

Terry Chapman

16th November, 2003

Mr. Bob Burford  
Review of Rental for Domestic Waterfront Tenancies  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post office, NSW 1230



**Review into Rentals for  
Domestic Waterfront Tenancies**

Dear Mr Burford,

Comment on the Issues Paper into the  
Review of Waterfront Property on Crowned Land

Please find attached my comments on the Issues Paper DPOI in respect to the review to water front rentals in NSW.

I have set out my comments in the attached document, however, I would like to make two very clear points.

1. The invitation for submission was advertised in the Daily Telegraph and Sydney Morning Herald on Monday 7 October 2003. I like most of my neighbours did not see this advertisement.

I did not become aware of this document until 16 November. I wrote to IPART requesting an extension of time (see appendix I ) but was advised verbally that was not possible.

2. The rent increase as proposed is a 456% increase. This is clearly grossly unfair, unequitable and UN-Australian.

I therefore, as a first issue, request that additional time is given for all owners of water front properties to review the impact and to more fully prepare appropriate responses.

Regards,

Terry Chapman

**ends**

## Issues

### **Item 1 Formulae proposed by the Department of Lands is excessive.**

I have checked the Value and General's new valuation of my land.

This has had a **10%** increase in one year i.e. Land value is now \$881,000.  
If we apply the formulae, the jetty charge fee increases to:-

i.e. Rent (per m2) = 50% x Valuer General's Statutory Land Value (per m2) x 6%.

For Licence <b>L347188</b> the area is	=	108.8sqm
Land area for DP13760 Lot 44	-	657sqm
Land area for DP752046 Lot 219	-	88.5sqm
Total Land area	=	746.1sqm

Therefore, rent per m2 =  $0.5 \times \$881,000 \times 0.06 / \text{land area (746.1sqm)} = \$35.42 \text{ sqm}$

Licensed area is 108.8sqm therefore total cost =	108.8 x \$35.42 =	\$3,858.15
	<b>GST =</b>	\$385.42
	<b>Total =</b>	<b>\$4,243.97</b>

The current rental is \$930 **so** therefore the rental increase is a massive \$456%.

To my knowledge there has never been any increase of this magnitude by any Government or Private Sector Service provider. CPA in the last 12 months has been in the region of 2 - 3% and even Value General's increase **on** the land at 220 Hudson parade **of** 10% while excessive compared to CPI is nowhere near what **IPART** is proposing.

### **Item 2 CPA Increases (see attachment 2)**

Data from the Australian Bureau of Statistics (as set out in Attachment 2) show that CPI in Sydney over the last 4 years was:

1999-2000	2.4%
2000-2001	6.2%
2001-2002	3.0%
2002-2003	<b>2.8%</b>

**So**, how can the Value General nominate a land value increase of 10%?

More importantly, how can IPART recommend a massive 456% increase in a single year?

## **Item 2 Public Access**

There is the access gate for the public onto my reclaimed area. A condition of the license clause number **L347188** is that access must be granted to the public. I live adjacent to the public reserve where there is continual access by the public to the waterfront. It is not correct to say that these structures are of sole use.

## **Item 3 Comparison of charges of a swing mooring**

A swing mooring for a reasonable sized boat would occupy an area of around 177 sqm (i.e. boat length 10m with 5m of mooring line). A swing mooring cost is around \$300-600 p.a. A swing mooring has a reasonably restricted area of occupancy of the water area. I believe it is absolutely unfair that jetty's are charged at the significantly higher rate than swing moorings. (I am not advocating that swing moorings increase charges).

## **Item 4 Comparison of charges**

The Council rates on my property totals \$2,091.60. For these rates the ratepayer's are provided with services by council, which I am sure you are familiar with. The proposed charges for the use of the jetty are more than 2 times that of Council rates and there are absolutely nil services provided from the Department of Land and Water, for these facilities. This is grossly unfair on Licensee holders

## **Item 5 The fundamental basis of the charge**

The formulae in the Issues Paper refers to the jetty rental to a percentage of the land value. There is no reasonable basis for tying this formulae to land value as the land has value because of location:- proximity to water:- and that you can actually build a dwelling on the land. A jetty in isolation has no value (unless there is a house attached). If there was no house on the land then Government would receive no revenue i.e. a jetty without a house attached has no intrinsic value. The other key problem is that land values in Sydney is excessive, certainly higher than any other part of Australia including the North Coast. In addition high land values are taxed again by Government Land Tax which again is a discriminatory tax.

The basis of the jetty charge should not be tied to Land Value. The jetty charge should be retained as is. The current pricing mechanism has a CPA clause (see attachment from my licence).

## **Item 6 Ability to pay**

As mentioned in Item 1 the formulae calls up a pricing regime that is grossly excessive. To cover a rent increase I would have to earn around \$7,100 pre tax to cover the rent increase. Clearly it is not possible for me, or the majority of Licence Holders to inflate our income. Most people will simply be unable to pay the increase. Therefore, this will require people to do one of the following:

- i) Remove jetty's. This is an expensive option, again, which a lot of people cannot fund.

