflected in the per square metre value of the adjoining wetland as the value of this land is not dependent upon the area or topography of the adjoining land. The value of wetland, as used for domestic waterfront occupancies, is more related to marine rentals in a geographic location and is specific to the use to which the land is put. The value per square metre will vary due to size of the occupancy and the variation, between occupancies will be independent of value per square metre of adjoining land.
4. The quality of wetland tends to be reflected in the land value of the adjoining property but is only one of a number of factors which will ultimately result in varying land values of adjoining properties with similar waterfront access on a per square metre basis which will not be reflected in the wetland value.
5. The value of wetland will rise and fall due to location factors similar to those which impact on the value levels of adjoining land. However, the increase and decrease in value will not, necessarily be proportionate.
6. The use of tenured properties only in the calculation of PSLVs contributes to inequities between precincts due to small numbers in some precincts and variations in standard block sizes in varying geographic locations. The smaller precincts impact significantly on the equity of the system, although this mainly reflects rental being too low which in turn, reduces the return to government.
7. Currently the precincts include wide variations in the style of waterfront. Precincts may be perceived as providing more equitable outcomes if they included only those properties with specific waterfront characteristics. The grouping of properties with wide ranging waterfront characteristics reduces the perceived equity of the model. Use of postcode precincts may not effectively improve this situation. It is accepted that the cost of implementing such changes may be contrary to the goal of operational efficiency.
8. Not all land subject to domestic waterfront occupancies is clearly surveyed and much of the Crown Land leased would benefit from identification of the areas attributed to various uses.
9. Public swing moorings form a significant proportion of available wet boat storage, exceeding that available as domestic waterfront storage, and competes directly with private marinas. An alternate methodology for assessing rental levels for wetland occupancies could be by applying a factor to rates determined for public swing moorings based on location. This factor could be reassessed on the same cycle as the redetermination of Public Swing Mooring Rates.
10. There are significant variations in the quality, accuracy and application of data used by Maritime and Crown Lands, and inconsistency with the records of these agencies and LPI in recording, management and use of statutory land values.
11. Areas of occupancies, included in the statutory land value, are often inconsistent between the Register of Land Values and the records maintained by relevant authorities.

12. LPI analysis identifies that a practice appears to have been adopted for Crown Lands occupancies of adding the occupation area to areas used by LPI in ascertainment of land values, which already included those occupancy areas.
13. LPI analysis identifies that some Crown Lands precincts appear to have included some non residential properties.

5. LPI Recommendations

LPI Recommendations are made with reference to the terms of IPART's request, and considered in the context of the IPART review's goals of operational efficiency, equity, consistency and fair return to government for an asset.

The following recommendations arise from the LPI analysis:

1. There is sufficient rationale for the use of two discount factors, one for wetland and one for reclaimed land, providing greater accuracy in determination of individual occupancy values.

A factor for reclaimed land can be developed based on available sales evidence and accepted valuation practice. More detail is provided in Recommendation 3.

A wetland factor can be developed through reference to market rental evidence relating to wetland areas with similar uses. More detail is provided in Recommendation 4.

A single discount factor for both wetland and reclaimed land within occupancies can be determined based on market evidence. However a single discount factor will provide less equitable outcomes than the use of two separate factors.

Tables of recommended discount factors are appended to this report at Annexure 1. The tables also provide for application of recommended discount factors on a proposed region-based model (Harbour, Outer Metropolitan, rest of State) or to NSW Overall.

2. In applying a single discount factor for the whole state, applied to the PSLV, LPI recommends implementation of discount factors as shown in the following table. The discount factors reflect weighted averages using land values of properties analysed within the three regions outlined in recommendation 1.

VALUE BASE	USE	DISCOUNT
Average SLV of waterfront properties with occupancies	All Uses	47%
	Wetland	52%
	Reclaimed Land	38%

3. If adopted, a discount factor specific to reclaimed land would most accurately be applied against the value of directly adjacent land which benefits from it, as opposed to values derived from precincts of any nature. If applied on this basis, the discount factor would not be as set out in Recommendation 2, which is based on application to the PSLV.

The appropriate discount factor for application to the Land Value per square metre of the adjoining land which benefits from the reclaimed land would be 40% for occupancies within Sydney Harbour and 50% for all other occupancies.

This approach would capture the true value of all reclaimed land and will satisfy goals of equity and return to government. A set discount factor would satisfy consistency. There would necessarily be a one off cost per occupancy to identify the area of those lands which are not currently clearly surveyed. However, LPI is informed Maritime lands have already been surveyed and Crown Lands are in the process of implementing a program to survey currently unsurveyed land. Therefore, this would not be inconsistent with the goal of operational efficiency.

4. A separate discount factor applied to wetland occupancy, based on land area, will not provide the same level of equity as that proposed for reclaimed land due to the disconnect between

adjoining land value psm and market rentals of the wetland use. If adopted, a discount factor specific to wetland would most accurately be applied where taking account of;

a) Quality of wetland (neither the current precincts nor postcode methodology address this)

b) Area of occupancies against use of occupancy (neither the current precincts nor postcode methodology address this)

However, this would need to be considered in light of the cost of implementation which may not satisfy the goal of operational efficiency.

The alternative is consideration of the potential linking of wetland area rentals with the rate for public moorings as the matters considered in both have some comparability and implementation costs are likely not to be excessive.

5. A program should be considered for conduct between LPI, Maritime and Crown Lands to correctly identify the total area, and specific area, of wetland as opposed to reclaimed land to allow more accurate assessment of occupancy rentals.

LPI, Maritime and Crown Lands should investigate implementation of structured arrangements for use of the Register of Land Values in setting of rentals for occupancies. It is suggested the arrangement be similar to those in effect between LPI and Councils, to provide for consistent access, delivery, use and maintenance of relevant land value records by Maritime and Crown Lands.

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Disclaimer

The valuers involved in the preparation of this report do not have pecuniary interests in the subject of analysis that would conflict with the valuation of the property.

SECTION SEVEN
Annexures

List of Annexures

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Annexure 1

TABLES OF RECOMMENDED DISCOUNTS

TABLES OF RECOMMENDED DISCOUNT FACTORS

TABLE 1: - DISCOUNT FACTORS BASED ON AVERAGE SLV OF WATERFRONT PROPERTIES WITH OCCUPANCIES

REGION	USE	DISCOUNT FACTOR
Harbour	Wetland	57%
	Reclaimed Land	41%
	Overall Combined	52%
Outer Metropolitan	Wetland	50%
	Reclaimed Land	37%
	Overall Combined	44%
Rest of State	Wetland	31%
	Reclaimed Land	30%
	Overall Combined	31%

Note - The Discount Factors shown in Table 1 are unweighted factors.

TABLE 2: - DISCOUNT FACTORS BASED ON POSTCODE AVERAGE SLV

REGION	USE	DISCOUNT FACTOR
Harbour	Wetland	26%
	Reclaimed Land	+7%
	Overall Combined	16%
Outer Metropolitan	Wetland	30%
	Reclaimed Land	13%
	Overall Combined	23%
Rest of State	Wetland	+45%
	Reclaimed Land	+117%
	Overall Combined	+68%

Note - The Discount Factors shown in Table 2 are unweighted factors.

TABLE 3: - DISCOUNT FACTORS BASED ON POSTCODE MEDIAN SLV

REGION	USE	DISCOUNT FACTOR
Harbour	Wetland	18%
	Reclaimed Land	+21%
	Overall Combined	6%
Outer Metropolitan	Wetland	33%
	Reclaimed Land	16%
	Overall Combined	26%
Rest of State	Wetland	+33%
	Reclaimed Land	+70%
	Overall Combined	+44%

Note - The Discount Factors shown in Table 3 are unweighted factors.

TABLE 4: - SINGLE DISCOUNT FACTOR BASED ON WEIGHTED AVERAGES USING NUMBER OF PROPERTIES IN REGION

VALUE BASE	USE	DISCOUNT FACTOR
Average SLV of waterfront properties with occupancies	All Uses	40%
	Wetland	42%
	Reclaimed Land	35%
Post Code Average	All Uses	+18%
	Wetland	+9%
	Reclaimed Land	+35%
Post Code Median	All Uses	+9%
	Wetland	+4%
	Reclaimed Land	+19%

TABLE 5:- SINGLE DISCOUNT FACTOR BASED ON WEIGHTED AVERAGES USING LAND VALUES OF PROPERTIES IN REGION

VALUE BASE	USE	DISCOUNT FACTOR
Average SLV of waterfront properties with occupancies	All Uses	47%
	Wetland	52%
	Reclaimed Land	38%
Post Code Average	All Uses	7%
	Wetland	15%
	Reclaimed Land	+11%
Post Code Median	All Uses	6%
	Wetland	13%
	Reclaimed Land	+9%

