



GoldCoastWater

CRIME & MISCONDUCT COMMISSION  
No. 2005-5 Date 16 Nov 05  
IN THE MATTER OF:

OP GRAND

EXHIBIT No. 246  
.....CLERK

Memorandum

To Mayor R Clarke  
 Cr R Hackwood  
 Cr D Power  
 Cr G Pforr  
 Cr R Molhoek  
 Cr P Young  
 Cr D Crichlow  
 Cr S Douglas  
 Cr B La Castra  
 Cr T Shepherd  
 Cr E Sarroff  
 Cr J Grew  
 Cr G Betts  
 Cr D McDonald  
 Cr S Robbins

Copy Chief Executive Officer  
 Director City Governance  
 Director Engineering Services  
 Director Economic Development & Major Projects  
 Director Organisational Services  
 Director Community Services  
 Director Planning, Environment & Transport  
 City Solicitor

From Director Gold Coast Water

Subject Factual Errors - Gold Coast Sun Article 25 August 2004

Date 30 August 2004

File no WS113/637/09(P20)  
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I refer to the Gold Coast Sun article of the 25 August 2004, titled "Refund Outrage". This article relates to item 10 on the Strategic Growth Management Committee Agenda of the 24 August 2004.

In summary the item proposes a transitional arrangement with respect to the introduction of the new water and wastewater infrastructure charges. This arrangement is proposed as there were development applications lodged up to 6 years prior to the introduction of the new charging regime in February of this year that would incur the new charges as these developments would be sealed (the time at which charges are paid under IPA), after this date. This is considered inequitable, hence the item proposed a transitional arrangement for the new charges.

At the committee meeting on the 24 August, I proposed the deferral of this item as we are still awaiting some outstanding legal advice on the matter. This legal advice relates to our ability to recoup the estimated \$8million in lost revenue attributable to this transitional arrangement from future infrastructure charges. I am aiming to have this advice finalised prior to the next Strategic Growth Management Committee.

The Sun article contains a number of factual errors. Given Council is yet to deliberate on this matter, the following memo provides corrections to these factual errors, thereby giving Council the opportunity to consider the item objectively.

1. The second sentence of the article in part states - "Cr Sarroff says the proposal to refund between \$8million and \$9million in charges already levied...". The agenda item does not propose refunding between \$8 and \$9million in charges already levied. The agenda item states that the proposed transitional arrangements would see a shortfall in revenue over and above the current charging arrangements of \$8million. It is only proposed to refund those waste and wastewater infrastructure charges that have been paid between February 2004 and the date that this transitional arrangement would come in force. We estimate that the value of the revenue to be refunded would be in the order of \$3.5million.
2. The second sentence of the article states that Cr Sarroff says that refunding infrastructure charges is "unheard of in local government". This is incorrect. Both Council's existing and past infrastructure charges policies enable the refunding of infrastructure charges and this practice is regularly applied. Developers regularly provide infrastructure to service both their development and other upstream developments. These developers are given either headworks credits for that proportion of work attributable to other upstream developments, or are given cash refunds where the value of their outstanding infrastructure charges is less than the amount to be refunded. Smaller refunds are approved under delegated authority and Council approves the refunding of larger amounts. Such approvals go to Council via the Finance Committee.
3. A further sentence in the article states - "Cr Sarroff said the move to refund charges would mean future land owners and ratepayers would have to come up with the shortfall caused by the refund". The article quite explicitly states that any revenue shortfall attributable to the proposed transitional arrangements is to have no financial impact on the ratepayers. I would not put any proposal forward to Council that would see ratepayers subsidising or funding growth related infrastructure.
4. The article states that "Most of the charges related to the northern growth corridor around Coomera and Yatala." This is incorrect. The proposed transitional arrangements would apply across the entire City. Nearly 45% of the water and wastewater infrastructure charges collected since February 2004 have been from the south of the City.
5. The article states that the proposal we have put forward is based upon refunds being granted depending upon the date at which the charges have been levied. This is not correct. We have proposed that the transitional arrangements be based upon the date at which a proper development application was made - not the date charges are levied (which is the time of sealing of a development). The date of payment of charges can be up to six years after the development application date.

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The article also states \_ "He (Cr Sarroff) said the move to refund infrastructure charges was politically motivated". As the Director who both authorised and oversaw the drafting of this report, I am not aware of any political motivation for or interference in the preparation of this report. The report was prepared in response to a number of written complaints and representations made by the development industry to Gold Coast Water in relation to the transitional arrangements associated with the new charges regime. As is the case with all customer enquiries, we have treated these complaints seriously and endeavoured to find a solution that is equitable and does not disadvantage other customer groups such as the general ratepayer.

We have briefed a number of Councillors on this report during its preparation, including Cr Sarroff, and I regard this as an appropriate means of improving the understanding of the issues involved. I believe that the issues involved in this matter have been presented transparently in this report.

I am available to brief any Councillors on the issues associated item 10 of the Strategic Growth Management Committee of the 24 August 2004, should you require.

Shaun Cox  
DIRECTOR GOLD COAST WATER  
Ext 6661