



**TWEED
SHIRE
COUNCIL**

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15 May 2007



[eltr]

L14F01

Independent Pricing & Regulatory Tribunal
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Dear Sir

Submission on IPART Review of DEUS Developer Charges Guidelines for Water Supply, Sewerage and Stormwater

Following is Tweed Shire Council's submission on your review of the DEUS Developer Charges for Water Supply, Sewerage and Stormwater. Comment has only been provided on a select number of items as Council supports the submission provided by the NSW Water Directorate.

Yours faithfully

David Oxenham
Manager
WATER

Encls.



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3. BROAD ISSUES WITH THE DEUS GUIDELINES

3.1 Simplicity

The Tribunal welcomes comments on whether the DEUS guidelines achieve the pricing objective of simplicity. Do the various methods allowed by the guidelines for calculating the capital charge and reduction amount add unnecessary complexity? How can the methods allowed be simplified in light of better data, more experience and a greater understanding of how developer charges are levied? Will simplification lead to a loss of flexibility?

Viewed in total both the IPART and the DEUS methodologies are complex. The DEUS guidelines do offer greater flexibility for an industry that is substantially different to that in a major metropolitan area and are therefore preferred over the IPART methodology. The IPART model is inherently complex therefore adopting it without the flexibility of the DEUS version offers little advantage.

3.2 Transparency

The Tribunal welcomes comments on whether there is a need for greater transparency in the developer charges guidelines. If so, in which areas is there a lack of transparency and how can this be improved? Are there any difficulties for LWAs in meeting transparency requirements?

There is sufficient transparency available within the guidelines. No concerns have ever been raised with Tweed Shire Council in this regard. What is considered difficult is providing educated advice to the general public and development industry on how the system works because of its complex nature. The IPART methodology would not offer any relief in this regard.

3.3 Consistency of Charging Across NSW

The Tribunal welcomes comments on the advantages and disadvantages of a common approach to developer charge calculation across NSW. Should or could the Tribunal's methodology for metropolitan areas be adopted for use across the state? Is this a practical option? How else could consistency be improved?

The necessary consistency for regional NSW is provided through the DEUS guidelines. Tweed exists adjacent to a major growth centre in Queensland. A significant number of developers operate in numerous states if not nationally. The 2 major release areas in Tweed which will form 60% of the future population of this area is currently held by a single company which operates nationally. These organisations are adept at dealing with a multitude of disparate planning requirements and any lack of common approach is insignificant in the context of type and number of other issues.

4.3 Agglomeration of DSPs

The Tribunal is interested in the extent to which agglomeration takes place and seeks comments on whether the agglomeration rule outlined in the DEUS guidelines is reasonable. Is there a better way of minimising the number of DSPs? The Tribunal is also interested in the issue of how much greater the administrative burden would be on LWAs if the agglomeration rule, in particular, the 30 per cent factor, were to be altered.

The ability to fully agglomerate charges as per DEUS circular LWU5 is fundamental to small Water Supply and Sewerage Authorities. Catchment based charges place an increased financial risk on Council as it is difficult from year to year to predict income. If development occurs out of sequence to the adopted Long Term Financial Plan then there is the potential for significant financial impact.

