



Don MacDougall

24th November 2003

Review of Rental for Domestic Waterfront Tenancies in NSW
Independent Pricing and Regulatory Tribunal
PO Box **4290**
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NSW 1230

Protector of Lot 20 DP 12633, Minimbah Road, Northbridge

I would like to make the following submissions in regard to the proposed review ~~into~~ rentals for waterfront tenancies in NSW

(1) The proposal has been hidden from the attention of the public of NSW and from the owners of waterfront properties. With a h t e d number of waterfront private landowners there should surely have been written notification sent to each and every one of them to enable them to make submissions before the deadline of **5th** December 2003.

I only found out about the proposal by word of mouth last Saturday morning from another waterfront landholder.

Due to the lack of notification I request that the deadline be extended to as the earliest April 2004 to enable the public and foreshore landholders to consult experts for assistance ~~in~~ preparing submissions.

(2) The proposed formula for calculation of rental is basically corrupt . The use of the **V.G.** valuation is unfair in that the value of the leasehold land is included in the valuation and unless excluded will result in double-dipping. If that method is adopted it ~~will~~ result in the lower and middle income earners having to dispose of their properties and the waterfront provinces will become the exclusive abodes of the very **wealthy**. **I am** sure this is not the intention of the NSW Government.

(3) It is dEicult to calculate the effect of the formula on the rental of a lease unless there be clarification of the meaning of " (of adjoining waterfront precinct) " does or does it not include the value of the leasehold as well as the adjoining waterfront freehold ?

(4) If the "precinct" does include the adjoining lease then it should be noted that the V.G.s method of valuing the leasehold area is flawed as the leasehold is valued on par with the adjoining freehold land. The waterfront lease is only assured for a period of one year and that **is only** with compliance with myriad onerous conditions. The Waterways Authority has advised all leaseholders that there is no guarantee that the lease will be

transferred to any future purchaser of the adjoining freehold land nor is there any assurance that the lease will be renewed after twelve months. For this and many other reasons there can be no justification for the leasehold land to be valued at par with the freehold land.

(5) My submission includes the fact that the current **V.G's** valuation does not take into account the recently established **·FORESHORE BUILDING LINE ·** which has been imposed by the Willoughby City Council. This new restriction must depreciate the value of the freehold land adjacent to the waterfront lease as no development is permitted between this line **and** the waterfront (with a few petty exceptions).

(6) The proposal that a return of **6 %** is a reasonably expectable return on waterfront properties is a ridiculous assumption as it would (unfortunately) be impossible to achieve such a high return in the real world. A return of even **3 %** would be difficult to obtain.

(7) There **have** been statements **made I believe** by **some** members of the NSW government that leasehold rentals have remained static for many **years** . In order that the Tribunal is not influenced by such statements I detail below the increases that have occurred in my lease rentals :- .

When I entered my lease in **1986** the annual fee was set at **\$212.00** per annum **for** three years increasing to **\$425.00** p.a. for the next three years **then** \$637.00 For the next three years up to **1995**. Since then the annual rental has increased to **\$2,521.00** as it stands today. So much for political ignorance or disdain for the truth

(8) The meaning of " adjoining waterfront precinct " is of utmost importance in that the rental amount will vary considerably depending on the interpretation **used** . If the **V.G's** figure including the lease is used then the annual fee on my lease would be **\$18,150.00** an increase of **720 %** which **I** and any fair minded person would consider inequitable.

If the figure **excludes** the value of the lease then the annual rental would be **\$2,422.00** per annum This would result in a small reduction when compared to the already severely increased rental.

It is interesting to note that if the first alternative is used that the increase in my rental would amount to **8,561.32 %** over my initial rental !!

I sincerely hope that reason will prevail when consideration is given to this **matter**.

Yours faithfully,

D.G