

Re: Review into rentals for Waterfront Tenancies on Crown Land in NSW

I am the lessee or licensee of waterfront facilities from the Crown at (address deleted).

The Lease reference: (deleted)

Customer Number: (deleted)

I wish to submit my observations of the Issues Paper by IPART in relation to the above subject matter.

Firstly, as found by public review after submissions by myself and others to the Boat Owners Association as represented by the late David Vance.

That the proposal to link waterfront rentals to the value of the attached freehold land by calculation was fundamentally flawed because:

1. Leases were limited to three years (maximum) which was insufficient to amortise the capital out of structure against the average life of that structure (e.g. turpentine structures can have a life of up to fifty years)
2. There is no theoretical market rent because the tenant under the terms of lease is prohibited from sub-letting the facility and more importantly from transferring the lease on sale of the free hold land (as proven by recent refusals by the authority to transfer a lease in Middle Harbour.)
3. The proposal attempts to change the rules without reasonable notification to the lessee and changes the reasonable expectation of property purchases and therefore adversely affecting the reasonable expectations of property owners.

The above facts remain unchanged since 1992.

Secondly, these increases will result in a four hundred percent plus increase to myself, as a self funded retiree after forty six years in the work place, this is an unreasonable increase by any measurement. This effect of the proposal alone is inequitable and unreasonable and would be unsustainable in any commercial forum.

Thirdly, the proposed six percent increase is totally out of touch with actual market conditions, as quite commonly in Longueville for a property of this type 1.9% Per Annum Gross would be more realistic.

In fact, as proven by local statistics, very few residential rents produce more than 4.5% gross income.

Fourthly, many boatsheds, ramps and the like are not attached directly to the lessee's freehold land, and are actually commonly attached to waterfront reserve. This proposal does not seem to accommodate these circumstances and conditions.

Fifthly, since the lessee is not only responsible for the construction of the improvements but also for the continued maintenance and outgoings, how could a rent of this magnitude be justified?

Sixthly, and most importantly, if this proposal were to proceed, in the future with increases to the S.L.V and with the rental percentile fixed or increasing, there is no provision for the authorities income to be controlled, at say CPI increase and with the increases in SLV exemplified by the last two years, the escalation in cost to the lessee would be totally unacceptable and unreasonable.

It can be clearly seen that there is no procedural fairness exemplified in these proposed changes, and the expectations of the authority can not be any way legitimatised.

I therefore submit that the present arrangement continues with equitable CPI increase to those rents with appropriate notification to lease holders in accord with reasonable land lord practices.

We thankyou for this opportunity to make my submissions.

K J Baily