

I herewith make a submission to the Review of Rental for Domestic Waterfront Tenancies in NSW.

Each year I rent land below my high water mark for a floating swimming pool in front of my waterfront property. I pay an annual rent for this.

Some time ago (perhaps 1990) the Waterways Authority sent a bill for the rent that was grossly inflated over the previous year - I can't remember the exact amount, but perhaps up 500%.

Their defence of this great increase was that they had to charge 'market value'.

I declined to pay this market valued amount, pointing out that if I did not rent the area then nobody else could. I was their only customer.

The amount was then reduced to an acceptable increase.

I make this submission in order to point out that the concept of 'market value' for a rent is a deceptive one if there is only one potential tenant - in other words, if there is in fact no market place. Under these circumstances the rental return to an authority is either what the particular tenant is prepared to pay, or zero.

An inflexibly formulaic approach to setting rent may tend to reduce revenue. However negotiation between an authority and a tenant will probably reap a monetary return in all instances.

Richard Wright