Annexure 2

SUMMARY OF BENCHMARK VALUATUIONS

SUMMARY OF DISCOUNT FACTORS SHOWN BY BENCHMARK PROPERTY ANALYSIS

Property Address	Post Code	Precinct	Occupation Description	Occupancy Area	Wetland Discount Factor to PSLV	Wetland Discount Factor to Post Code Average	Wetland Discount Factor to Post Code Median	Reclaimed Land Discount Factor to PSLV	Reclaimed Land Discount Factor to Post Code Average	Reclaimed Land Discount Factor to Post Code Median
	2319	PORT STEPHENS	Jetty~Ramp (Timber)	72.2	71.68%	31.37%	27.45%	N/A	N/A	N/A
	2319	PORT STEPHENS	Ramp~Reclamation	60	N/A	N/A	N/A	1.72%	138% Increase	151% Increase
	2319	PORT STEPHENS	Berthing Area~Jetty~Pontoon~Pontoon~Reclamation~Seawall~Walkway	86.5	68.80%	24.40%	20.08%	11.81%	113% Increase	125% Increase
	2444	HASTINGS	Jetty~Pontoon	18.72	2107% Increase	3500% Increase	1179% Increase	N/A	N/A	N/A
	2444	THE ANCHORAGE	Jetty~Reclamation	57.8	73% Increase	1319% Increase	404% Increase	51.89%	292% Increase	39% Increase
	2444	THE ANCHORAGE	Berthing Area~Pontoon~Walkway	84.6	62.23%	208% Increase	9% Increase	N/A	N/A	N/A
	2030	Maritime 1	Reclaimed land, jetty, ramp, steps and berth	275	84.54%	58.31%	52.36%	50.04%	34% Increase	53% Increase
	2027	Maritime 1	Reclaimed land, jetty and berthing area.	254	83.79%	76.62%	67.36%	42.41%	16.95%	15% Increase
	2030	Maritime 1	Reclaimed land, concrete ramp, steps and timber jetty.	284	90.36%	74.01%	70.30%	43.69%	51% Increase	73% Increase
	2089	Maritime 5	Reclaimed land. Jetty, pontoon and ramp.	737	81.53%	69.12%	67.29%	57.86%	29.54%	25.37%
	2061	Maritime 5	Jetty, pontoon and berth	104	58.19%	52.55%	55.59%	N/a	N/a	N/a
	2060	Maritime 5	Reclaimed land. Slipway, Jetty, pontoon and berth.	102	51.05%	27.87%	34.80%	41.25%	13.43%	21.75%
	2111	Maritime 3	Pontoon, Ramp	108	64.30%	25.24%	13.60%			
	2111	Maritime 3	Jetty, Ramp, Pontoon, Berth	82	36.61%	-32.75%	-53.41%			
	2111	Maritime 3	Jetty, Ramp, Pontoon, Mooring, Iron Slip	118	58.62%	13.34%	-0.14%			
	2041	Maritime 2	Ramp, Pontoon, Mooring	51	54.91%	43.57%	44.55%			
	2047	Maritime 2	Stub Jetty, Ramp, Pontoon and Mooring	60	69.20%	29.37%	23.34%			
	2110	Maritime 4	Slipway, Jetty, Ramp, Pontoon and Mooring	94	33.03%	-7.50%	-27.82%			
	2110	Maritime 4	Jetty, Pontoon, Ramp, Berth	94	28.95%	-14.05%	-35.60%			
	2063	Maritime 6	Timber ramp, Jetty and Berth	96	36.78%	-11.67%	-16.10%			
	2062	Maritime 6	Reclamation, Jetty, Berth	134	50.37%	32.48%	28.54%	30.04%	4.82%	-0.73%
	2110	Maritime 4	Ramp, Pontoon, Boatshed, Slipway, Berth.	121	26.18%	-18.48%	-40.88%	22.34%	-24.65%	-48.21%
	2083	Hawkesbury River 3	Jetty, pontoon and ramp	95.2	53.66%	0.75%	38.06%	N/a	N/a	N/a
	2083	Hawkesbury River 3	Jetty, pontoon, ramp and slipway	39	16.17%	79% Increase	12% Increase	N/a	N/a	N/a
	2083	Hawkesbury River 3	Jetty, pontoon, ramp and slipway	43.2	24.35%	62% Increase	1% Increase			
	2107	Pittwater 2	Reclamation, Pt Boatshed, slipway, jetty, ramp, pontoon, berthing area	230	84%	75%	71%	54%	26%	13%
	2108	Pittwater 1	Jetty and sliprails	31.4	45%	16%	14%	N/A	N/A	N/A
	2103	Pittwater 2	Reclamation, concrete ramp, jetty, ramp, pontoon, berthing area	313	35%	20% increase	24% increase	52%	11%	9%
	2105	Pittwater 4	Reclamation, boatshed, timber platform, pontoon, slipway, steps	123.1	53%	1%	21%	53%	2%	22%
	2104	Pittwater 3	Platform, Jetty, boatshed, sliprails, berthing area.	153	71%	24%	27%	N/A	N/A	N/A
	2108	Pittwater 1	Reclaimed land Pt boatshed, slipway	35.2	75.00%	63.00%	66%	51%	25%	33%
	2106	Pittwater 4	Reclamation, jetty, pontoon	79	50% Increase	90% increase	90% increase	36%	20%	20%
	2105	Pittwater WAO	Berth, Jetty, Pontoon, Reclamation	166.6	73.00%	77%	82%	19%	1%	21%
	2105	Pittwater WAO	berth, Jetty, Platform, Ramp	125.9	79.00%	77%	86%			
	2257	Brisbane waters East	Jetty and pontoon	56.4	58%	35%	30%	N/A	N/A	N/A
	2257	Brisbane waters East	Jetty	29.3	4.28%	49% increase	increase 61%	N/A	N/A	N/A
	2251	Brisbane waters East	Jetty and pontoon	86.25	68%	42%	42%	N/A	N/A	N/A
	2283	Lake Macquarie 1	Reclaimed Land	37				17.08%	115% Increase	105% Increase
	2283	Lake Macquarie 1	Jetty	40.93	20.47%	106% Increase	96% Increase			
	2283	Lake Macquarie 1	Boatshed - Slipway	31.32				53.96%	19% Increase	13% Increase
	2230	Port Hacking 1	Reclamation	23				58.77%	97% Increase	100% Increase
	2229	Port Hacking 1	Deck, Jetty, Pontoon, Ramp and Sliprails	57.9	51.42%	24.56%	24.64%			
	2229	Georges River 1	Slipway	18				29.73%	12.75% Increase	12.62% Increase
	2229	Port Hacking 1	Berthing Area, Boatshed, Concrete Ramp, Jetty, Pontoon, Reclamation & Pool	217.5	41%	8.53%	8.63%	17.08%	28.75% Increase	28.60% Increase
	2221	Georges River 1	Boatshed, Concrete Ramp, In-ground Pool, Jetty, Pontoon & Reclamation	137.8	62.53%	49.21%	52.66%	58.64%	43.94%	47.75%
	2210	Georges River 3	Boatshed, Jetty, Ramp, Reclamation and Sliprails	65.6	21.07%	29.91%	39.47%	77.62%	80.12%	82.83%
	2213	Georges River 5	Berth, Ramp, Jetty, Pontoon	86.3	57.21%	69.36%	72.29%			
	2227	Port Hacking 3	Boatshed, Reclamation	84.4				89.74%	90.91%	91.91%
	2229	Port Hacking 2	Berth, Jetty, Pontoon, Ramp, Sliprails, Slipway	104.4	48.70%	41.65%	41.72%			
	2536	Clyde River	Boatshed, Jetty, Landing/Platform, Walkway	46	35%	43% increase	6%	N/A	N/A	N/A
	2536	Clyde River	Jetty	39.48	24.02%	66% Increase	9% Increase	N/A	N/A	N/A
	2536	Clyde River	Jetty, Ramp, Reclamation	138.38	8%	103% Increase	33% Increase	44%	24% Increase	19%

Annexure 3

DRAFT WAG ANALYSIS SPREADSHEET

PID Occ	Post code	Address	Precinct	LGA	Postcode Average LV BD 2010	Postcode Average Area	Postcode Average LV BD 2010 /m2	Postcode Median LV BD 2010	Postcode Median Area	Postcode Median LV BD 2010/m2	Precinct SLV/m2	Occ land area	Occ LV 2010	Occ LV BD 2010/m2	Occ LV Discount Factor to Post Code Average	Occ LV Discount Factor to Post Code Median	Occ LV Discount Factor to Precinct SLV
	2011		1	City of Sydney	$1,971,771	360	$5,477	$632,000	151	$4,185	$10,775.25	45.0	$15,000	$333	94%	92%	97%
	2011		1	City of Sydney	$1,971,771	360	$5,477	$632,000	151	$4,185	$10,775.25	1239.0	$624,000	$504	91%	88%	95%
	2011		1	City of Sydney	$1,971,771	360	$5,477	$632,000	151	$4,185	$10,775.25	62.0	$23,100	$373	93%	91%	97%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	6.0	$22,028	$3,671	51%	31%	66%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	64.0	$436,196	$6,816	9%	-27%	37%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	162.0	$120,000	$741	90%	86%	93%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	19.0	$100,000	$5,263	30%	2%	51%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	187.0	$759,500	$4,061	46%	24%	62%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	133.0	$480,750	$3,615	52%	32%	66%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	70.0	$350,000	$5,000	33%	7%	54%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	45.0	$150,000	$3,333	55%	38%	69%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	7.0	$25,000	$3,571	52%	33%	67%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	220.0	$1,468,830	$6,677	11%	-25%	38%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	104.0	$153,886	$1,480	80%	72%	86%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	10.0	$110,000	$11,000	-47%	-105%	-2%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	31.0	$130,000	$4,194	44%	22%	61%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	28.0	$60,000	$2,143	71%	60%	80%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	15.0	$35,000	$2,333	69%	56%	78%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	30.0	$105,000	$3,500	53%	35%	68%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	10.0	$40,000	$4,000	47%	25%	63%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	173.0	$335,000	$1,936	74%	64%	82%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	36.0	$277,300	$7,703	-3%	-44%	29%
	2027		1	Woollahra	$4,867,370	651	$7,477	$2,500,000	467	$5,353	$10,775.25	172.0	$445,600	$2,591	65%	52%	76%
	2028		1	Woollahra	$1,884,032	481	$3,917	$1,470,000	481	$3,056	$10,775.25	64.0	$240,000	$3,750	4%	-23%	65%
	2028		1	Woollahra	$1,884,032	481	$3,917	$1,470,000	481	$3,056	$10,775.25	1.0	$10,000	$10,000	-155%	-227%	7%
	2029		1	Woollahra	$1,845,060	548	$3,367	$1,480,000	538	$2,751	$10,775.25	139.0	$625,639	$4,501	-34%	-64%	58%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	177.0	$917,264	$5,182	-30%	-48%	52%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	182.0	$22,000	$121	97%	97%	99%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	71.0	$230,000	$3,239	19%	7%	70%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	49.0	$270,000	$5,510	-38%	-58%	49%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	24.0	$65,000	$2,708	32%	23%	75%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	35.0	$150,000	$4,286	-7%	-23%	60%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	38.0	$160,000	$4,211	-5%	-20%	61%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	27.0	$160,000	$5,926	-48%	-69%	45%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	81.0	$221,000	$2,728	32%	22%	75%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	51.0	$122,298	$2,398	40%	31%	78%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	180.0	$704,563	$3,914	2%	-12%	64%
	2030		1	Woollahra	$2,514,468	629	$3,998	$1,990,000	569	$3,497	$10,775.25	75.0	$300,405	$4,005	0%	-15%	63%
	2041		2	Leichhardt	$905,328	255	$3,550	$707,000	196	$3,607	$4,435.27	205.0	$220,000	$1,073	70%	70%	76%
	2041		2	Leichhardt	$905,328	255	$3,550	$707,000	196	$3,607	$4,435.27	198.0	$330,000	$1,667	53%	54%	62%

