

Our reference: 14/88

7 April 2014

Mr Donal O'Shea
Senior Manager
Business Improvement, Catchment and Lands
Department of Primary Industries
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Contact Peter Leventis
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Dear Mr O'Shea

In 2011, the NSW Government accepted all recommendations of IPART's 2011 report *Review of method for determining rents for domestic waterfront tenancies in NSW*.

One of our recommendations was that IPART carry out an annual update to the net rate of return for each regional precinct in accordance with the methodology outlined in our report. The Premier's letter and our Terms of Reference are attached.

Accordingly, Table 1 attached lists the updated net rates of return for each of DPI's regional precincts. These are to apply to the domestic waterfront tenancy rental formula for financial year 2014/15.

We intend to advise you of next financial year's rates of return by 15 April 2015.

If you have any questions or wish to discuss, please contact Peter Leventis on 9113 7758.

Yours sincerely



Hugo Harmstorf
Chief Executive Officer

Table 1 Recommended rates of return (RoRs) to apply in 2014/15

Regional Precinct	Gross RoR (% share of gross RoR)	Outgoings (% share of gross RoR)	Net RoR (use in rental formula)
	%	%	%
Brisbane Waters	4.74	55	2.12
Lake Macquarie	4.77	51	2.35
Tuggerah Lakes	5.22	54	2.41
Hawkesbury	4.74	55	2.15
Far North Coast	4.31	54	2.00
Mid North Coast	5.02	57	2.17
Far South Coast	4.25	72	1.18
Georges River East	3.42	43	1.95
Georges River West	3.95	39	2.39
Hunter	4.89	69	1.50
Pittwater	3.44	59	1.41
Port Hacking East	3.26	43	1.87
Port Hacking West/South	3.90	41	2.31
South Coast	4.45	71	1.28

24 JUL 2012

Dr Peter Boxall
Chair
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Dr Boxall Peter,

I am writing with regard to the Independent Pricing and Regulatory Tribunal calculating the annual update to the net rates of return to be incorporated into the formula for determining the rental charge for domestic waterfront occupancies.

Please find enclosed Terms of Reference under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* for the Tribunal to perform this service.

If your officers wish to discuss this matter, they should contact Mr Tim Hurst, Executive Director, Economic Development and Transport Policy, Department of Premier and Cabinet on (02) 9228 5493.

Yours sincerely



Barry O'Farrell MP
Premier

TERMS OF REFERENCE

ANNUAL NET RATES OF RETURN UPDATE

I, Barry O'Farrell, Premier, approve the provision of services by the Independent Pricing and Regulatory Tribunal under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* to the Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS) and Roads and Maritime Services (RMS) in accordance with this 'terms of reference'.

The services to be provided by the Tribunal are the calculation of the annual update to the rental rate of return less outgoings for each precinct, to be incorporated by DTIRIS and RMS into the formula for determining the rental charge for domestic waterfront occupancies. This involves estimating the precinct specific gross rental rates of return and the precinct specific outgoings.

These net rates of return are the financial rates of return on submerged or reclaimed public land, leased or licenced to owners of domestic waterfront properties, to be received by the Government after recovering its efficient administration costs.

In providing these services, the Tribunal should follow the methodology proposed by the Tribunal in its final report *Review of method for determining rents for domestic waterfront tenancies in NSW* (December 2011).

The services are to be provided through the provision of an annual written notice to the DTIRIS and RMS by 15 April each year from 2013, advising them of the suggested rate of return to be applied to calculate rents for each precinct for the upcoming financial year.

The update for the 2012-13 financial year should be provided to DTIRIS and RMS as soon as possible.

This arrangement is to continue until the Tribunal is advised by the Premier in writing that the services are no longer required.



The Hon Barry O'Farrell MP
Premier

Dated at Sydney.....24 July.....2012