

30th October 2003

Prof T Parry,
Chairman,
Independent Pricing and Regulatory Tribunal,
PO Box Q290,
QVB PO, NSW

Dear Prof Parry,

Submission: rental for domestic waterfront tenancies

I am aware that the subject of waterfront leases is a most complex one, tenancies being hosted by a number of authorities, including Waterways, National Parks and Wildlife, Department of Lands (DoL), and many local councils. I understand this Inquiry is specific to Waterways titles.

My concern is for the implications of rental increases on waterfront land use, particularly clubs. I note that IPART states that clubs occupy commercial leases, and implies they are therefore immune from the proposed changes; I am concerned that a broad increase will have a flow on effect. I am aware that the specific term of the review is “domestic waterfront tenancy”, but am not confident that the implementation of the review findings will be applied with the same degree of specificity.

A digression

Please allow me a digression, the point of which I assure you will become accordingly lucid. There are few sports that can be claimed to be developed of Australian origins. There are fewer still of that ilk which are celebrated Olympic sports, in fact I am not aware of any other. The racing of open boats, or skiffs, is a sport that dates back to the early C19th, when “long before cricket and the turf became obsessions in the infant colonies [NSW & Vic], vast crowds, often hundreds of thousands strong, jammed every vantage point about Sydney Harbour and packed upon fleets of steamers to gamble and to gape at the incredible antics of the men who dare to race the big boats”¹. Borne out of the competitive spirit of Sydney’s waterfront and inner city blue-collar workers, and with the later patronage of Mr Mark Foy (the famous entrepreneur and retailer), skiffs of 8 to 22 feet of length jammed the Harbour on weekends. Some 100 years later, many skiffs of the same old denominations, 18,16 and 12 feet may be found on the harbour, accompanied by a plethora of other open boats of similar concept. The 18ft skiffs are raced all over the world, the most recent World Championships being hosted in San Francisco. The 49er Olympic sailing class, developed by Australians Frank and Julian Bethwaite, is of the same genesis.

While skiff sailing has been celebrated in Australia, and ultimately throughout the world, as a magnificent egalitarian sport, the old amateur clubs, and the old waterfront uses, are today burdened with utterly unsustainable liabilities. The popular

¹ *The Blue Water Bushmen*, Bruce Stannard, Angus & Robertson Publishers, 1981. p1

media delights in associating sailing with elitism: chardonnay and waterfront mansions, large shiny ‘stink boats’ and absurd private jetties, and this aberration is now becoming self-fulfilling. As taxes, levies and rents are ratcheted up on the premise that by hitting waterfront they’re hitting the rich, the only users left will be those able to pay: the rich. Behind the Premier’s rhetoric of the working harbour and the traditional waterfront uses, the old open boat clubs are burdened by the explosion of insurance costs, both property and public liability, they are burdened with changes in interpretation of “safety” and “risk”, and their land-use, increasingly inconsistent with surrounding multi-million dollar residential land-use, is frequently unwelcome amongst Sydney’s most influential neighbours.

The skiff clubs, and the associated traditional uses of Sydney Harbour, from these burdens and others, have become very much weakened. One of the few reprieves extended to them have been below market-value leases. With the spectacular escalation in the cost of waterfront land, no amateur club could hope to meet contemporary market costs. The skiff clubs are a fortunate legacy of bygone era, which today, as they did 150 years ago, provide access to the harbour for those who could not afford it any other way. The junior open boats run from the old clubs, such as the Sabot and the Manly Junior, provide the only affordable access to sailing for children. While more affluent yacht clubs provide elaborate youth training programmes through exorbitant subscriptions and various revenue generating initiatives, these remain largely inaccessible to the bulk of Sydney’s population. It is only the skiff clubs which provide the opportunity for a child to race his own boat, and learn the sport as it has been learnt since the pioneering days skiff racing.

It would be a terrible outcome if this cultural heritage, the accessibility of the harbour to those who haven’t the affluence to pay the “market rate”, was lost. With the existing pressures that all clubs are facing, the effects of increased waterfront leases could easily prove to be the final imposition.

Increasing the leases

I passionately oppose any increase of waterfront leases as they apply to clubs and club uses, including (in addition to clubhouses) things such as wharves, slipways and ramps. These uses and institutions are irreplaceable cultural treasures, and with the fabric of related uses shredded by a combination of exploding waterfront land values and government policy, many are on the brink of loss.

As it is not clear whether club use falls into “domestic” use (particularly when parts of clubs lie on bequeathed residential leases), there is an imperative to clarify this aspect. I propose formulation of legislative protection for existing club “commercial” leases to eliminate the possibility of flow-on from “domestic” increases.

More general remarks on domestic leases

Rather than apply a blanket formula to waterfront uses, there should be an assessment of the nature of the use. The popular media presents the Government’s desired image of lavish private jetties accommodating floating gin-palaces, and desirably appointed waterfront “sheds” sitting on reclaimed land around Point-Piper,

Darling-Point, Elizabeth Bay, etc. Clearly this is only part of the picture, and while it may be desirable to target these private entertainment uses, this proposed formula takes no account of use other than that it is “domestic”. It will not discern the difference between a weatherboard waterfront tool-shed/ slipway that has been there for a hundred years and a block-maximised concrete monstrosity that overhangs the foreshore.

It is not enough to assess leases on adjoining land value alone. There must be a more specific assessment of use. In the same way local government planning implements recognise a difference between an enclosed entertaining space and a car-garage or a backyard tool-shed, assessments of water front use should recognise similar differences on the waterfront.

It is a matter of certainty that the blanket application of the proposed formula will contribute (along with the plethora of ad-valorem land-tax, council-rates, fire levy, etc.) to the final removal of the traditional harbour uses, and will only compound capital-maximising for tax:capital ratio minimisation.

Yours sincerely,

David Caldwell.

CC: The Minister for Planning