

Emily and Frank Carnemolla

11 December 2003

Review Board

Review of Rental for Domestic Waterfront Tenancies in NSW

Independent Pricing & Regulatory Tribunal

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Dear Sirs

Review into Rentals for Waterfront Tenancies on Crown Land in NSW

We are lessees of reclaimed waterfront land from the Waterways Authority on the Parramatta River

(Details Deleted).

We have become aware of the above review, not by direct notice to lease or license holders, but on enquiries made to Waterways, when we did not receive an account by the due date.

We are greatly concerned at the increase in rent for this land which is approximately six times the current rental.

We would like to make the following points:

- The last review undertaken by the Waterways Authority in 1992 determined that there was no linkage between freehold value and waterfront leasehold value.
- There is no 'market rent' for this land, we cannot build on it or use it other than use it within our riparian right.
- There is no phase-in of the higher rental, the rules are being changed with unreasonable expectations placed on those who have no alternative but to pay the rent.

- We currently pay land tax and council rates on this property, as it is an investment property. The land tax is based on the whole area of the property which includes the 304M2 of reclaimed land. Therefore this proposed massive increase is double dipping and grossly unfair.
- We note that the Department of Lands and Waterways indicate a 6% rate of return as consistent with current analysis of investment returns from residential properties rented throughout NSW. Where is the evidence of this? Current indications are that returns from investment in property is only 2% or less.

We have owned this property for 11 years. In that time we have never made a profit. The maximum rent received for the house has been \$600 at its peak. It is now down to \$400 as the rental market is depressed.

CONCLUSION

- There is no tenure on this land and it has no market value on its own, therefore the rental should reflect this.
- Land tax and Council rates are based on the whole area of land which includes the land leased from the Waterways Authority. This increase is unfair and allows double dipping to occur.
- Informing lessees of the intended increase has been non-existent or very scant to say the least. There has been no public meetings or information sent out to harbour foreshores residents, many of whom may well be unaware of the heavy increases ahead.
- If private business owners attempted to apply an increase of this magnitude in any other area affecting the public, I am sure it would certainly be stopped by an outraged Premier. We use this analogy to demonstrate the magnitude of the increase in rental which is unfair and unrealistic.
- The 6% rate of return on property rental is unrealistic and therefore an unfair base on which to build a fair rental. The correct return is closer to 2%.

- Should this increase go ahead we have no alternative but to pay the rental. We would be over a barrel. This is unfair trading.

We hope that the Review Board takes an equitable approach to these increases and applies a much fairer 'rule of thumb' with which to apply rental charges.

Yours faithfully

A handwritten signature in black ink, appearing to read "Emily Carnemolla", written in a cursive style.

Emily Carnemolla
On behalf of the Carnemolla Family