



# Domestic waterfront occupancies – 2012 changes in rent

July 2015

## Introduction / Overview

The NSW Government has adopted the Independent Pricing and Regulatory Tribunal (IPART) 2011 recommendations for changes to the calculation of rentals for domestic waterfront occupancies on Crown land.

Domestic waterfront occupancies generally cover facilities such as jetties, boatsheds, berthing areas, boat ramps, slipways, and pontoons on foreshore Crown land adjoining waterfront properties. On behalf of the NSW Government, the Department of Primary Industries - Lands (the Department) manages these occupancies and will be applying IPART recommendations from 1 July 2012.

The following information explains the changes to how your rent is calculated.

## How is my rent calculated?

The total annual charge for domestic waterfront occupancies now comprises a two-part tariff, an administration fee and a rental charge. The minimum rent no longer applies to the rental charge.

**Total annual charge (\$) = annual administration fee (\$275) + annual rental charge**

## Administration fee

In 2012, the administration fee was set at \$275 (incl GST). Following the June 2015 review, the administration fee was reduced to \$214 (ex GST). The fee increases on 1 July each year by the NSW Government annual cap on NSW public sector wages, currently 2.5%. This fee will be reviewed and updated every 4 years and findings of the review will be published on our website.

## Rental charge

The rental formula charge covers the occupation and use of public land below the mean high water mark. The rental charge is calculated using the four elements in the IPART formula below.

**Annual rental charge = PSLV (\$/m<sup>2</sup>) x occupancy area x discount factor (50%) x rate of return (%)**



## Precincts

IPART reduced the number of precincts from 54 to 14 regional precincts for the purpose of calculating domestic waterfront rents. These precincts are used in the PSLV calculation. These 14 regional precincts were determined by consideration of distinct waterways, the number of properties and variation of SLVs within each waterway. There are no longer separate Water Access Only (WAO) precincts.

The table and map below show the location of the 14 new regional precincts managed by the Department and allowing you to determine which new regional precinct you are located in.

Regional Precinct	Old precinct
Brisbane Waters	Brisbane Water East, Brisbane Water West
Far North Coast	Ballina East, Ballina West, Kingscliff, Murwillumbah, Richmond, Tweed
Far South Coast	Clyde River, Pambula-Merimbula, Tomaga-Moruya-Tuross, Wagonga-Wallaga, Wonboyn
Georges River East	RMS Precinct 7, Georges River 1, Georges River 2
Georges River West	Georges River 3, Georges River 4 WAO, Georges River 5
Hawkesbury	Hawkesbury River 1 WAO, Hawkesbury River 2 WAO, Hawkesbury River 3, Hawkesbury River 4 WAO, Hawkesbury River 5
Hunter	Great Lakes, North Arm Cove, Port Stephens, Tea Gardens, Wallamba Cove
Lake Macquarie	Lake Macquarie 1, Lake Macquarie 2, Lake Macquarie 3
Mid North Coast	Bellingen, Clarence, Greater Taree, Hastings, Lower Nambucca, The Anchorage
Pittwater	Narrabeen Lagoon, Pittwater 1, Pittwater 2, Pittwater 3, Pittwater 4, Pittwater WAO
Port Hacking East	Port Hacking 1, Port Hacking 2
Port Hacking West/South	Port Hacking 3
South Coast	Burrill Lake, Conjola Lake, Crookhaven- Shoalhaven, Currambene Creek, Currarong Creek, St Georges Basin-Sussex Inlet, Tabourie Creek
Tuggerah Lakes	Tuggerah Lakes

