

BAYSIDE FIRM CLAIMS \$8.5m

THE State Government is facing an \$8.5 million court battle after a falling-out with the proposed developer of the Port Melbourne Bayside project.

The Sandridge City Development Company Pty Ltd yesterday issued a Supreme Court writ against the Government and the Urban Land Authority over the stalled \$700 million project.

But the Major Projects Minister, Mr Kennan, said the actions would be "vigorously contested".

By **CLAIRE HEANEY**
and **NORRIE ROSS**

In Parliament, the Opposition claimed Mr Kennan had misled the House this week on the Government's deal with Sandridge to redevelop the former industrial wasteland.

It claims the Government executed a \$24 million guarantee for the development, but the Government denies the guarantee was ratified.

Sandridge's Supreme Court writ alleges it spent \$8.5 million on the project and received only

\$7.98 million from the Government.

It further claims \$6.6 million plus \$1.3 million interest for audited costs and expenses for the design undertaken before June 30, 1990.

Sandridge claims the Government and the authority breached the agreements.

The statement of claim also seeks damages.

Sandridge claims the Government refused a demand for payment of the money, made on May 8.

According to the claim, Sandridge alleges Mr Kennan confirmed a Cabinet agreement on March 30

that the Government would provide a \$24.1 million guarantee.

The Government has spent more than \$60 million cleaning up and consolidating the 43ha site for the residential, marina and restaurant development.

Mr Kennan issued a statement yesterday, saying: "The Government's legal advisers say that it has counter claims to be made against Sandridge and will therefore pursue its own legal action.

"As a result of this action by Sandridge further negotiations with the developer are pointless," he said.