

Business Case for Ryde S.94A Plan



Working draft

City of Ryde
August 2014

Independent insight.



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1 THE CASE FOR CHANGE

1.1 Proposal

City of Ryde will be experiencing high levels of growth in commercial and residential floorspace in the medium term future. This will put pressure on existing infrastructure. This growth will be concentrated in Urban Activation Precincts at North Ryde Station and Herring Road, Macquarie Park.

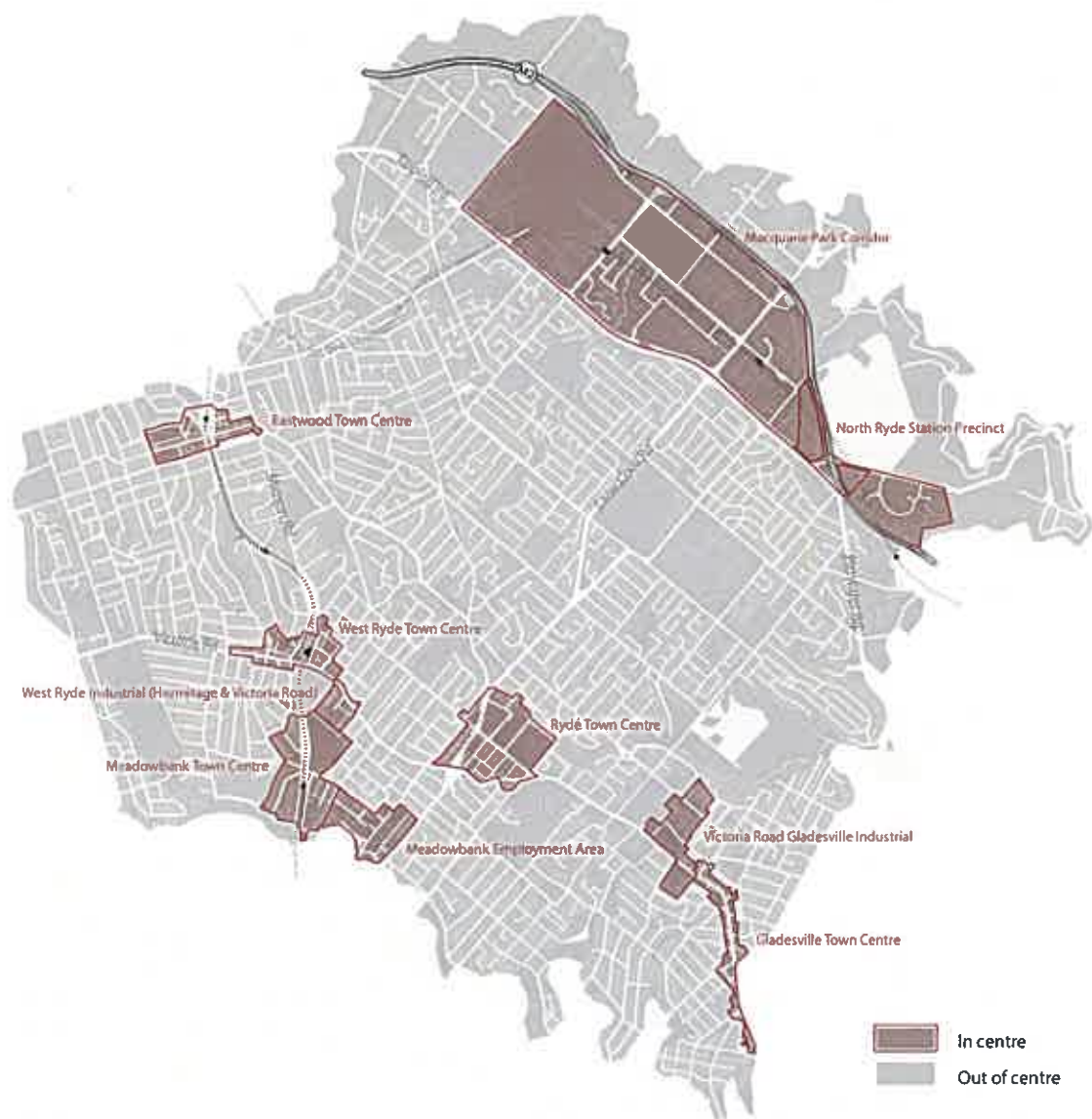
Macquarie Park, as part of the Global Economic Corridor, is of strategic importance to metropolitan Sydney and the broader NSW economy and requires significant upgrades to maintain its position as a 'specialised centre'.

