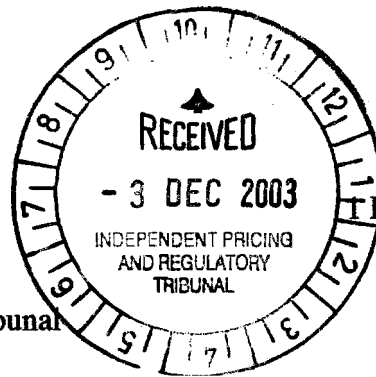


H. Fronzek



December 2003

**Attention: Thomas G Parry**  
Chairman  
Independent Pricing and Regulatory Tribunal  
Level 2  
44 Market Street  
Sydney  
NSW 2000

**Re: Review of Rental for Domestic Waterfront Tenancies in NSW (ref: 03/358)**

Dear Sir,

I would like to express my deep unhappiness and alarm at the proposed changes to waterfront tenancies, from the extreme increases in rental rates to the further loss of rights to us as tenants.

I have been a tenant for 27 years and have seen my land value rise 3,108% from \$37,000.00 in 1976 to **\$1,150,00.00** in 2003. In that period my PO rates have risen 3,097% from \$124.00 pa to \$3,840.11 (+ **GST**) pa. During this period, there have been three rent reviews that I **am** aware of and PO rental rates have tracked land values, **as** the figures above illustrate. I have just calculated that under the proposed new scheme, you want to increase my **PO rates** a further 330% to \$13,881.52 pa. This is a ludicrous proposal. If rates were truly out of sync, a number of smaller corrections in the past could easily have brought **them** into line. Instead, this proposal reeks of revenue grabbing.

Consider the following hypothetical scenario. If, as a residential tenant, I were offered a luxury apartment on the land below my mean high water mark, I would be happy to pay the rate proposed in the review. I would move my **things** into a quality building **owned** and maintained by the Department of Land and Water Conservation knowing that I had a signed contract that guaranteed my stay and ensured access to arbitration if there were any disputes. I would be guaranteed privacy; no one would be allowed to walk into my abode without my permission and my landlord would have to give me notice to inspect my apartment. I would have the right to insist that the apartment was **maintained** to some standard of quality, just as my **landlord** would have every right to expect me to treat his property with respect.

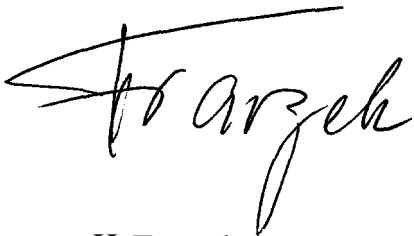
What the department is proposing, is that for the same rent as my hypothetical apartment, I would have to build the apartment and maintain it myself. I would have no contract that

would guarantee my tenure and I could be evicted on a whim and be expected to demolish all structures and make good. I would have no privacy and would have to tolerate the free will of the public and furthermore, I would have no access to arbitration.

To make matters worse, the value of my hypothetical apartment has been based on the value of my freehold land, which itself has been valued based on the presence of **my** hypothetical apartment. **This** circular method for assessing land value ensures that rents will spiral out of control.

Whilst the proposed formula, in principle, follows a logical approach to rent assessment, I believe it does not take into account the encumbrance of the licence. If **the** formula were to continue to track land values as it has done in the past, the weighting factor of **50%** would have to change to a value of **13.88%**, when based on the figures presented above. However, if it is **to** more accurately reflect the onerous nature of the agreement between licensee **and** licensor, then **this** weighting factor **should** be set **to** a value well below.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Fronzek', with a stylized, flowing script.

H. Fronzek