

December 2.2003

Review of **Rental** for Domestic Tenancies in NSW
 Independent Pricing and Regulatory Tribunal
 PO Box Q290
 QVB Post ~~Office~~ NSW 1230

Attention Bob Burford

My wife and I own a waterfront property at the above address and have a Licence (Permissive Occupancy) granted under the Crown **Lands** Act 1989- Section 34 which covers the use of a boat house, slipway, ramp, pontoon, and reclaimed land. This Licence dated April 10, 1995 was granted by ~~the~~ Minister for Land and Water Conservation. All of the above covered by the Licence were already established when we purchased the property at Auction in November 1993.

We note that the Review Issues Paper states that **rentals** payable under Licences administered by the Department of Lands were last reviewed in 1990 in the Sydney metropolitan area. NOTE: Our licence agreement states that First Market Rent Review Date was 11th January 1996 and was to be reviewed Triennial thereafter. The history of rents paid by us ~~is~~ as follows:

April 1995 - two years rent to December 8 , 1995	1220.00
February 1996- rent to December 7, 1996	671.00
February 1997- rent to December 7, 1997	675.00
February 1998 - rent to December 7, 1998	672.00
February 1999- rent to December 7, 1999	684.00
February 2000 -rent to December 7, 2000	696.00
March 2001- rent to December 7, 2001	739.00
March 2002- rent to December 7, 2002	785.98
December 2002 -rent to December 7, 2003	783.00
December 2003- rent to December 7, 2004	799.00
Total rent paid to date	\$7724.98

Note also that the rent advised to us payable by the previous owner immediately before we purchased the property was \$570. The rent therefore has increased by 40.2% since December 1992 an average of 3.35% over the twelve years !

In addition to the above we have incurred some \$6700 in maintaining the subject structures including replacing :

poles locating the pontoon- cost in November 1996	2500
Rebuilding pontoon after storm damage	2000
Replacing fibro roof on boathouse with colourbond	2000
Painting boathouse	m
Total cost	6700

Note also that it is a condition of the Licence that "the holder will allow the public to at all times have access over that part of the land that is **situated** below Mean High Water Mark and which is commonly known as the foreshore and any structure constructed on the land shall be constructed so as not to obstruct access by the public over such lands".

Note the timber walkways around the boathouse, the reclaimed land, and the paved slipway area all facilitate ~~the~~ public access to ~~the~~ foreshores at ~~our~~ personal expense in respect of the rental applying thereto and the maintenance thereof.

The Issues Paper states the formula proposed by the Department of Lands and the waterways authority is:

$$\text{Rent (per sq. m)} = 50\% \times \text{Valuer General's Statutory Land Value (per sq. m)} \times 6\%.$$

In respect of our property the proposed rent would be calculated using the proposed formula as follows $50\% \times \$899000$ (VG as at 01/07/03) divided by land area $1333.8 \text{ sq. m} \times 132 \text{ sq. m}$ (area defined in licence agreement) $\times 6\% = \$2669$. An increase of 234% !
We strongly object to the proposed increase for the following reasons:

1) We paid stamp duty of \$32844 based on the market value of this property when we purchased it at auction. We purchased it because of the waterfront facilities available to enable us to access our boat. Hence the stamp duty paid reflects a value on the waterfront facilities rented under the licence agreement.

2) In addition to the stamp duty we pay annual rates (current year \$2129.98) assessed on the VG of \$677000 as at 01/07/00. These rates will no doubt hike next year based on the new VG! With VG based on an assessment of market value it must include the waterfront facilities subject to the licence agreement.

3) The licence is at the sole discretion of the Minister.

4) The public are allowed to have access around the licenced area which has to be maintained at our expense.

5) Conditions on the licence are numerous " in excess of 80 conditions !

6) Licenced area is not freehold.

7) Structures subject to the licence agreement were provided at no cost to the Minister!

8) Structures are maintained by the Licencee . Note cost to date by current licensee of approximately \$6700.

9) Licencees do not have access to the Department of Fair Trading as do normal residential tenants.

10) As implied above in (1) landowners already pay Land Tax on their properties because of the added value of the licenced area.

11) The Landlord of the licenced area (The Minister) has a monopoly.

12) The proposed rent will be linked to UCV which has risen astronomically rather than market rent rates which have fallen.

13) As a boat owner we have also incurred significant cost increases in boat registration, mooring rent and annual maintenance cost thereof.

14) Living on the waterfront already comes at a significant cost especially in respect of the cost of maintaining the home subject to damage by the elements including salt water, and the effect of corrosion.

Given all the above I also point out that when we purchased this property ten years ago I had secure employment. Unfortunately I was forced to retire at 56 years of age for health reasons due to viral encephalitis and have been living on a self funded pension since October 1996. We along with many other retired people living in waterfront properties cannot afford the horrendous rental increases proposed in respect of the subject review on top of all the other expense hikes we suffer given our relative fixed income.

I would be pleased to provide any further information you may request to support my position in respect of this proposed rental review.

Yours sincerely,
N Evans

