

# Yarrunga Landowners and Developers Action Group

C/ - Romeo Tamburri

P.O. Box 171 Hoxton Park NSW 2171

**For the personal attention of :**

Richard Warner

Metropolitan Water Pricing

IPART

P.O Box Q290

QVB Post Office NSW 1230

11 February 2008

**RE: Supplementary Submission to Sydney Water DSP Developer Charges  
Yarrunga Industrial Release Area – Extension of the Prestons Industrial Area.**

Dear Sir,

We refer to the telephone conversation 8/2/08 between Tony Gusti and Diana Pavkovic who kindly agreed to an extension for us to submit a supplementary submission for which we are grateful.

The Yarrunga landowners group represents land owners and developers within the Yarrunga industrial area. Together we represent a land area of some 129 hectares that make up the release area. The group wishes to submit that if the developer charges remain unchanged, development within the area will not progress and the creation of employment opportunities (which is the catalyst of the release) will simply not eventuate in this area. Such a situation goes entirely against the State Government objective of ensuring that employment opportunities are generated commensurate with residential growth in the locale. The charges will make it impossible to compete with other areas which are subject to much lower charges or no charges at all.

We consider the sewerage equivalent tenement (ET) designated to the Liverpool wastewater system to be completely unjustified as the revised developer charge effective 1 July 2007 have more than doubled the previous charges. The conversion factors used in the formula for light industrial developments are also unjustified as they have increased from factors of 27 to 55.3 without mention or notification.

**The Table Below gives an overview of the effect the conversion factors have on our precinct.**

<b>Table 1</b>	Sewerage developer charges and the effects of the conversion factors for light industrial				
	\$ET 1/7/07	Previous conversion factors	Current conversion factors	Charge if the previous factors were used	Charges using the current factors
Wetherill Park & other areas	\$ 0	27	55.33	\$ 0	\$ 0
Quakers Hill	\$1312.00	27	55.33	\$35,424.00	\$72,592.00
Liverpool	\$8070.00	27	55.33	\$217,890.00	\$446,271.00

**Does Sydney Water realise that it has more than doubled the Liverpool equivalent tenement charge while simultaneously doubling the conversion factor. This will obviously increase the DSP charges by a factor greater than 4 (ie. More than 400%)**

In our opinion Sydney Water has failed to comprehend the true effects the conversion factor has on areas which are subject to high \$ET charges as compared to areas with low or no \$ET charges at all. The above (table 1) clearly shows that the methodology used by Sydney Water can not work and is inconsistent and unfair as increases can not be achieved equally and fairly across all areas.

Sydney Water in its submission to IPART clearly identifies serious concerns with the methods used to determine the DSP charges and if the inconsistencies are not addressed with urgency they will surely jeopardize the development of Liverpool as the regional city for the south west sub region.

We are aware that Sydney Water considers the wastewater executive summary table (2005/06) to be incorrect as it has nominated the commercial and industrial figures to be of equal amounts based on a conversion factor of 27. We are of the opinion that at least 80% of development within the Yarrunga industrial area will be bulk warehousing due to its suitability for trucking companies to utilize the M7 Motorway and consider that bulk warehousing would have a less water usage than commercial premises. We are also aware that other submissions will include a report which will show that the conversion factors for bulk warehousing should be less than 5 % of the figures that Sydney Water has proposed.

Sydney Water with its conversion factor for light industrial developments has used a factor of 55.3 which would be the equivalent to:

The charges payable on 1 nett hectare of industrial land is equal to charges payable on 110.7 dwellings on 1 nett hectare of residential land.

1 net hectare of light industrial land would consist of a warehouse or warehouses covering 6000 to 7000 sqm with less than 40 employees utilising minimum water services for the likes of a few toilets tea and coffee facilities.

In comparison: 110.7 dwellings based on 3.3 persons per dwelling would equal 363 residents requiring an average of 300 toilets, 110 kitchens, 110 bathtubs, 220 showers, washing machines and not to mention gardens etc.

The above comparison would indicate that Sydney Water has formulated a method to force the light industrial developments to subsidise the residential developments.

Sydney Water in its assessment of developer charges has heavily penalised the Yarrunga industrial area, it has not assessed the area to be a small infill within an existing residential and industrial area with existing infrastructure which would have been subject to previous developer charges. Other areas such as the Eastern Creek and Smeaton Grange industrial areas would be considered stand alone developments requiring the provision of an infrastructure network and yet they are subject to substantially lower charges than the Yarrunga industrial area.

Sydney Water in its submission to IPART (Table A.3) has indicated that the change in the Liverpool wastewater developer charges based on \$8,376.00 to 30 June 2007 equal to 122%. Had that calculation been based on the capped figure of \$8,070.00 effective 8 November 2007, the percentage would have been even lower than indicated. The percentage difference that Sydney Water has indicated is clearly **incorrect and misleading** as Sydney Water has increased the conversion factor from 27 to 55.3 without notification. The correct percentage change as per the table A.3 in the Sydney Water submission to IPART 'Change in wastewater developer charges from 30 June 2007' is **323 %**.