This business case seeks the *Ryde Section 94A Development Contributions Plan 2014* to be applied to all land within City of Ryde LGA.

The s94A levy rates for different types of development are set out in the table below. Note that Council has resolved to exempt development costing less than \$350,000, where the Act exempts development costing less than \$100,000. This was resolved by Council on 24 September 2013.

Area	Type of development	Cost* threshold	Levy rate
Outside centres (as shown in Figure 1)	Secondary dwelling on site (e.g. granny flat)	\$0 - \$350,000	0.0%
		\$350,001 - \$450,000	0.5%
		\$450,001 plus	0.25%
	All other development	\$0 - \$350,000	0.0%
		\$350,001 - \$450,000	0.5%
		\$450,001 plus	1.0%
Inside centres (as shown in Figure 1)	All development (outside Macquarie Park)	\$0 - \$350,000	0.0%
		\$350,001 - \$450,000	0.5%
		\$450,001 - \$550,000	1.0%
		\$550,001 plus	3.0%
Macquarie Park Corridor	All development	\$0 - 350,000	0.0%
		\$350,001 - \$450,000	0.5%
		\$450,001 - \$550,000	1.0%
		\$550,001 plus	4.0%

FIGURE 1. CENTRES IN RYDE LGA



1.2 Proposed schedule of works

To enable City of Ryde to fund the infrastructure demands in Macquarie Park and town centres, Council has prepared a Ten Year Schedule of Works for the local government area. Based on this schedule the estimated costs are as follows:

The following table provides a summary of major programs in the ten year work schedule.

S94A Work Schedule - Summary 2015-2025

	Activity	Totals	Macquarie	Eastwood	West Ryde	Meadowbank	Ryde	Gladesville	Outside Centres
1	Roads - Acquisition, Construction & Renewal	\$178,830,816	\$130,736,619	\$323,526	\$291,099	\$515,365	\$424,207	\$320,682	\$46,219,319
2	Stormwater and Flood Mitigation	\$71,405,418	\$7,236,354	\$40,536,887	\$3,618,177	\$9,010,000	\$3,618,177	\$1,817,645	\$5,568,177
3	Pathways Expansion & Construction	\$17,077,493	\$2,300,543	\$1,509,818	\$370,682	\$593,091	\$741,363	\$591,545	\$10,970,451
4	Traffic & Transport Works & Services	\$34,294,424	\$22,347,021	\$4,022,850	\$909,401	\$921,785	\$929,358	\$905,575	\$4,258,435
5	Community Buildings, Facilities & Public Art	\$86,245,575	\$27,311,215	\$3,013,986	\$6,149,982	\$197,500	\$42,972,200	\$1,183,816	\$5,416,877
6	Sportsfields, Acquisition, Facilities & Renewals	\$76,029,796	\$10,218,750	\$960,000	\$587,500	\$0	\$1,350,000	\$0	\$62,913,546
7	Open Space, Planting, Management & Signage	\$19,015,500	\$1,065,000	\$442,500	\$386,250	\$946,250	\$386,250	\$348,750	\$15,440,500
8	Parking Provision	\$23,441,109	\$1,677,067	\$15,173,287	\$6,906	\$11,049	\$13,812	\$5,180,525	\$1,378,464
9	Public Domain, Provision, Renewal and Heritage	\$16,851,291	\$4,547,750	\$4,085,000	\$2,525,000	\$25,000	\$2,615,000	\$1,355,000	\$1,698,541
	Totals	\$523,191,422	\$207,440,318	\$70,067,853	\$14,844,997	\$12,220,039	\$53,050,367	\$11,703,538	\$153,864,310

1.3 Ryde s.94 Plan

City of Ryde Council recently resolved to prepare a Section 94A Plan as it allowed them greater flexibility on expenditure of levies, the process is less complex, more efficient and reduced administrative costs.

