

ABG DEVELOPMENTS P/L
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29 January 2008

The Chairman
Independent Pricing and Regulatory Tribunal
PO. Box Q290
QVB POST OFFICE NSW 1230

Dear Sir,

**RE: REVIEW OF DEVELOPER CHARGES FOR METROPOLITAN WATER AGENCIES,
SYDNEY WATER DSP CHARGES REVIEW**

I write as a concerned developer with land within the Prestons Industrial and Yarrunga release area located within the Liverpool NSW precinct area. I have recently submitted for and received a Notification of a requirements for section 73 Subdivider/Developer Compliance certificate(NOR) from Sydney Water (Case.No 109537) for one of our properties.

I can tell you that I was horrified at the ridiculous figure that Sydney Water had come up with for the DSP Charges. Basically to develop, or in our case build factory units on 5 acres of land, the total DSP charge comes to \$1,215,437.00. When we originally budgeted for this employment creating project last year, the total charge was accessed as being approximately \$216000. That's a 1 Million dollar (500%) increase. This new amount now represents approximately 20% of the total project cost including building and council section 94 charges, **that's twenty percent.**

As a developer we believe that the new rates for the Liverpool precinct area are not only totally outrageous but indeed scandalous and totally unjustified as we believe that the overall water and sewer infrastructure required for its development by Sydney Water is already available. Aside from an additional sewer carrier which will need to be designed, constructed, and funded by our company if we were to become the lead developer for the area (a requirement noted on the NOR) how can Sydney Water justify the following:

Sewer charges going from approx. \$88,000.00 to \$446,271 per ha in 1 year.

Water charges going from approx. \$20,000 to \$40,286 per ha in 1 year

As well as a new charge for recycled water of \$114,657 per ha for a system that hasn't been completely designed but yet is targeted for completion in late 2010

All of the above charges total approx. \$600,000 per ha.

These increases represent an increase of approximately 500%

I have also learned that as at July 2002 the DSP charges in the vicinity of the subject area were as follows;

Sewer approximately \$16,000 per hectare

Water approximately \$17,000 per hectare

Based on those figures, the current charges represent 1800%.

In addition I have also noticed that, whilst the Liverpool Precinct and some other areas within the Sydney Region have been lumbered with such hefty increases there are quite a number of areas that pay much - much less, and some that don't pay any such levies at all.

The NSW Government has repeatedly made the statement that it is looking to create more employment opportunities for its population. We estimate that our project would ultimately create space and opportunity for up to 32 businesses of varying size to conduct business from and would create at least **200 – 300 job placements**. Not to mention the hundreds of work opportunities that the construction phase will produce.

Unfortunately our company can no longer go ahead with this project due to the increase that Sydney Water has seemed to just pull out of a hat. As with most development companies our margins are extremely slim. We would need to pass on this increase to potential buyers and quite frankly this increase would make the units **unaffordable** compared with many other neighboring industrial areas. In addition our land has now become unattractive to other development companies for the same reasons. This makes for a stalemate position between not only us and potential buyers of our land but all other land owners in the area, basically bringing the development of the whole area to a stand still.

We have read Sydney Water's own submission to the review. In that submission they seem to submit that the present method of assessing these charges is complex and discriminative between the coastal suburbs, where DSP charges are nil and the northwest and southwest, where the charges had already gone up by 600% or more.

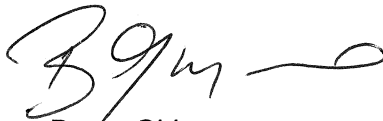
Yet on page 30-32 of their submission their indicative charges would be increasing by a further \$1,789 per ET for wastewater and \$1,020 per ET for water. Surely that could not possibly be correct.

We believe that Sydney Water needs to drastically review its process for assessing DSP charges in particular for the Liverpool precinct as it appears to be one of the worst burdened.

We appeal to IPART and the State Government to have these charges total reassessed and reduced at the very minimum back to were they were last year.

Thank you in anticipation and I look forward to your reply.

Yours faithfully,



Bruno Ghignone
Managing Director