We also dispute the Sydney Water proposed Hoxton Park recycled water capital contribution charge which is still to be placed on public exhibition and will not be operational till after 2010. The Yarrunga area has the capability of providing its own recycled water system per allotment.

The Yarrunga industrial area is subject to paying **\$329,199.51 per/ha** more for water and sewerage DSP charges than the Eastern Creek industrial area and **\$601,214.00 per/ha** more than some other industrial areas within its region, almost all other areas have had the developer charges reduced to **\$0**.

**The proposed DSP charges for the Yarrunga district will seriously impact on the viability and delivery of development.**

**How can developments in the Yarrunga industrial area compete in the market place with other areas?**

**How does Sydney Water justify no DSP charges in similar development areas, while the Yarrunga district incurs increased charges nearing 600% (including recycled water)?**

The comparisons in the table below are based on figures listed in the executive summary document 2005/2006 with adjustments in CPI of 2.8% ending March 2006 and 3.4% ending March 2007.

Table 2

<b>Industrial Locality</b>	<b>Developer charges (DSP)</b>	<b>Charge 30 June/07 \$/PNHa</b>	<b>Charge 1 July/07 \$/PNHa</b>	<b>% Change</b>	<b>Combined water &amp; sewer charge ( DSP ) \$/PNHa</b>
<b>Yarrunga Industrial Area</b>	Water ( Liverpool )	\$19,179.99	\$40,256.00	109.8%	<b>\$601,214.00</b>
	Sewerage ( Liverpool )	\$105,500.07	\$446,271.00	323.0%	
	Recy. Water	-----	\$114,657.00	New Charge	
<b>Smeaton Grange Industrial Area</b>	Water ( Narellan )	\$10,484.76	\$17,316.00	65.15%	<b>\$362,962.00</b>
	Sewerage ( West Camden )	\$90,928.71	\$345,646.00	280.1%	
<b>Eastern Creek Industrial Area</b>	Water ( Minchinbury )	\$38,386.40	\$71,476.00	86.2%	<b>\$157,403.00</b>
	Sewerage ( Quakers Hill )	\$36,647.10	\$85,927.00	134.4%	
<b>Chipping Norton Industrial Area</b>	Water ( Pipehead Pipeline )	\$5538.00	\$0	- 100%	<b>\$0</b>
	Sewage ( SWSOOS )	\$18,343.26	\$0		
<b>Ingleburn Industrial Area</b>	Water ( Campbelltown Sth )	\$19,195.02	\$0	- 100%	<b>\$0</b>
	Sewerage ( SWSOOS )	\$18,343.26	\$0	- 100%	
<b>Wetherill Park Industrial Area</b>	Water ( Wetherill Park )	\$16,668.08	\$0	- 100%	<b>\$0</b>
	Sewerage ( SWSOOS )	\$18,343.26	\$0	- 100%	
<b>Campbelltown Industrial Area</b>	Water ( Campbelltown Sth )	\$19,195.02	\$0	- 100%	<b>\$0</b>
	Sewerage ( SWSOOS )	\$18,343.26	\$0		
<b>Minto Industrial Area</b>	Water ( Campbelltown Sth )	\$19,195.02	\$0	- 100%	<b>\$0</b>
	Sewerage ( SWSOOS )	\$18,343.26	\$0	- 100%	
<b>Smithfield Industrial Area</b>	Water ( Prospect Pipeline )	\$2,835.04	\$0	- 100%	<b>\$0</b>
	Sewage ( SWSOOS )	\$18,343.26	\$0	- 100%	

## **Conclusion**

Sydney Water should remove the Hoxton Park recycled water capital contribution charge to properties capable of demonstrating onsite water recycling (OSR).

The Equivalent Tenements (ET) should be re-assessed and substantially reduced in order that the Yarrunga Release area be given the opportunity of competing with surrounding areas, allow for the creation of much needed job opportunities and take into account the fact that Yarrunga is an infill that has existing infrastructure and is totally surrounded by industrial and residential developments.

Sydney Water should amend the conversion factors as they are clearly incorrect. Bulk warehousing should not be calculated as heavy industry with high water flow rates. Sydney Water has the option to assess industrial development as per the usage demands, therefore we recommend that the base rate for industrial developments be reduced to a fair and just low rate and assess the heavy water users accordingly.

Sydney Water should reduce the rates substantially to the Yarrunga industrial area prior to the review in mid August or grant an extended period to pay the DSP charges at the charges prior to 1 July 2007. The landowners, developers and prospective purchasers should not be penalised for the inconsistencies that Sydney Water has created and nor should Liverpool be denied the opportunity to develop as the regional city for the south west sub region with employment targets of 35,000 Jobs.

Should you wish to discuss or clarify any aspect of our submission please do not hesitate to contact Con Taccone on 9756 5697 or Mob. 0425 288 542.

We trust you will take our concerns seriously and thank you in anticipation of a fair and favorable outcome.

Yours Sincerely,

**Romeo Tamburri**

**On behalf of the Yarrunga landowner and developers action group.**

cc. Kerry Schott (Sydney Water)