

Review of developer charges for Gosford City Council and Wyong Shire Council

Public Hearing

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History of developer charges

- ▼ First developer charges determination in 1995
- ▼ Supplementary note in 1997 and new determination in 2000
- ▼ 2000 Determination is the current determination
- ▼ Defines a methodology, not a dollar amount
- ▼ Uses a NPV approach that allows costs and revenues to be reconciled to a single value by discounting them to today's dollars

Context of the review

- ▼ May 2012: Wyong Shire Council requested a review of the parameters (relating to Wyong Shire Council) listed in Schedule 5 of the 2000 Developer Charges Determination
- ▼ June 2012: The Tribunal approved the review, limited to the parameters in Schedule 5, and commenced the review for both Gosford City Council and Wyong Shire Council to ensure consistency across the region
- ▼ We propose to review the parameters, we do not propose to develop a different methodology in this review

Context of the review

- ▼ Schedule 5 of the 2000 Developer Charges Determination:
 - ▼ The real Discount Rate for Pre 1996 Assets and associated equivalent tenements (ETs)
 - ▼ The real Discount Rate for Post 1996 Assets and associated ETs
 - ▼ The real Discount Rate for the expected net revenues, costs and associated ETs
 - ▼ The Consumption per annum for an average residential customer
 - ▼ The Cap for Wyong Shire Council's developer charges

Issues for this review

Parameter	Current value	Gosford proposal	Wyong proposal	Options put forward by Tribunal in Issues Paper
The real discount rate for Pre 1996 Assets and associated equivalent tenements (ETs)	0%	0%	0%	<ul style="list-style-type: none"> ▼ set a fixed rate that would not change until the next developer charges determination was made. ▼ set a variable discount rate that would change in line with the WACC determined for the Councils' periodic charges at the time developer charges are re-calculated. ▼ set a variable discount rate obtained from a recognised source e.g. the NSW Treasury Corporation 10-year bond rate.
The real discount rate for Post 1996 Assets and associated ETs	7%	7%	7%	As for Pre 1996 assets
The real discount rate for the expected net revenues, costs and associated ETs	7%	7%	7%	As for Pre 1996 assets

Issues for this review

Parameter	Current value	Gosford proposal	Wyong proposal	Options put forward by Tribunal in Issues Paper
The consumption per annum for an average residential customer	Wyong: 205 kLs pa Gosford: 207 kLs pa	168 kLs pa based on current periodic pricing submission	160 kLs pa based on current periodic pricing submission	<ul style="list-style-type: none"> ▼ set a fixed consumption figure that would not change until the next developer charges determination was made. ▼ set a variable consumption parameter that would change in line with the periodic charges determination current at the time developer charges are re-calculated.
Cap	Gosford: 100% Wyong: 85%	No cap	No cap	



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