Section 94A of the EP&A Act provides for the levying of development contributions through an established proportion of the proposed cost of carrying out the development. Unlike s.94, a condition imposed under s.94A is **not invalid** because there is no connection between the development and the object of expenditure.

Clause 25K of the *Environmental Planning and Assessment Regulation 2000* sets out the maximum percentage which may be imposed as a development contribution under section 94A of the EP&A Act.

The current maximum percentages are:

- Nil if the development cost is up to and including \$100,000
- 0.5% per cent of the cost if the development cost is more than \$100,000 and up to an including \$200,000, and
- 1 per cent of the cost if the development cost is more than \$200,000.

1.4 Strategic regional context

Metropolitan Plan for Sydney 2036 (2010) and City of Cities (2005)

A key aim of the Metropolitan Strategy for Sydney: City of Cities (2005) was to build on the strengths of the Global Economic Corridor, growing 150,000 new jobs in this corridor up to 2031; representing 30% of all new jobs in Sydney. City of Cities (2005) identified Macquarie Park as a 'specialised centre', which forms part of Sydney's Global Economic Corridor (GEC). The concept of the GEC embodies the importance of a series of centres and employment areas in Sydney that generate much of Sydney's income and employment. The GEC extends from Sydney Airport and Port Botany in the South to Macquarie Park in the North, via Sydney CBD, North Sydney and Chatswood. The strategy indicates that the strength of the GEC is based on good historical planning decisions that designated and protected Macquarie Park as a key employment area in post war planning documents (p. 108).

The 2010 *Metropolitan Plan for Sydney 2036* reiterates the critical role the GEC plays in the metropolitan economy. It outlines a job target for an additional 19,000 jobs by 2036; reaching 58,000 jobs by 2036. The *Metro Plan* again states that a strategic planning framework should be established to plan for future demand (p. 137). Action E2.5 of the plan underlines the importance of strengthening clusters of activity in specialised centres, particularly for high growth and high value sectors (p. 138).

The *Metropolitan Plan for Sydney 2036* also provided an updated housing target for the Inner North Subregion, in which Ryde local government area (LGA) is located. The target set by the Plan is 44,000 new dwellings by 2036 (p.115). The target set by the previous metropolitan strategy (2005) was 30,000 new dwellings by 2031.

TABLE 1. DWELLING TARGETS INNER NORTH SUBREGION

Source	Existing dwellings	Additional dwellings	Total dwellings
Metropolitan Strategy City of Cities (2005)	129,256 (2004)	30,000 (by 2031)	159,000 (2031)
Metropolitan Plan for Sydney 2036 (2010)		44,000 (by 2036)	

Source: Adapted from Department of Planning 2005 and Department of Planning 2010

Employment capacity targets were also updated through the 2010 Plan which indicated a targeted growth of 62,000 workers by 2036 (p.133). The base year for all these figures is 2006. Employment capacity targets for strategic centres were set by the plan including Macquarie Park. The employment capacity of Macquarie Park, with a base year of 39,000 in 2006, is 58,000 workers by 2036, a growth of 19,000 (p.135). This indicates that Macquarie Park will continue to accommodate a large proportion of employment within not only the Ryde LGA but also the Inner North Subregion. The previous metropolitan strategy (2005) set an employment capacity target for the Inner North Subregion of 300,000 employees by 2031. This capacity target has been extended to 2036.

TABLE 2. EMPLOYMENT CAPACITY TARGETS

Location	2006 Base Employment	2036 Long Term Employment Capacity Target	Employment Growth (2006-2036)
Inner North Subregion	238,000	300,000	62,000
Macquarie Park Strategic Centre	39,000	58,000	19,000

Source: Adapted from Department of Planning 2010

Draft Inner North Sub-regional Strategy (2007)

The *Draft Inner North Sub-regional Strategy* (DINSS) translates the 2005 Metropolitan Strategy from the regional level to the sub-regional level. The draft Inner North Subregional Strategy has not been updated since 2007. The strategy established a housing target for Ryde LGA of 12,000 additional dwellings by 2031. This represents 40% of the dwelling target for the Inner North Subregion of 30,000 additional dwellings by 2031. An employment capacity target for Ryde LGA was also set at 21,000 additional workers by 2031. This target represents approximately 35% of the employment capacity target set for the Inner North Subregion of 60,100 additional employees by 2031 (p.7).

