

3/12/03

Mr Thomas G Parry  
Chairman Independent Pricing  
And Regulatory Tribunal  
PO Box Q 290  
QVB Post Office NSW 1230

Dear Mr ~~Parry~~

**Re: Review of Rental for Domestic Waterfront Tenancies in NSW**

We purchased our waterfront property in March 1997 (paying \$40494 in Stamp Duty) and completed a house in 2000 for our retirement years. Returning last week from caravanning in WA imagine our horror that the rent for our waterfront licence is proposed to be increased by at least 500%. At our time in life our income earning capacity is extremely limited. We were hoping to maintain our boating activities as long as our health allows. Now it appears for the second time in our lives we may be forced out of our property by another huge tax.

The proposed formula is completely flawed and based on unrealistic expectations. We believe the actions taken in Sydney Harbour in 1992 create a legal precedent that the value of wetland should not be linked to the value of the adjoining property. Our action group is working with lawyers and an economist who will come up with a more realistic and equitable formula.

To base a formula on a **6%** rate of return shows no understanding of the rental returns on waterfront properties. Advice from experienced real estate agents in our area indicates the return is in the vicinity of 1%. We experienced trying to find tenants for a waterfront property in Palm Beach years ago and had great difficulty especially in winter.

To be expected to pay 'so called market value' for jetties etc. on a licence with so many restrictions creates huge problems. We are paying for a berthing pen, which is too shallow to accommodate our yacht. If it is a marketable commodity we should be able to sub lease it to help pay such **an** increase in fees. We have paid substantial amounts of money to maintain these structures and under the proposed formula will have to pay **an** inequitable rent to use them. If our licence is not renewed there is no compensation. When we can no longer use our boat we may have to consider removing the structures to save on onerous fees. We are also expected to allow public access over the leased area. If paying full market value one would expect exclusive use **of** the area.

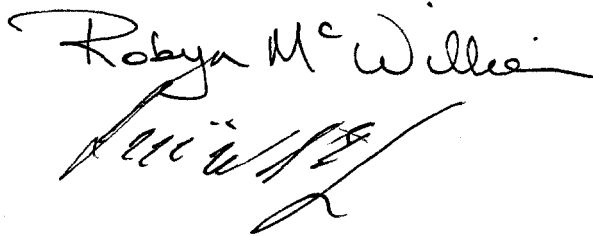
The proposed formula is tied in with residential property rental to which no GST is applied. How then can **GST** be applied to domestic waterfront tenancies? We understand

that our licence is deemed to be adding value to our land and are already paying extra council rates due to this. So this new proposal means we will be paying twice.

Why are we so concerned that the proposed formula is inequitable on both legal and economic grounds? We have been forced out of a property before due to unexpected huge tax increases. In the early 1980s we tried to keep a waterfront property in Iluka Road, Palm Beach, which had been in the family for almost 20 years. Robyn was teaching at the time and all her wages paid the mortgage. When we took over the property as a weekender the Land Tax payable was around \$256. Within three years revaluations had sent this to over \$7000. That's when we tried to rent the property but any rentals gained were absorbed by this one tax. We were forced to sell.

In this case, our concern is that we'll be forced out of our home by unexpected and escalating fees. We hope the Tribunal will adopt a formula based on the separate value of wetland and a realistic rental return given the restrictions of the licences. The current **proposal is a threat to all owners of waterfront properties. With such short notice we trust** we can add to these objections at a later date when more fully advised.

Ian & Robyn McWilliam

A handwritten signature in black ink, appearing to read 'Robyn McWilliam', with a large, stylized flourish underneath.