PID Occ	Post code	Address	Precinct	LGA	Postcode Average LV BD 2010	Postcode Average Area	Postcode Average LV BD 2010 /m2	Postcode Median LV BD 2010	Postcode Median Area	Postcode Median LV BD 2010/m2	Precinct SLV/m2	Occ land area	Occ LV 2010	Occ LV BD 2010/m2	Occ LV Discount Factor to Post Code Average	Occ LV Discount Factor to Post Code Median	Occ LV Discount Factor to Precinct SLV
	2046		3	Canada Bay	$793,087	483	$1,642	$701,000	430	$1,630	$2,628.07	50.0	$40,000	$800	51%	51%	70%
	2047		2	Canada Bay	$875,613	453	$1,933	$721,000	405	$1,780	$4,435.27	238.0	$63,000	$265	86%	85%	94%
	2047		2	Canada Bay	$875,613	453	$1,933	$721,000	405	$1,780	$4,435.27	41.0	$64,000	$1,561	19%	12%	65%
	2066		4	Lane Cove	$890,868	714	$1,248	$775,000	641	$1,209	$2,605.06	50.0	$12,200	$244	80%	80%	91%
	2066		4	Lane Cove	$890,868	714	$1,248	$775,000	641	$1,209	$2,605.06	30.0	$10,000	$333	73%	72%	87%
	2088		5	Mosman	$1,584,356	599	$2,645	$1,310,000	538	$2,435	$4,255.37	76.0	$10,300	$136	95%	94%	97%
	2088		6	Mosman	$1,584,356	599	$2,645	$1,310,000	538	$2,435	$2,965.89	155.0	$67,000	$432	84%	82%	85%
	2105		Pittwater WAO	Pittwater	$698,433	1,158	$603	$693,000	923	$751	$543.00	66.1	$45,200	$684	-13%	9%	-26%
	2106		Pittwater 2	Pittwater	$863,034	868	$994	$700,000	734	$954	$1,739.00	122.0	$76,500	$627	37%	34%	64%
	2106		Pittwater 2	Pittwater	$863,034	868	$994	$700,000	734	$954	$1,739.00	102.9	$51,000	$496	50%	48%	71%
	2106		Pittwater 2	Pittwater	$863,034	868	$994	$700,000	734	$954	$1,739.00	49.2	$25,000	$508	49%	47%	71%
	2107		Pittwater 2	Pittwater	$983,519	905	$1,087	$711,000	768	$926	$1,739.00	39.0	$30,600	$785	28%	15%	55%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	37.0	$57,700	$1,559	4%	-14%	40%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	74.0	$13,600	$184	89%	87%	93%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	55.0	$147,000	$2,673	-65%	-96%	-3%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	32.0	$52,500	$1,641	-1%	-20%	37%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	22.0	$36,700	$1,668	-3%	-22%	36%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	32.0	$42,000	$1,313	19%	4%	50%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	62.0	$101,000	$1,629	0%	-19%	37%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	26.0	$42,000	$1,615	1%	-18%	38%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	13.0	$21,000	$1,615	1%	-18%	38%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	30.0	$52,500	$1,750	-8%	-28%	33%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	110.0	$141,000	$1,282	21%	6%	51%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	215.0	$141,000	$656	60%	52%	75%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	70.0	$105,000	$1,500	8%	-10%	42%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	26.0	$42,000	$1,615	1%	-18%	38%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	45.0	$94,500	$2,100	-29%	-54%	19%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	340.0	$246,000	$724	55%	47%	72%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	27.0	$56,700	$2,100	-29%	-54%	19%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	112.0	$20,600	$184	89%	87%	93%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	55.0	$57,700	$1,049	35%	23%	60%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	25.0	$39,300	$1,572	3%	-15%	40%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	35.0	$36,700	$1,049	35%	23%	60%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	28.0	$42,000	$1,500	8%	-10%	42%
	2110		4	Hunters Hill	$1,316,825	811	$1,624	$967,000	708	$1,366	$2,605.06	50.3	$79,200	$1,576	3%	-15%	39%
	2111		3	Hunters Hill	$860,977	686	$1,255	$680,000	626	$1,086	$2,628.07	13.0	$13,600	$1,046	17%	4%	60%
	2111		4	Hunters Hill	$860,977	686	$1,255	$680,000	626	$1,086	$2,605.06	32.0	$42,000	$1,313	-5%	-21%	50%
	2111		3	Hunters Hill	$860,977	686	$1,255	$680,000	626	$1,086	$2,605.06	85.0	$94,500	$1,112	11%	-2%	57%
	2111		3	Hunters Hill	$860,977	686	$1,255	$680,000	626	$1,086	$2,628.07	157.0	$152,000	$968	23%	11%	63%
	2210		Georges River 3	Hurstville	$450,179	690	$652	$439,000	582	$754	$579.00	60.4	$5,000	$83	87%	89%	86%
	2210		Georges River 3	Hurstville	$450,179	690	$652	$439,000	582	$754	$579.00	17.3	$1,000	$58	91%	92%	90%
	2210		Georges River 3	Hurstville	$450,179	690	$652	$439,000	582	$754	$579.00	6.7	$1,000	$149	77%	80%	74%

