

30 September 2008

The Hon. Nathan Rees MP  
Premier of NSW  
Level 40, Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Premier

**Re: The imminent loss of key projects for the NSW economy**

We are writing to advise you of a grave threat to the NSW economy. The recent elevation of the worldwide credit crisis is hurting NSW disproportionately to other States.

Lenders are telling property developers they will not renew loans for projects with uncertain planning approvals. This is hitting NSW the hardest - as this state's planning system carries more risk than any other in Australia.

NSW may lose a large number of projects currently pending if the state government and local councils cannot give greater certainty. We're aware of \$4 billion worth of NSW projects that are in the pipeline, but do not yet have the green light from government.

We ask the government to take urgent action to reduce the risks facing developers by:

- quickly processing outstanding state significant approvals;
- speedily dealing with pending requests for residential and employment rezonings;
- encouraging councils to swiftly finalise approvals for important local projects; and
- waiving development levies.

In relation to the last point - levies are actually driving government income down, because they are reducing development activity and depriving the government of stamp duty revenue. Waiving development levies will not impact on net government revenue.

Lenders are being very clear to developers right now - credit is being rationed and those projects that have low levels of planning risk will have priority. A rescue package is crucial if the support of debt financiers is to be maintained.

NSW has little hope of meeting employment, housing and growth targets without a strong series of projects coming through the development pipeline. We face the prospect of losing investment and jobs crucial to the State's economy in the coming years. If these projects fall over it will leave a yawning chasm in our State's job and housing numbers.

The credit crisis - combined with the uncertainty of the NSW planning system - is having a real and measurable effect on the economy. In the last six months NSW home approvals have fallen by 15.7 per cent. In the same period, Victorian approvals fell by only 1.1 per cent.

The declines in new home approvals we have already seen are very disturbing. In the last financial year construction started on 31,000 new homes in NSW - well below the State's seven year average of 39,000 homes. The state's home construction activity has been at record lows -

and well below the level of 50,000 homes a year that would be required to meet underlying community demand.

We request an urgent meeting with you to discuss these issues. Ms Rebecca Deal from my office will follow up with your staff in the near future.

Yours sincerely

**Urban Taskforce Australia**

A handwritten signature in black ink that reads "Aaron Gadiel". The signature is written in a cursive style with a long, sweeping horizontal line extending from the end of the name.

Aaron Gadiel  
Chief Executive Officer