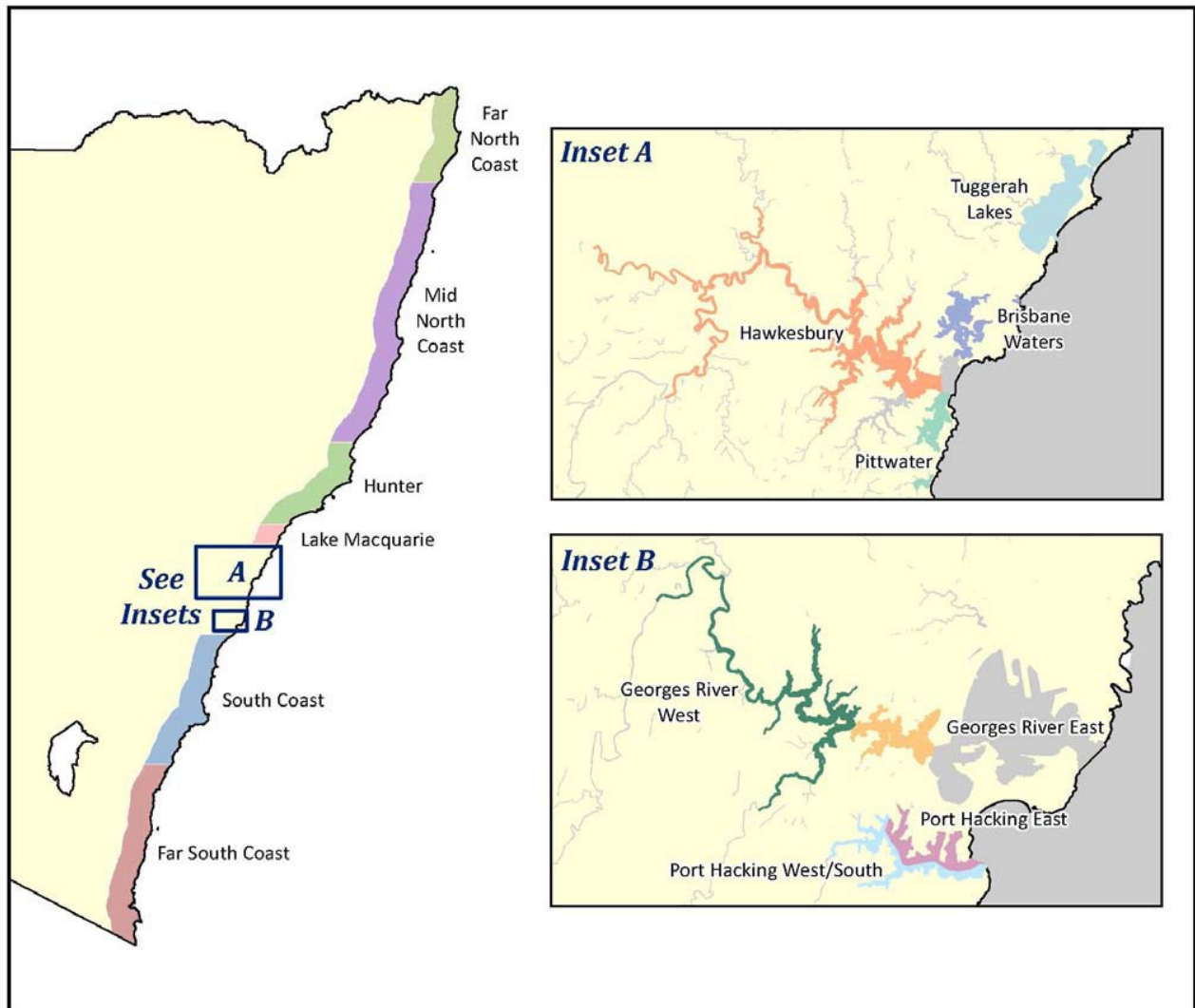


Figure 1: Diagram of Precincts

### Precinct Statutory Land Value (PSLV)

The PSLV is updated annually on 1 July using the median Statutory Land Value (\$/M<sup>2</sup>) of freehold waterfront properties and their adjoining occupancies within a precinct. The SLV is the “statutory unimproved land value” as determined by the Valuer General.

The calculation of PSLV’s is on a 3-year rolling average to coincide with timeframes used to update the rate of return the other key variable in the rental formula.

### Rate of return

The statewide rate of return has been replaced by a rate of return for each regional precinct. IPART will be carrying out an annual update to the rate of return in accordance with the methodology in its final report. The net rate of return for each precinct will be calculated using:

- Rental rate of returns for residential non-strata properties
- Sales and rent data from Land and Property Information and Housing NSW
- A three-year rolling average updated each financial year to match the time period for PSLVs
- Outgoings calculated as a percentage of the gross rate of return using the Australian Taxation Office’s statistics. These outgoings will be subtracted from the gross rate of return to determine the net rate of return for each precinct.

A list of the current annual precinct net rate of returns from IPART's report is provided on [www.crownland.nsw.gov.au](http://www.crownland.nsw.gov.au) and will be updated to take effect from 1 July each year.

### Discount factor

The current discount factor of 50% is maintained under the new IPART rental formula. This is considered a reasonable estimate of the typical difference in value between occupancies and adjoining freehold property.

### Occupancy area

This is the area of Crown land that is used and occupied under a domestic waterfront license.

### Water Access Only (WAO) occupancies

Tenants with occupancies that are only accessible by water (WAO occupancies) will now be included in the 14 regional precincts.

WAO occupancies will be exempt from the rental charge for the area of the occupancy that is for the sole purpose of accessing the adjoining waterfront property. This exemption replaces the WAO rebate for these occupancies.

Criteria to determine structures that are essential and discretionary have been established and are shown below.

Essential Structures	Discretionary structures
Jetty (including solid fill and stone)	All other structures such as boat lifts, boat sheds, reclamations, swimming pools, residences are considered discretionary.
Wharf	
Platform	
Landing	
Jetty ramp	
Pontoon	
Berthing area	
Slipway*	
Boat ramp*	

\* only applicable where there is no other essential structure

### Rental increase cap

Any individual account rental increase inclusive of the administration fee will be capped at \$220 per annum (incl GST) for the first 12 months of implementation of these changes.

### Hardship provisions and pensioner concessions

Hardship provisions for rental payments continue to apply to all domestic waterfront occupancies. In addition, there is now a right of appeal to decisions made by the Department on hardship matters. Any appeal will be considered by a Departmental officer not previously involved in the original hardship application.

Current pensioner concessions and eligibility requirements will continue to apply to the rental charge. These concessions will not be applied to the administration fee.

In line with IPART recommendations, the Department will ensure that information is available on hardship provisions and pensioner concessions and eligibility requirements on accounts, the website and when new licences are issued.

## Sublicensing, transferring and terminating occupancies

Occupants with an approved berthing area may sublicense their berthing area to a third party subject to the consent of the Department. This may provide more options and greater flexibility for waterfront home owners and boater across NSW.

Existing domestic waterfront licences may be transferred on sale of the adjoining waterfront property to a new owner.

It is Departmental policy that a licence holder may request the Department terminate the licence at any time. However, the Department will only terminate the licence once the domestic waterfront structure has been appropriately removed from Crown land and the site is rehabilitated to the Department's satisfaction. Approval to remove the structure may be required from local council. Advice should be sought from your local council on their requirements for the removal of these structures.

## GST

GST will be applied to both the administration fee and the rental as per the Department's current procedures.

## Further information

If you would like further information regarding the changes please contact 1300 886 235 or alternatively visit our website [www.crownland.nsw.gov.au/](http://www.crownland.nsw.gov.au/)

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (July 2015). However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of the NSW Department of Primary Industries - Lands or the user's independent advisor.

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