PID Occ	Post code	Address	Precinct	LGA	Postcode Average LV BD 2010	Postcode Average Area	Postcode Average LV BD 2010 /m2	Postcode Median LV BD 2010	Postcode Median Area	Postcode Median LV BD 2010/m2	Precinct SLV/m2	Occ land area	Occ LV 2010	Occ LV BD 2010/m2	Occ LV Discount Factor to Post Code Average	Occ LV Discount Factor to Post Code Median	Occ LV Discount Factor to Precinct SLV
	2221		Georges River 2	Kogarah	$747,298	726	$1,029	$692,000	626	$1,105	$1,069.00	151.6	$10,000	$66	94%	94%	94%
	2221		Georges River 2	Kogarah	$747,298	726	$1,029	$692,000	626	$1,105	$1,069.00	209.2	$20,000	$96	91%	91%	91%
	2221		Georges River 2	Kogarah	$747,298	726	$1,029	$692,000	626	$1,105	$1,069.00	15.8	$20,000	$1,266	-23%	-15%	-18%
	2221		Georges River 1	Kogarah	$747,298	726	$1,029	$692,000	626	$1,105	$1,396.00	51.0	$1,080	$21	98%	98%	98%
	2221		Georges River 1	Kogarah	$747,298	726	$1,029	$692,000	626	$1,105	$1,396.00	20.2	$10,000	$495	52%	55%	65%
	2221		Georges River 1	Kogarah	$747,298	726	$1,029	$692,000	626	$1,105	$1,396.00	36.9	$1,000	$27	97%	98%	98%
	2223		Georges River 2	Kogarah	$601,368	661	$910	$552,000	594	$929	$1,069.00	18.0	$10,000	$556	39%	40%	48%
	2223		Georges River 3	Kogarah	$601,368	661	$910	$552,000	594	$929	$579.00	223.0	$16,000	$72	92%	92%	88%
	2223		Georges River 2	Kogarah	$601,368	661	$910	$552,000	594	$929	$1,069.00	39.6	$10,800	$273	70%	71%	74%
	2224		Georges River 1	Sutherland	$706,997	730	$968	$538,000	651	$826	$1,396.00	92.5	$7,500	$81	92%	90%	94%
	2224		Georges River 1	Sutherland	$706,997	730	$968	$538,000	651	$826	$1,396.00	96.5	$7,500	$78	92%	91%	94%
	2224		Georges River 1	Sutherland	$706,997	730	$968	$538,000	651	$826	$1,396.00	302.4	$15,000	$50	95%	94%	96%
	2224		Georges River 1	Sutherland	$706,997	730	$968	$538,000	651	$826	$1,396.00	52.0	$5,000	$96	90%	88%	93%
	2224		Georges River 1	Sutherland	$706,997	730	$968	$538,000	651	$826	$1,396.00	51.0	$2,500	$49	95%	94%	96%
	2224		Georges River 1	Sutherland	$706,997	730	$968	$538,000	651	$826	$1,396.00	113.4	$7,500	$66	93%	92%	95%
	2224		Georges River 1	Sutherland	$706,997	730	$968	$538,000	651	$826	$1,396.00	17.6	$1,000	$57	94%	93%	96%
	2224		Georges River 1	Sutherland	$706,997	730	$968	$538,000	651	$826	$1,396.00	42.2	$5,000	$118	88%	86%	92%
	2224		Georges River 1	Sutherland	$706,997	730	$968	$538,000	651	$826	$1,396.00	6.3	$250	$40	96%	95%	97%
	2225		Georges River 2	Sutherland	$552,801	845	$654	$510,000	689	$740	$1,069.00	8.9	$1,000	$112	83%	85%	89%
	2225		Georges River 2	Sutherland	$552,801	845	$654	$510,000	689	$740	$1,069.00	55.0	$2,500	$45	93%	94%	96%
	2225		Georges River 2	Sutherland	$552,801	845	$654	$510,000	689	$740	$1,069.00	39.0	$2,500	$64	90%	91%	94%
	2232		Georges River 3	Sutherland	$449,467	724	$621	$436,000	624	$699	$579.00	25.0	$10,000	$400	36%	43%	31%
	2232		Georges River 4 WAO	Sutherland	$449,467	724	$621	$436,000	624	$699	$495.00	87.3	$5,000	$57	91%	92%	88%
	2232		Georges River 3	Sutherland	$449,467	724	$621	$436,000	624	$699	$579.00	18.6	$2,000	$108	83%	85%	81%
	2232		Georges River 4 WAO	Sutherland	$449,467	724	$621	$436,000	624	$699	$495.00	13.5	$1,000	$74	88%	89%	85%
	2232		Georges River 4 WAO	Sutherland	$449,467	724	$621	$436,000	624	$699	$495.00	27.1	$10,000	$369	41%	47%	25%
	2234		Georges River 3	Sutherland	$408,717	838	$488	$400,000	688	$581	$579.00	27.5	$2,000	$73	85%	87%	87%
	2234		Georges River 3	Sutherland	$408,717	838	$488	$400,000	688	$581	$579.00	37.7	$1,000	$27	95%	95%	95%
	2234		Georges River 3	Sutherland	$408,717	838	$488	$400,000	688	$581	$579.00	68.2	$15,000	$220	55%	62%	62%
	2234		Georges River 3	Sutherland	$408,717	838	$488	$400,000	688	$581	$579.00	29.2	$1,000	$34	93%	94%	94%

Annexure 4
MARKET EVIDENCE RENTALS

PITTWATER MARKET EVIDENCE 2011						
Entity	**Crown Lands Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
Church Point Marina	Pittwater 4	80	$640	160	$360	56.25
Beaconsfield Marina	Pittwater 2		$800		$240	30.00
(Newport Anchorage)						
Bayview Anchorage	Pittwater 3	62	$700		$300	42.86
Gibson Marina - Bayview	Pittwater 3	50	$630		$225	35.71
Sirsi Marina - Newport	Pittwater 2		$600	10	$255	42.5
9m Private shared Jetty Lease in the vicinity of Yachtsman's Paradise, Newport	Pittwater 2	1	$400			

NORTH COAST MARKET EVIDENCE 2011						
Entity	**Crown Lands Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
Port Macquarie Marina	The Anchorage	Approx 50	$306.60	Casual only		
Tuncurry Trawler Harbour			$320.00			
		With power	$350.00			
Coffs Harbour Marina		165	$445.00			
Dunbogan Boatshed & Marina	Hastings	7	$240.00	10	$195.00	81.25
Marina - Tweed Heads	Tweed	32	$450.00			
Crowdy Head Boat Harbour	Greater Taree	24	$320.00			
Yamba Marina	Clarence	90	$575.00	15	$225.00	39.13
Ballina Trawler Harbour	Ballina West	28	$360.00			
Evans Head Boat Harbour		40	$180.00			
		With Power	$198.00			
Brunswick Heads Boat Harbour		23	$92.00			

NELSON BAY MARKET EVIDENCE 2011						
Entity	**Crown Lands Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
D'Albora Marina - Nelson Bay	Port Stephens		$695.00			
Lemon Tree Passage Marina	Port Stephens	52	$487.75	7 Swing	$313.00	64.17
Soldiers Point Marina	Port Stephens	100	$815.00			
Cove Marine - Oyster Cove	Port Stephens			Swing	$160.00	

LAKE MACQUARIE MARKET EVIDENCE 2011						
Entity	**Crown Lands Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
Marks Point Marina	Lake Macquarie 2		$440.00		$160.00	36.36
Lake Macquarie Yacht Club	Lake Macquarie 2		$350.00		$290.00	82.86
Marmong Point Marina	Lake Macquarie 1	160	$513.00	13	$250.00	48.73
Royal Motor Yacht Club Toronto	Lake Macquarie 1		$395.00		$215.00	54.43

BRISBANE WATER MARKET EVIDENCE 2011						
Entity	**Crown Lands Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
Booker Bay Marina	Brisbane Water West	29	$456	26	$208	45.61
Gosford Sailing Club	Brisbane Water West	29	$640		$250	39.06
Killcare Marina	Brisbane Water East	23	$380	10 Swing		
				Hardy's Bay	$220	57.89
				Riley's Bay	$180	47.37
Machan's Marina - Booker Bay	Brisbane Water East	21	$440	16 Swing	$260	59.09
Empire Bay Marina	Brisbane Water East	8	$610	19 Swing	$196	32.13
Anderson Marina - Booker Bay	Brisbane Water West		$300	swing	$160	53.33

HAWKESBURY MARKET EVIDENCE 2011						
Entity	**Crown Lands Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
Brooklyn on Hawkesbury	Hawkesbury River 3	4	$390.00			
Brooklyn Marina	Hawkesbury River 3		$465.00		$210.00	45.16
Berowra Waters Marina	Hawkesbury River WAO 2	108	$675.00	23 swing	$180.00	26.67
D'Albora Akuna Bay	(No Precinct)		$735.00			
Fenwick's Marina	Hawkesbury River 3	58	$683.00			
Sandbrook Inlet Marina	Hawkesbury River 3	97	$465.00	23 swing	$195.00	41.94

GEORGES RIVER MARKET EVIDENCE 2011						
Entity	**Crown Lands Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
Blakehurst Marina	Georges River 1	45	$600			
Como Marina	Georges River 2	40	$600	10	$250	41.67
Sylvania Marina	Georges River 1	53	$600		$130	21.67
Tom Ugly's Marina	Georges River 1	15	$600			

PORT HACKING MARKET EVIDENCE 2011						
Entity	**Crown Lands Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
Yowie Bay Marina/ Andrew Short Marine	Port Hacking 2	13	$1,100	15	$250	22.73
Royal Motor Yacht Club - Port Hacking	Port Hacking 1	62	$900	6	$227	25.22
Burraneer Bay Marina	Port Hacking 1	74	$800	31 swing	$275 - $325	34.38 - 40.63
Dolans Bay Marina	Port Hacking 1	29	$700	6	$220	31.43

SOUTH COATS MARKET EVIDENCE 2011						
Entity	**Crown Lands Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
Batemans Bay Marina	Clyde River		$359.10			
				126		
Southern Slipway Services Narooma	Wagonga - Wallaga		$250.00	4		
Pelicans Narooma	Wagonga - Wallaga		$275.00	12		
Wollongong Yacht Club-Wollongong Harbour	No Precinct			10	$75.00	

MIDDLE HARBOUR MARKET EVIDENCE 2011						
Entity	**Maritime Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
Middle Harbour Yacht Club	6	76	$1,079	26	$527	48.85
Cammeray Marina	6	25	$864		$324	37.50
Davis Marina Balgowlah	6	27	$1,320	51	$399	30.23
Clontarf Marina	6	Floating 18		59		
Mooring offered through AY Yacht Sales)					$300	
Ferguson's Boatshed Marina	6	35	$1,250		$450	36.00
		Floating				
Balmoral Boatshed	6				$352	

SYDNEY HARBOUR MARKET EVIDENCE 2011						
Entity	**Maritime Precinct**	**No of Berths**	**Monthly Berthing Rent**	**No of Moorings**	**Monthly Mooring Rent**	**Mooring Rent as % of Berthing Rent**
Rozelle Bay Marina	2	50	$1,211			
Davis Marina Balgowlah	6	27	$1,320	51	$399.00	30.23
Double Bay Marina	1	40	$1,200		$400.00	33.33
		Pylon style				
Sailcorp at Lavender Bay	4				$360.00	
Woolwich Marina	4	32	$1,195		$400.00	33.47
d"Albora Marina Cabarita Point	3		$1,100			
Birkenhead Point Marina	2	190	$792			
The Boat Market 30-32 St Georges Cres Drummoyne	2		$715		$302.50	42.31
Private Lease offered at 8 William St Henley	3	1	$360			