The DINSS also reinforces the importance of Macquarie Park in the GEC. Key directions of the strategy include 'strengthen[ing] north Sydney to Macquarie Park Corridor' and to 'promot[ing] Macquarie Park as Australia's leading business park'. It outlines a job target of an additional 23,100 jobs by 2031; reaching a total of 55,300 jobs (p.46). The DINSS estimates that the current supply of commercial floorspace in Macquarie Park is 800,000 square metres (p.46). The future of Macquarie Park is 'to continue to evolve as Australia's leading technology-park, with jobs growth, further investment and improved public transport accessibility' (p. 47).

Draft Metropolitan Strategy to 2031 (2013)

The 2013 draft Metropolitan Strategy again updates the employment and dwelling targets for the Ryde LGA. The draft Strategy also reshuffles the structure of subregions, and Ryde is now in the Central subregion, which extends from Botany Bay in the south to Strathfield in the west to Waverley and Woollahra in the east. The baseline for the targets is 2011, and the draft Strategy indicates a targeted growth of 242,000 in population, 138,000 in additional housing and 230,000 in additional jobs to 2031 (p.83). The spatial distribution of this forecast growth will be fleshed out in the forthcoming subregional strategies.

TABLE 3. CENTRAL SUBREGION TARGETS

	Current (2011)	Target to 2021 (2011-2021)	Target to 2031 (2011-2031)
Population	1,144,000	1,280,000 (136,000)	1,385,000 (242,000)
Housing	534,000	616,000 (82,000)	672,000 (138,000)
Employment	998,000	1,113,000 (135,000)	1,228,000 (230,000)

Source: Department of Planning and Infrastructure, 2013, p.83.

The draft Strategy prioritises continued economic clustering in the GEC to support globally competitive industries. The importance of Macquarie Park in the GEC is reinforced and under the draft Strategy Macquarie Park is a Specialised Precinct, with the following objectives:

- continue to develop as a metropolitan-scale office park with a technology focus in the Global Economic Corridor, supporting and supported by the growth of Macquarie University Research Park, Macquarie Hospital, Macquarie Centre, Macquarie Park and Riverside Corporate Park (and Hospital)
- expand office space to increase productivity advantages and prioritise office space over housing
- provide capacity for at least 16,000 additional jobs to 2031 (p. 84).

Under the 'Balanced Growth' section of the draft strategy, the second objective is to 'strengthen and grow Sydney's centres' (p. 14). A key policy move under this objective is to 'maintain a strong employment focus in specialised precincts' (p. 14). Macquarie Park has an updated job target of an additional 16,000 jobs; reaching 61,000 jobs by 2031 (p. 43).

The importance of the GEC will also be underpinned by delivery of Urban Activation Precincts at Epping, Herring Road, North Ryde, Mascot Station, Randwick and Anzac Parade (p.20).

1.5 Urban Activation Precincts

City of Ryde has been earmarked by NSW DP&I for substantial future population growth, concentrated in Urban Activation Precincts (UAPs).

The NSW Premier announced the UAPs program in 2013, with the aim to deliver more homes in places with access to infrastructure, transport, service and jobs. The UAP *Guidelines* state that "precincts are envisaged as being larger areas, usually made up of multiple land-holdings. They will be capable of delivering significant additional growth and require coordination from State and local government to realise their potential" (p.5). There are eight UAPs across the Sydney metropolitan area, including two in the City of Ryde: North Ryde Station and Herring Road, Macquarie Park.

Nomination of potential precincts may come from a number of sources, including the NSW government, councils, State agencies and the private sector. Precinct nominations are required to address the following UAP program criteria:

- Is the precinct consistent with a State, regional or local strategy, particularly relating to housing, employment or urban renewal?

