



MERITON
MAKING LUXURY APARTMENTS
AFFORDABLE

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6th February 2008

The Chairman
Independent Pricing and Regulatory Tribunal NSW
Level 2,
44 Market Street,
SYDNEY NSW 2000

Attention: Dr Michael Keating

Review of Developer DSP Charges for Metropolitan Water Agencies

Dear Dr Keating,

This letter provides comment on IPART's current review of Developer Charges for Metropolitan Water Agencies.

Meriton's development sites are typically selected within Sydney's built-up areas, which have the benefit of an existing population, and established infrastructure and services.

When we need to improve or upgrade infrastructure in a given area, we pay for the significant cost of improving the water and sewer system. No services are provided to us for free.

Our developments generate a significant number of new consumers on the existing system. This in turn guarantees Sydney Water with immediate gains in collectable revenue.

The public's demand for new housing in outer region areas is very weak at present, whilst demand for units close to services, transport and jobs remains constant.

At present large areas are zoned for subdivision. The Water Board provides all services to this huge area. Now this has to stop and the Water Board needs to provide services to only a small portion of the subdivision. And then, when that land is occupied, continue provision for more blocks of land.

This is very important in the new underdeveloped subdivision areas where no population exists and the housing demand and potential revenue recovery is weak.

Future developments must be encouraged within built-up areas. The growth of an existing population is important so as to ensure the ongoing financial viability of the water/sewer network asset.

It is not acceptable that Sydney Water uses a portion of the current developer charges to support the ongoing operational costs of the network. The charges should only be used, at best, to recover installation costs from developments that may directly benefit from the newly installed services.

Sydney Water cannot expect developers in the established coastal areas to subsidise costly network expansions in underdeveloped outer regions. We object to any imposition of increased developer charges and we will challenge such changes, which may directly effect any of our developments.

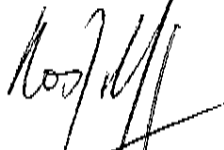
A series of infrastructure charges and government taxes already burdens NSW developments, in some cases adding up to 25% of the development costs.

We have been advised that the government also recoups a considerable amount of money from Sydney Water dividends (approx \$200mill per annum). It is understood that this money could otherwise have been spent on network maintenance and necessary improvements.

Sydney Water's yearly DSP charges revenue will only continue to evaporate whilst our new residential development approvals remaining shackled by slow planning processes and bureaucratic delays.

Further increases in our developer fees and charges will only assist to inflate NSW's current housing affordability crisis.

Yours faithfully,
MERITON APARTMENTS P/L



HARRY TRIGUBOFF AO
Managing Director

c.c Kerry Schott – Managing Director, Sydney Water Corporation
c.c Hon. Nathan Rees MP– NSW Minister for Water Utilities
c.c Hon Michael Costa – NSW State Treasurer, Minister for Infrastructure