DRY STORAGE MARKET EVIDENCE 2011							
Supplier	**Location**	**Monthly rate for 30' Vessel**	**Storage Open or Covered**	**Vessel Length**	**Monthly rate**	**Average rate per m2**	**Median Rate per m2**
High'n'Dry Storage Solutions	Kurnell 2231	$550 to $600	Covered			$453	$631
		$200	Open				
Kennards Self Storage	Miranda 2228		Covered	to 8.3m	$330	$760	$767
Kennards Self Storage	Wentworthville 2145	$380	Covered			$428	$467
Kennards Self Storage	Brookvale 2100		Covered	to 6.0m	$670	$962	$999
			Covered	to 7.0m	$790		
Kennards Self Storage	Erina 2250		Covered	to 6.0m	$415	$222	$312
			Open		$145		
Metro Storage	Artarmon 2064	$300	Covered			$1,197	$1,252
(Rep advised that rates relate to land value)		$250	Open				
Metro Storage	Marrickville 2204	$300	Open			$1,156	$1,219
Shoalhaven City Marina	Numbaa (east of Nowra) 2540	$480	Covered			$215	$218
d'Albora Akuna Bay	Terrey Hills 2084			to 7.5m	$660	$791	$782
Rozelle Bay Marina	Rozelle 2039	$1,211	Covered			$2,742	$2,808
Soldiers Point Marina	Port Stephens 2317		Open		$143	$303	$361
			Covered	25' max	$360		

Annexure 5

MOORING FEES NSW MARITIME

NSW MARITIME MOORING FEES

Private Mooring Fees from 1 October 2010 Note: Concession fee of 50% applies to PMLs

Description Vessel	GST	High Rate Area (East Sydney Hbr)	Medium Rate Area (Rest of Sydney Hbr & Pittwater)	Low Rate Area (Rest of State)
Up to & incl. 7m	N	437	280	187
7.01m - 8.00m	N	583	375	227
8.01m - 9.00m	N	729	470	267
9.01m - 10.00m	N	875	565	307
10.01m - 11.00m	N	1,021.00	660	387
11.01m - 12.00m	N	1,312.00	847	461
12.01m - 13.00m	N	1,603.00	1,034.00	535
13.01m - 14.00m	N	1,894.00	1,221.00	609
14.01m - 15.00m	N	2,185.00	1,408.00	683
15.01m - 16.00m	N	2,476.00	1,595.00	757
16.01m - 17.00m	N	2,767.00	1,782.00	831
17.01m - 18.00m	N	3,058.00	1,969.00	905
18.01m - 19.00m	N	3,349.00	2,156.00	979
19.01m - 20.00	N	3,640.00	2,343.00	1,053.00
20.01m - 21.00	N	3,931.00	2,530.00	1,127.00
21.01m - 22.00	N	4,222.00	2,717.00	1,201.00
22.01m - 23.00	N	4,513.00	2,904.00	1,275.00
23.01m - 24.00	N	4,808.00	3,091.00	1,349.00
24.01m - 25.00	N	5,095.00	3,278.00	1,423.00
25.01m - 26.00	N	5,386.00	3,465.00	1,497.00
26.01m - 27.00	N	5,677.00	3,652.00	1,571.00
27.01m - 28.00	N	5,968.00	3,839.00	1,645.00
28.01m - 29.00	N	6,259.00	4,026.00	1,719.00
29.01m - 30.00	N	6,550.00	4,213.00	1,793.00
30.01m - 31.00	N	6,841.00	4,400.00	1,867.00
31.01m - 32.00	N	7,132.00	4,587.00	1,941.00
32.01m - 33.00	N	7,423.00	4,774.00	2,015.00
33.01m - 34.00	N	7,714.00	4,961.00	2,089.00
34.01m - 35.00	N	8,005.00	5,148.00	2,163.00
35.01m - 36.00	N	8,296.00	5,335.00	2,237.00
36.01m - 37.00	N	8,587.00	5,522.00	2,311.00
37.01m - 38.00	N	8,878.00	5,709.00	2,385.00
38.01m - 39.00	N	9,169.00	5,896.00	2,459.00
39.01m - 40.00	N	9,460.00	6,083.00	2,532.00

Berthing fees - Port Kembla Boat Harbour

Vessel to & including 7m	$1,028.00
Vessel - additional fee per metre over 7m	$129.00
Priority List	$193.00

Commercial Mooring Fees

Class A - Sydney Harbour and Pittwater	$281.00
Classes B-K - Sydney Harbour and Pittwater	$469.00
Class A - Rest of State	$189.00
Classes B-K - Rest of State	$374.00
Transfer (fee per site)	$106.00

Other Mooring Fees

Establishment Fee		$106.00
Relocation Fee		$106.00
Change Vessel on Mooring Fee		$106.00
Mooring Transfer Fee		$106.00
Special Attendance Fee		$106.00
Duplicate Licence		$20.00
Reinstatement of Licence		$31.00
Temporary Visitor use scheme fee		$106.00

Annexure 6

SMALL PARCEL SALES TO ADJOINING OWNERS

SMALL PARCEL SALES TO ADJOINING OWNERS - WOOLLAHARA COUNCIL AREA

PID	Zone	No	Street Name	Suburb	Legal Desc	Cont Date	Trans Date	Price	Area	Adjoining PID	No	Street Name	Area	LV 2010	Adjoining $/m2	Sale $/m2	Sale Adj $/m2	% Sale Adjoin	Description
3363959	Unzoned	5 B	Wunulla Rd	Point Piper	11/1121055	27-Nov-07	4-Jul-08	$3,894	3.25	3418529	5A	Wunulla Rd	568	$4,930,000	$8,680	$1,198	$1,522	18%	Improves garage door
3047354	Unzoned	4	Fairweather St	Bellevue Hill	14/1057597	3-Jul-03	12-Mar-04	$12,000	14.19	3080550	4	Fairweather St	508	$1,680,000	$3,307	$845	$1,647	50%	Used as additional yard space
2095496	O	669	New South Head Rd	Rose Bay	1/1122610	16-Jan-09	16-Jan-09	$33,400	96	2095496	669	New South Head Rd	12460	$1,470,000	$118	$348	$400	0%	Part of golf course sold to improve drain
3012203	Unzoned		Loftus Rd	Darling Point	1/1053579	19-Dec-03	2-Apr-04	$60,000	37.5	3280148	44	Mona Rd	1007	$7,140,000	$7,090	$1,600	$2,976	42%	Allows better entrance for rear parking
3037904	Unzoned	17 A	Carrington Ave	Bellevue Hill	14/1052000	17-Apr-02	18-Feb-04	$65,000	57.8	3113102	19	Carrington Ave	724	$2,860,000	$3,950	$1,125	$2,410	61%	Used as garage and roof top recreation space
3524001	Unzoned	44 B	Fairfax Rd	Bellevue Hill	15/1150048	9-May-09	1-Nov-10	$81,704	38.82	3556247	44 B	Fairfax Rd	608	$2,600,000	$4,276	$2,106	$2,316	54%	Used as additional carparking space
3043073	Unzoned	86 A	Darling Point Rd	Darling Point	14/1061559	25-Aug-03	8-Apr-05	$120,000	110.6	3479681	86	Darling Point Rd	3492	$22,300,000	$6,386	$1,090	$2,124	33%	Used as extra yard and part tennis court
3199114	Unzoned	20A	Cranbrook Rd	Rose Bay	1/1087407	23-Dec-03	16-Dec-05	$156,800	156.1	3228026	20	Cranbrook Rd	913	$2,830,000	$3,100	$1,004	$1,868	60%	Used as carport and extra yard space
3051035	Unzoned	6	Wunulla Rd	Point Piper	1/1061736	16-Apr-02	31-May-06	$180,000	196.6	3051035	6	Wunulla Rd	815	$3,580,000	$4,392	$915	$1,963	45%	Used as garage and extra yard space
3016058	Unzoned	59	Bundarra Rd	Bellevue Hill	14/1056938	11-Mar-02	2-Mar-04	$220,000	807.1	3074826	92	Drumalbyn Rd	2053	$4,240,000	$2,065	$313	$670	33%	Used as additional yard space
2958041	Unzoned	33A	Edward St	Woollahra	1/1045714	19-Dec-01	11-Apr-03	$55,000	63	2996361	33	Edward St	205	$859,000	$4,190	$873	$1,964	47%	Used as additional carparking space
2929947	RES	53	Suttie Rd	Bellevue Hill	1/1043883	13-Sep-02	13-Sep-02	$155,000	172.5	2981632	53	Suttie Rd	883	$2,620,000	$2,967	$896	$1,920	65%	Used as additional yard space & better parking
2088137	RES	32A	Glendon Rd	Double Bay	30/792126	12-Sep-03	12-Sep-03	$20,000	31.5	2088136	32	Glendon Rd	328	$1,250,000	$3,811	$635	$1,237	33%	Used as additional yard space & rear car access

NOTES
The land value of the adjoining property used is the Valuer General 2010 base date valuation figures
The subject sales have been adjusted to reflect a $/m2 as at 2010 base date - the adjustment is 10% increase in value per annum