- ii) Sell Property. Many people will be forced to sell their properties as they cannot afford to cover this massive increase. There are many people on fixed incomes and even people who are currently working cannot fund this significant additional expense without selling assets.

### **Australian Attitude**

Australia has always been a country where we have had egalitarian attitudes. We have had a culture where Government services have been charged at a uniform rate no matter what the financial basis of the person is. We have also treated people equally no matter where they live. Throughout Australia there are many instances where there is Government Land or Government services attached to private property i.e. Golf clubs, grazing permits, to name two that benefit people from all cross sections and incomes. For some reason the NSW Government seems to be targetting domestic water front users who are generally located in a "liberal party electorate" who have a similar occupancy license i.e. this impact does not affect any voting patterns for the current party in power. The charge is certainly discriminatory but more importantly it is "unAustralian" to target in such an onerous way a small minority of people. Australian's have always treated everybody as equals. We particularly pride ourselves that minority groups are always treated equally no matter what the situation or issue. Therefore, why is this Government proposing to target this minority for this excessive treatment? If we had more time I would seek legal advice under the "Trade Practices ACT" to see if there is a legal basis for preventing this claim! My view is this must be an "Illegal charge" and be unfair trading

### **Government Return**

The Government has asked for a return of 6% and also to cover cost of administration. The only service provided by Land and Water is to post out an invoice. Certainly to my knowledge the cost of processing an invoice should be no more than \$50-100 p.a. so therefore on my current licence costs \$930. The Government is already getting 800% return purely on a cost basis. I do accept that Land and Water do have patrol boats and other services which provide a service to all water front issues but I understand there is some 4,500 water structures in the Sydney Basin and there is an enormous revenue return already in the piwater region. There is one boat to service the whole area and the reality is that most of their time is spent on swing moorings and I have never seen any involvement from Land and Water on a fixed structure.

In any case, due to the very high cost of property, a realistic rental return is at best about 1% Not 6%

The proposed formulae is setting a monopolistic super normal profit for Government which should be reviewed against the basis of a "single supplier services".

### **Trade Practice Act, ACCC Regulation**

The trade practices act, compiles business, and organizations to operate according to rules as laid out by the federal government, and administered by the ACCC. The intent of the legislation is to allow competition and fair pricing for goods and services; in particular; its charter is to prevent monopoly suppliers from charging unfair rents, or charges for services. Indeed we have just seen the ACCC stop the takeover of Berrie by Amatil, i.e. it would have reduced competition. We have seen

Telstra open its markets to competition in the telecommunications market etc. In this case we have the State Government as the owner, proposing a charge that is selective to a narrow base, that is grossly in excess, of what has been an established charge over the last 50 years or so. Residents have a presumption, based on past acts that the charges in the future would not be significantly greater than what has existed in the past. I have requested legal advice on these points, in view of the short time scale, I have not had a legal opinion

### **Aesthetics and Character of Pittwater “Loss of Heritage values”**

The aesthetics of Pittwater, is that most waterfront houses have Jetties, some have boatsheds, and slipways, but all have some construction that is adding to the character of the area, i.e. the houses were first built to use the waterway, and the amenities were to serve that purpose.

1.e. a jetty on a waterfront home adds to the character of the area. If you look at boat traffic, there are a very high number of people who like to cruise past the houses to look at the buildings and fixtures; i.e. the area has an appeal, due to the waterfront constructions. (Many more cruise past the developed areas than the national park waterfront where there is “no construction”. This is a fact, you may not like it, but it is a fact. So if we are forced to remove the jetties and slipways then there will be a change in the character of the area and I am sure Pittwater council, as well as local residents will complain about the loss of Heritage

Indeed in the Development plans for Pittwater, the council refers to waterfront properties as “Having an established link to waterfront activity

### **Comparable Government leasehold**

There are many examples of government land that is used by sections of the public, on reasonable licensee conditions.

Golf Courses; there are many where members from all walks of life have access to land for an amenity. Many of these courses now occupy very expensive land, however if this formulae were used, it would be impossible to have a golf course that people could afford to use. Now I do not play golf, but I as a taxpayer, & I begrudge that government land is used for this purpose. It is part of the heritage and character of the area's which we live. 1.e. Palm Beach Golf courses, how much would that cost to rent if this licensee was applied!

There are playing fields for soccer, netball, football, polo fields, racecourses, and even public beaches! There is Grazing land, the list is endless! What you will do if you push this style of charging is make it impossible for ordinary people to enjoy any of our wonderful areas.

As I mentioned above, jetty space, is not the sole use of the houseowner, we have to provide access, Unlike a golf course, if we did not have the jetties then the Government would have nil returns, i.e. a golf course could be sold for housing!

Look if it is about maximizing tax to the government then surely it is better to have a fair return, than to either have none, (i.e. householders removing structures,) or a "super exclusive province for the very wealthy")

In Fact I do not think there is an enough wealthy people who can afford this, so land values will fall, and on sale, the government stamp duty will also fall.

As it is the government gets the stamp duty revenue on the waterfront land, on a sale, (mine was about \$37,500, i.e. very high. How many times are you going to tax us!