

**VAUGHAN
CONSTRUCTIONS**

PTY. LTD.
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Building your Vision

www.vaughans.com.au

21st December 2007

Metropolitan Water Pricing
PO Box Q290
QVB Post Office NSW 1230

Attention: Mr. Richard Warner

**RE: SYDNEY WATER DSP CHARGES FOR
YARRUNGA INDUSTRIAL RELEASE AREA**

Vaughan Constructions Pty Ltd as recently agreed to purchase approx 5Ha of land at Bernera Rd Prestons which is within what is now known as the Yarrunga Release Area. We are extremely concerned about the significant increases for sewer and water Developer Servicing Plan (DSP) charges for the area, which falls within what is known as 'Liverpool precinct'.

Our company, established in 1955, is a Design & Construct builder and developer who specialises in Industrial projects. We are commercial in all dealings and in our day to day business of contracting we understand the very apparent issues of cost escalation i.e (price/wage rises/inflation rates/etc). However, we are completely at a loss as to how Authorities can justify such extraordinary increases in development charges over such a short period of time.

By way of summary, Sydney Water charges for water and sewer have increased by approx 500% from what was approx \$100,000 per hectare to what is now approx \$500,000 per hectare. In addition to these DSP charges we also highlight that the Liverpool Council's Section 94 Contribution have almost doubled in value since their last update.

We can confirm that it is NOT economically viable to develop land for industrial/employment land use considering the present authority charges attached to land located within the Yarrunga Release Area. We understand development charges are required to contribute to the great infrastructure costs within the community but highlight that Yarrunga Release Area is only an "in fill" release area not "growth area". Substantial infrastructure costs should have been levied over time previous to this release which we believe are not being considered in the calculations.

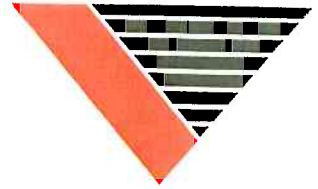
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Immediate action must be taken to review the current DSP charges with the view to significant reduces.

Whether it be Sydney Water or State Government, intervention is required to ensure the land can be developed as intended by the precinct release strategy. The Iemma Government has been promoting the urgent need for Employment land release areas. Without government support in terms of accountable development charges or government subsidising then this strategy will continue to be "proposed" and not "realised". It is a simple fact of developing land for industrial users, that land that is not affordable will not be developed as business will consider alternative locations to establish their national operations.

We look forward to your early response.

Yours faithfully,
VAUGHAN CONSTRUCTIONS PTY LTD

Jordan Grigg
GENERAL MANAGER NSW

cc The Hon. Nathan Rees
The Hon. M. Iemma
The Hon. Frank Sartor
The Hon. M Costa
Mr Paul Saxby
Mr. Andrew Jackson
Dr Michael Keating