Annexure 7

VARIATION IN LAND VALUES OF BENCHMARKS, FACTORED VALUE COMPARED TO MARKET VALUE

VARIATION IN LAND VALUE BETWEEN FACTORED VALUE AND MARKET VALUE

Property Address	Precinct	Total Occupancy Land Value based on valuation	Land Value based on 50% Discounted PSLV	Variation against existing
	PORT STEPHENS	$10,889	$19,422	-43.93%
	PORT STEPHENS	$31,724	$16,140	96.56%
	PORT STEPHENS	$19,117	$23,269	-17.84%
	HASTINGS	$62,000	$1,404	4315.95%
	THE ANCHORAGE	$54,876	$21,704	152.84%
	THE ANCHORAGE	$24,000	$31,767	-24.45%
	Sydney Harbour 1	$1,079,000	$1,481,597	-27.17%
	Sydney Harbour 1	$1,117,000	$1,368,457	-18.38%
	Sydney Harbour 1	$1,260,556	$1,530,086	-17.62%
	Mosman-North Sydney 5	$1,091,000	$1,568,104	-30.43%
	Mosman-North Sydney 5	$186,111	$221,279	-15.89%
	Mosman-North Sydney 5	$226,111	$217,024	4.19%
	Precinct 3	$101,333	$141,916	-28.60%
	Precinct 3	$96,000	$107,751	-10.91%
	Precinct 3	$128,333	$155,056	-17.23%
	Precinct 2	$102,000	$113,099	-9.81%
	Precinct 2	$205,479	$62,094	230.92%
	Precinct 2	$82,000	$133,058	-38.37%
	Precinct 4	$164,000	$122,438	33.95%
	Precinct 4	$174,000	$122,438	42.11%
	Precinct 6	$180,000	$142,368	26.43%
	Precinct 6	$201,525	$198,722	1.41%
	Precinct 4	$236,000	$157,606	49.74%
	Hawkesbury River 3	$24,000	$25,894	-7.32%
	Hawkesbury River 3	$17,778	$10,608	67.59%
	Hawkesbury River 3	$17,778	$11,750	51.30%
	Pittwater 2	$85,000	$199,985	-57.50%
	Pittwater 1	$52,000	$47,179	10.22%
	Pittwater 2	$297,000	$272,154	9.13%
	Pittwater 4	$73,000	$77,430	-5.72%
	Pittwater 3	$112,000	$194,463	-42.41%
	Pittwater 1	$35,778	$52,888	-32.35%
	Pittwater 4	$84,000	$49,691	69.04%
	Pittwater WAO	$46,000	$41,650	10.44%
	Pittwater WAO	$13,000	$31,475	-58.70%
	Brisbane waters East	$16,000	$19,091	-16.19%
	Brisbane waters East	$19,000	$9,918	91.57%
	Brisbane waters East	$19,000	$29,196	-34.92%
	Lake Macquarie 1	$15,708	$9,472	65.84%
	Lake Macquarie 1	$16,666	$10,478	59.06%
	Lake Macquarie 1	$7,382	$8,018	-7.93%
	Port Hacking 1	$49,356	$15,537	217.68%
	Port Hacking 1	$38,000	$39,111	-2.84%
	Georges River 1	$17,657	$12,564	40.54%
	Port Hacking 1	$195,452	$146,921	33.03%
	Georges River 1	$77,792	$96,184	-19.12%
	Georges River 3	$16,619	$18,991	-12.49%
	Georges River 5	$16,000	$18,697	-14.43%
	Port Hacking 3	$5,358	$26,109	-79.48%
	Port Hacking 2	$53,000	$51,660	2.59%
	Clyde River	$10,000	$7,659	30.57%
	Clyde River	$10,000	$6,573	52.13%
	Clyde River	$30,000	$23,040	30.21%

Annexure 8

WAG OCCUPANCIES EXCLUDED FROM ANALYSIS

LIST OF WAG OCCUPANCIES EXCLUDED FRO LPI ANALYSIS

PID Occ	Post code	Address	Precinct	LGA	Reason For Exclusion
	2027	Unable to identify address	1	Woollahra	Not used in analysis. Lease area is noted as 129m2, however the Land Value has been assessed on an area of 95m2 which is producing an inaccurate analysis.
	2027	DARLING POINT, [redacted]	1	Woollahra	Not used in analysis. Duplicate of PID [redacted]
	2027	POINT PIPER, [redacted]	1	Woollahra	Not used in analysis. Duplicate of PID [redacted]
	2027	POINT PIPER, [redacted]	1	Woollahra	Not used in analysis. Duplicate of PID [redacted]
	2027	POINT PIPER, [redacted]	1	Woollahra	Not used in analysis. Duplicate of PID [redacted]
	2030	VAUCLUSE, LOCH [redacted]	1	Woollahra	Not used in analysis. Duplicate of PID [redacted]
	2030	VAUCLUSE, [redacted]	1	Woollahra	Not used in analysis. Duplicate of PID [redacted]
	2047	DRUMMOYNE, ST [redacted]	2	Canada Bay	Not used in analysis. Duplicate of PID [redacted]
[redacted]	2107	AVALON, [redacted]		Pittwater	Not used in analysis. This record is an amalgamation of 2 separate properties which appear to be separately leased to different occupants.
	2110	HUNTERS HILL, [redacted]	4	Hunters Hill	Not used in analysis. Duplicate of PID [redacted]
	2110	WOOLWICH, [redacted]	4	Hunters Hill	Not used in analysis. Duplicate of PID [redacted] Also this is a new lease and area is 215m2. VG data base has not been updated and value is based on 110m2

In addition to the properties in the table above a further 22 water reserve properties listed in the Wag analysis were excluded as they could not be identified from the information supplied.

Annexure 9

CROWN LAND PSLVs CALCULATED USING 2010 LAND VALUES

RECALCULATED PSLVs USING 2010 LVs FOR CROWN LAND PRECINCTS

PRECINCT	Current PSLV 2008-2010	PSLV 2010 Base Date
BALLINA EAST	$76.41	**$76.10**
BALLINA WEST	$784.71	**$764.04**
BELLINGEN	$88.76	**$92.39**
BRISBANE WATER EAST	$595.75	**$677.00**
BRISBANE WATER WEST	$809.68	**$767.43**
BURRILL LAKE	$552.38	**$554.20**
CLARENCE	$54.29	**$55.07**
CLYDE RIVER	$293.18	**$333.00**
CONJOLA LAKE	$149.56	**$155.91**
CROOKHAVEN-SHOALHAVEN	$497.61	**$496.55**
CURRAMBENE CREEK	$717.14	**$719.98**
CURRARONG CREEK	$913.97	**$905.78**
GEORGES RIVER 1	$1,292.59	**$1,396.00**
GEORGES RIVER 2	$994.00	**$1,069.00**
GEORGES RIVER 3	$583.22	**$579.00**
GEORGES RIVER 4 WAO	$430.43	**$495.00**
GEORGES RIVER 5	$404.13	**$433.41**
GREAT LAKES	$78.27	**$78.00**
GREATER TAREE	$149.48	**$162.41**
HASTINGS	$147.31	**$150.00**
HAWKESBURY RIVER 1 WAO	$93.81	**$89.11**
HAWKESBURY RIVER 2 WAO	$198.89	**$192.49**
HAWKESBURY RIVER 3	$525.24	**$544.00**
HAWKESBURY RIVER 4 WAO	$338.47	**$315.29**
HAWKESBURY RIVER 5	$101.11	**$97.23**
KINGSCLIFF	$1,567.35	**$1,522.45**
LAKE MACQUARIE 1	$489.11	**$512.00**
LAKE MACQUARIE 2	$1,057.56	**$1,026.13**
LAKE MACQUARIE 3	$465.28	**$462.96**
LOWER NAMBUCCA	$111.98	**$112.10**
MURWILLUMBAH	$221.47	**$217.26**
NARRABEEN LAGOON	$1,486.73	**$1,556.91**
NORTH ARM COVE	$279.73	**$260.10**
PAMBULA-MERIMBULA	$678.34	**$647.70**
PITTWATER 1	$2,574.69	**$3,005.00**
PITTWATER 2	$1,493.39	**$1,739.00**
PITTWATER 3	$2,299.17	**$2,542.00**
PITTWATER 4	$1,150.23	**$1,258.00**
PITTWATER WAO	$499.86	**$543.00**
PORT HACKING 1	$1,264.47	**$1,351.00**
PORT HACKING 2	$989.07	**$989.65**
PORT HACKING 3	$618.70	**$618.70**
PORT STEPHENS	$159.72	**$538.00**
RICHMOND	$138.09	**$137.68**
ST GEORGES BASIN-SUSSEX INLET	$315.15	**$304.05**
TABOURIE	$466.55	**$466.83**
TEA GARDENS	$862.59	**$754.02**
THE ANCHORAGE	$718.70	**$751.00**
TOMAGA-MORUYA-TUROSS	$502.48	**$507.74**
TUGGERAH LAKES	$353.41	**$338.68**
TWEED	$502.58	**$489.00**
WAGONGA-WALLAGA	$37.06	**$35.90**
WALLAMBA COVE	$537.57	**$467.15**
WONBOYN	$32.70	**$35.57**

