

03 December 2003

Review of Rental for Domestic Waterfront Tenancies in NSW

Independent Pricing and Regulatory Tribunal

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Dear Members of the Tribunal,

I would like to convey my objection to the proposal to dramatically increase the rent for waterfront tenancies (as outlined in Discussion Paper DP71 dated October 2003).

My objection is based mainly on the **formula** proposed for the calculation of annual rents (3 % of the **Statutory Land Value** per square metre of the **adjoining land** multiplied by the **area** of the tenancy plus 10% GST). I maintain that this formula is unrealistic, inequitable and inappropriate.

Unrealistic because it would result in an **enormous and sudden increase in annual rent**. In many cases the rent would be increased by over 1000%, that is, it would increase to more than ten times the present rent. This would probably be unprecedented and possibly be illegal (or at least immoral) in any other rental situation.

Inequitable because many holders of waterfront tenancies, including self funded retirees and long term residents, **do not have the income** to enable them to pay several thousand dollars more every year to the NSW Government.

Inappropriate because the **value of adjoining land is not related** to any supposed value or area of the tenancies. Some 'waterfront' properties have tidal mud flats, sand spits or rock ledges extending for a considerable distance beyond the mean high water mark. These properties require long jetties to provide access to a suitable water depth. Other properties have close deepwater frontages and require a much smaller length (and therefore area) of jetty tenancy. It would be most unfair to apply the same formula to such varied situations.

Also, it seems unreasonable to charge a high rent (tax) on tenancies that may be terminated at any time but which must be maintained by the tenant and made available for public use (e.g., by fishermen) and often provide a source of food and shelter for native animals.

The proposed formula appears to be seriously flawed and should be discarded and replaced with a system based on the **present rental, annually adjusted in accordance with the CPI**. I believe this would not only be administratively simpler, but also fair and equitable.

I respectfully request that the Tribunal **give** serious consideration to the above issues.

Yours faithfully,



A. L. Reed