Annexure 10

MARITIME PRECINCT PSLVs CALCULATED USING 2010 LAND VALUES

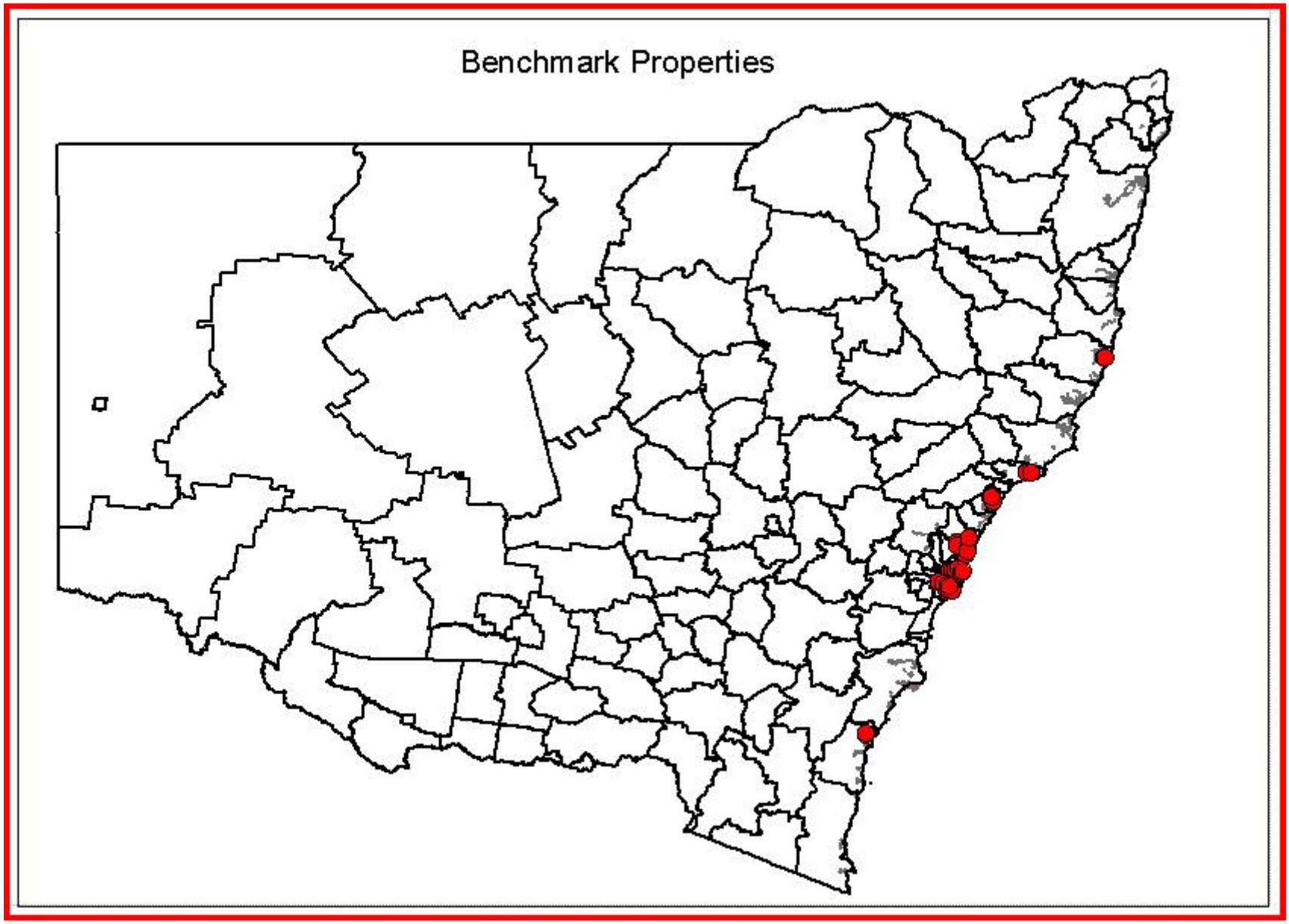
MARITIME PRECINCT SLVs CALCULATED USING 2010 LVs

Precinct	Actual SLV	SLV 2010 BD
1	8,779.5821	**10,775.25**
2	4,241.2659	**4,435.27**
3	2,376.4090	**2,628.07**
4	2,417.5146	**2,605.06**
5	3,838.6757	**4,255.37**
6	2,647.5517	**2,965.89**
7	1,405.4542	**1,449.77**

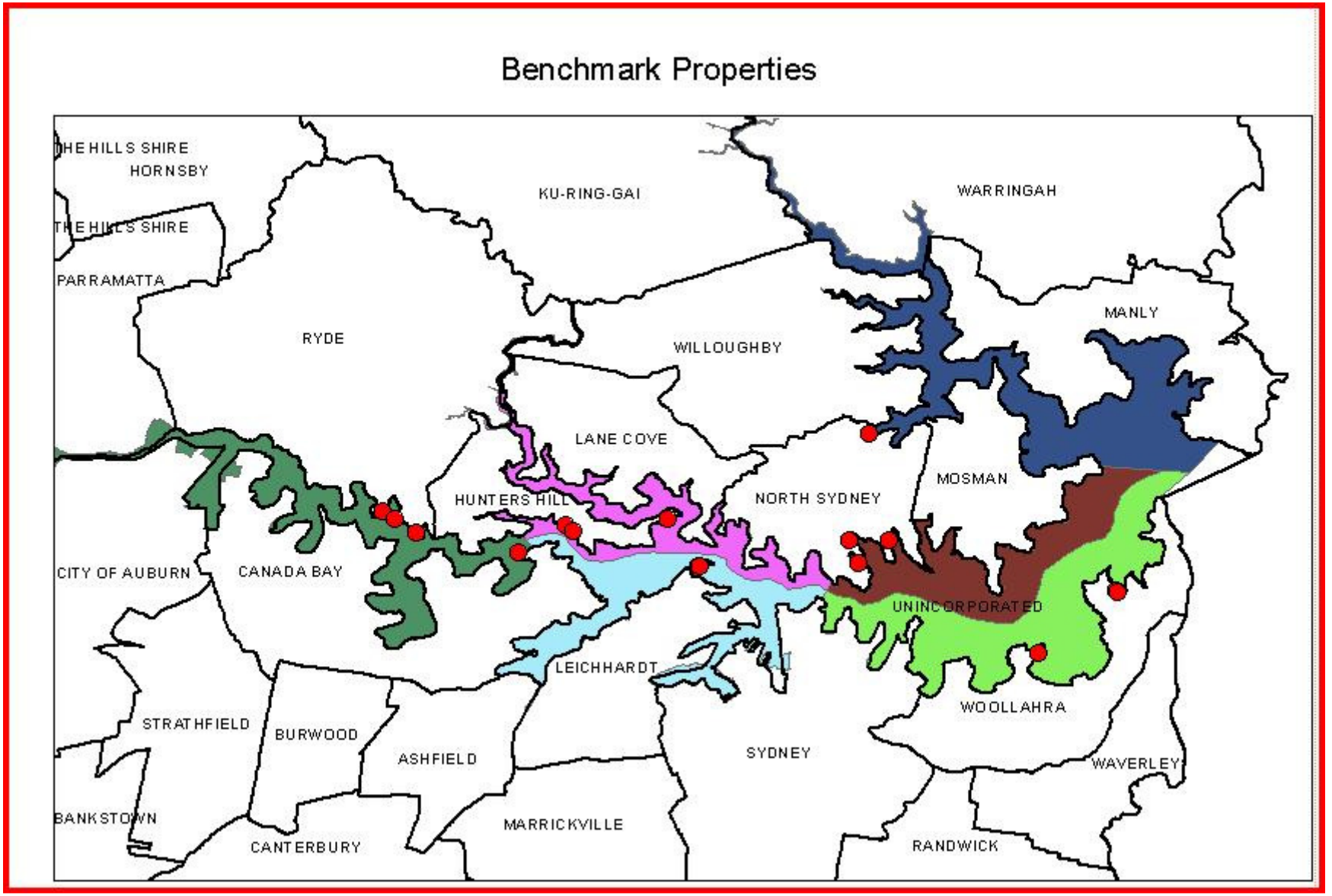
Annexure 11

BENCHMARK LOCATION MAPS

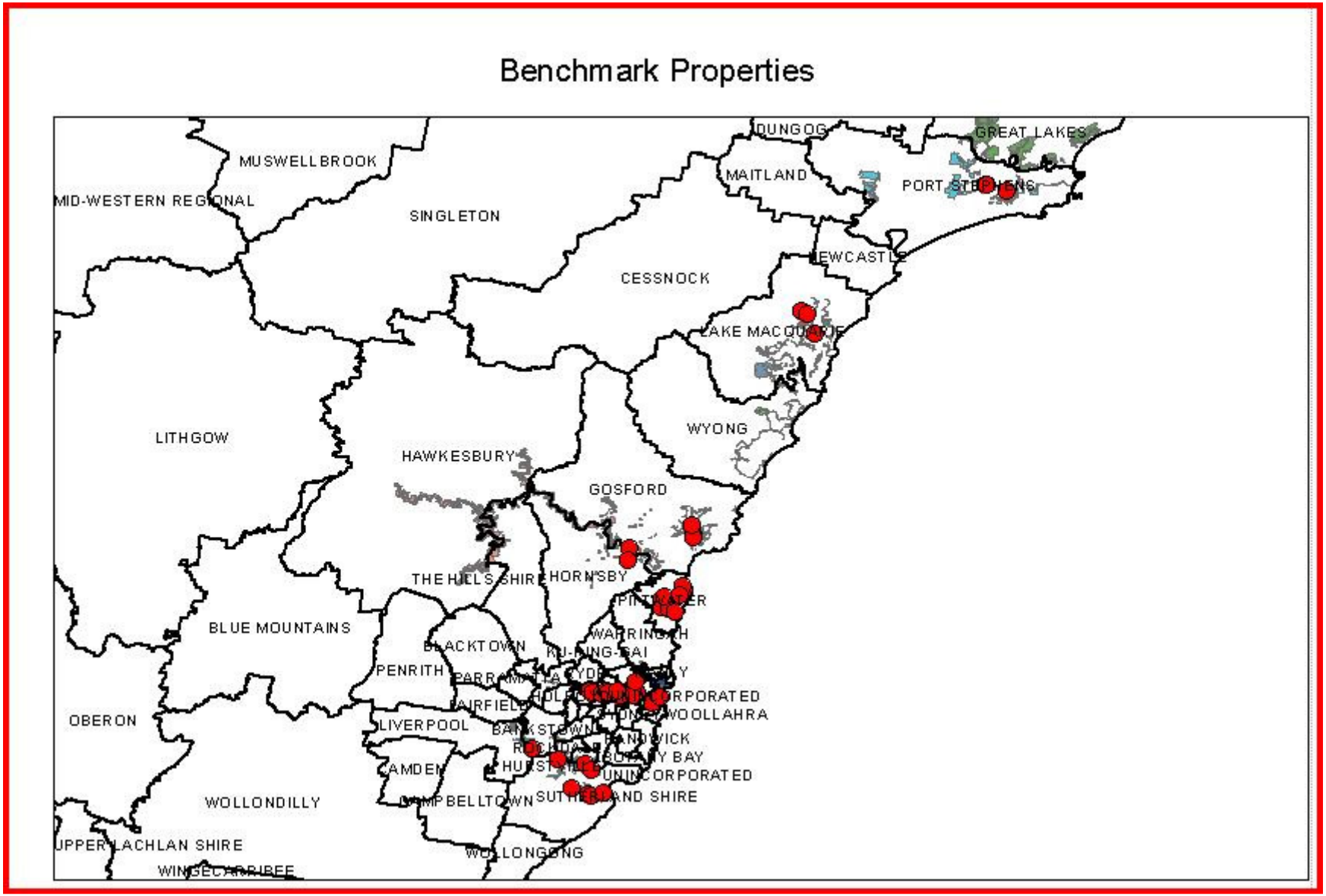
BECNHMAK PROPERTY LOCATIONS WHOLE OF STATE



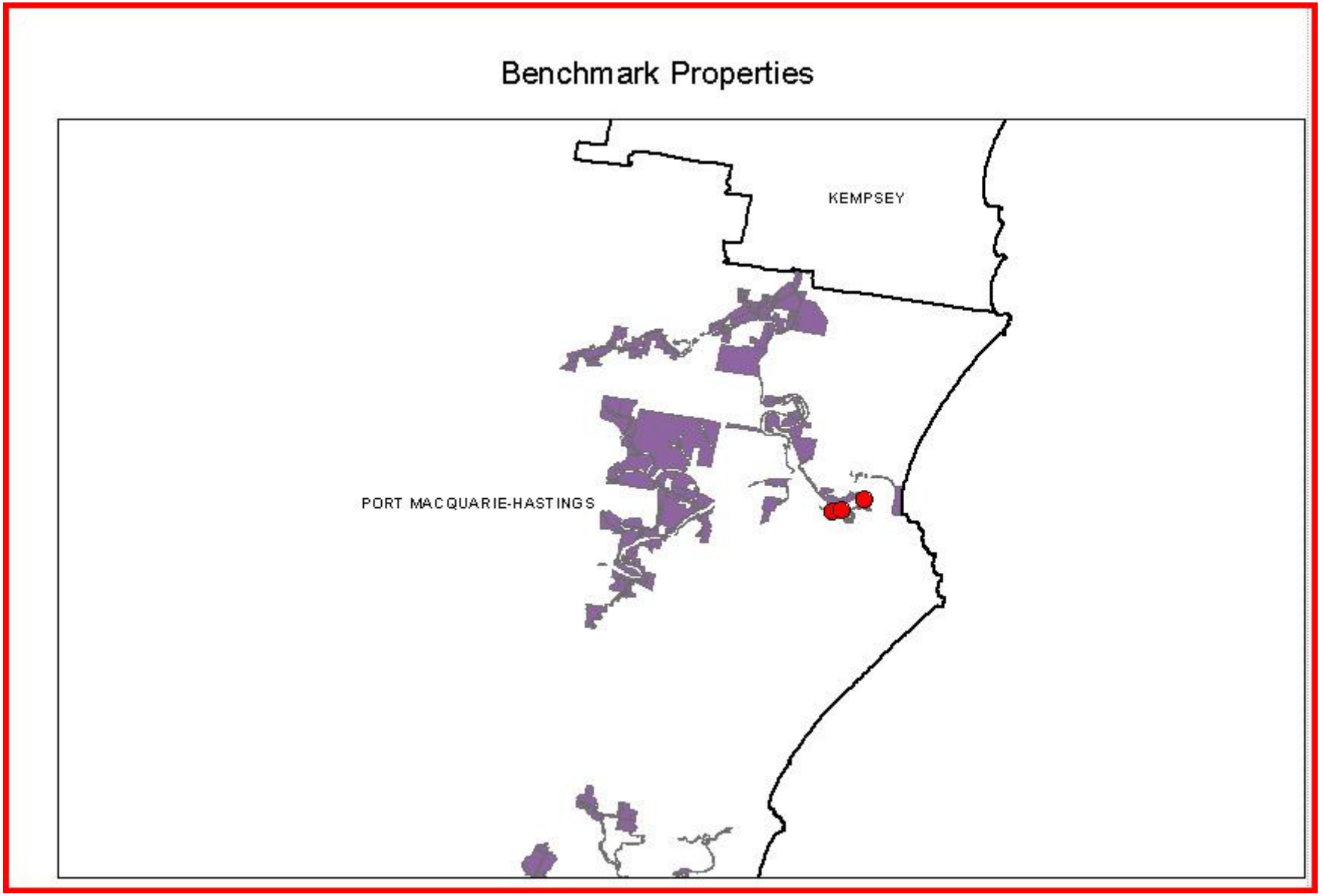
BECNHMAK PROPERTY LOCATIONS SYDNEY HARBOUR



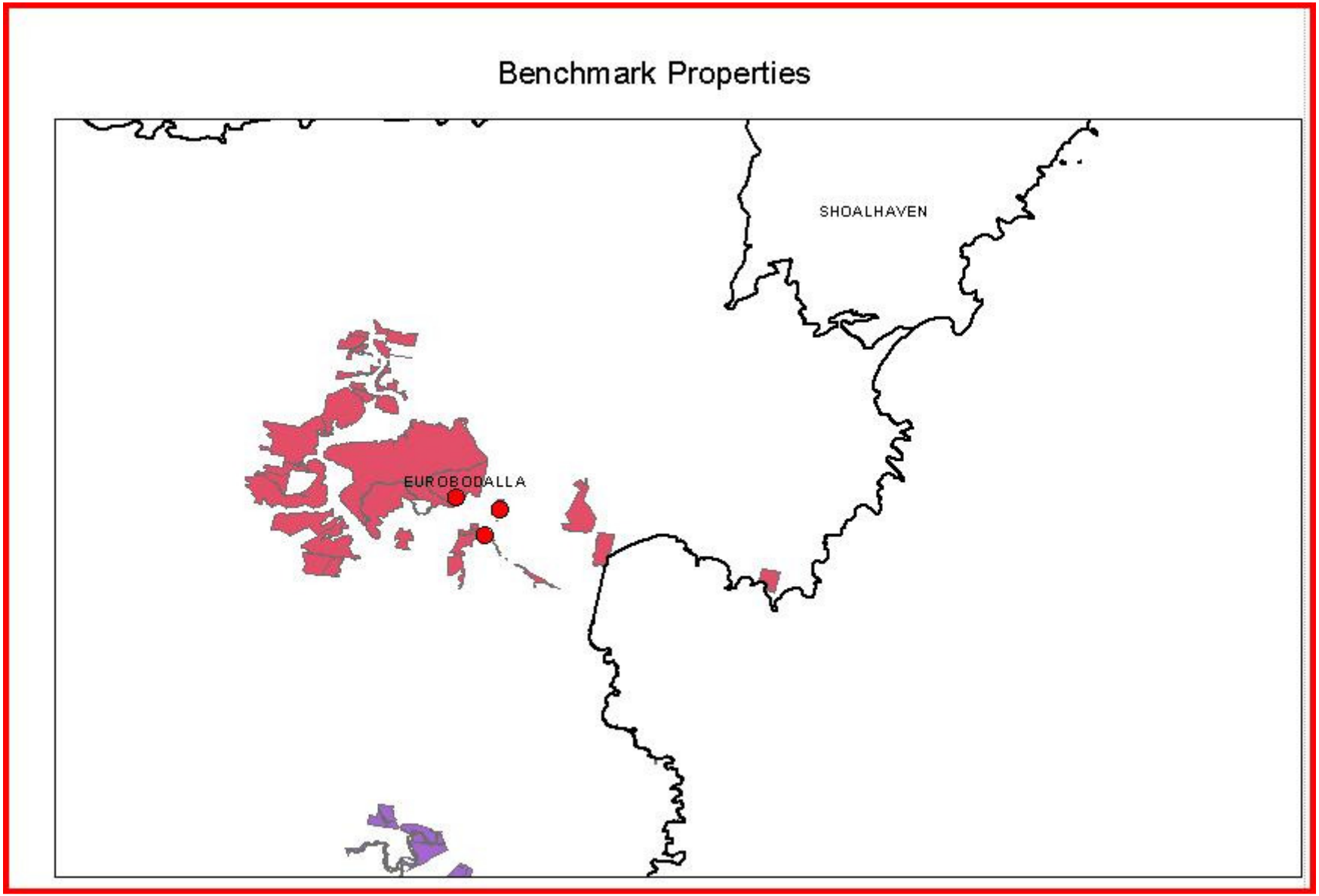
BECNHMAK PROPERTY LOCATIONS CENTRAL COAST



BECNHMAK PROPERTY LOCATIONS NORTH COAST



BECNHMAK PROPERTY LOCATIONS SOUTH COAST



Annexure 12

WAG ANALYSIS OCCUPANCIES LOCATION MAP

WAG ANALYSIS OCCUPANCIES LOCATION MAP