- Does the precinct support or maximise the use of existing and planning infrastructure, especially transport?
- Is the precinct important to more than one local government area and/or has support from the local council?
- Is the precinct environmentally, socially and economically sustainable and viable?
- Is the development of the precinct financially viable and consistent with market demand? (p.6)

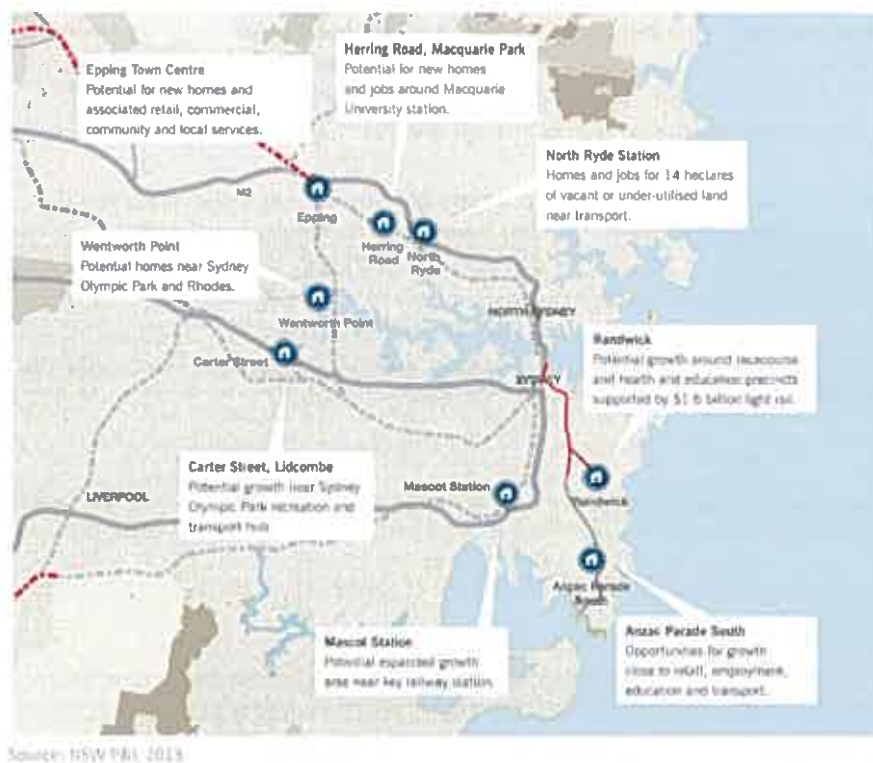
If the State government decides to proceed with the rezoning of an area as an UAP, the process will be underpinned by:

- Growth Infrastructure Plans to identify capacity within the infrastructure network and outline required infrastructure to support planned growth. These Plans are linked to the State's budget allocation process to ensure coordinated delivery of infrastructure for a precinct (p.13).
- Precinct Support Schemes to provide funding assistance for local government to deliver local infrastructure needed for a precinct (p.13).

These policies aim to assist in the delivery of the UAP, while providing certainty for the community and landowners regarding the future form of a precinct.

The first eight precinct identified have the potential to provide 30,000 homes and some have potential to also accommodate commercial and retail employment.

FIGURE 2. URBAN ACTIVATION PRECINCTS



North Ryde Station UAP

The North Ryde Station UAP is located south of Macquarie Park. Investigations have centred on vacant, government-owned land surrounding the station and a privately-owned employment site. Community

¹ NSW Planning & Infrastructure, Urban Activation Precincts FAQ, November 2013 <

http://www.planning.nsw.gov.au/Portals/0/HousingDelivery/UrbanActivation/UAP_FAQs_Nov13.pdf>

feedback has resulted in changes to the UAP plans proposed by DP&I, including exclusion of some proposed sites from the UAP, and reduction of maximum building heights.

The revised proposal rezones 12.5 hectares of land for high density residential and mixed uses, including:

- Up to 3000 new homes
- Up to 1500 commercial and retail jobs
- 330,000 square metres of residential and commercial gross floor area
- 2.4 hectares of open space to accommodate a range of passive and active uses.

Herring Road, Macquarie Park

The Herring Road UAP is at the northern end of Macquarie Park. Investigations have centred on sites suggested by City of Ryde, including Macquarie Shopping Centre, Macquarie University and Ivanhoe Estate. The draft rezoning proposal for the Herring Road UAP is currently on exhibition until mid-August 2014.

The Herring Road Precinct is located close to Macquarie University Station, and there is existing market demand for new housing and employment in the area. The precinct could also provide a new centre around the station, if supported by high quality public space and retail opportunities.

The rezoning proposal has the potential to increase housing supply by up to 2400 new homes to 2021 and 5400 to 2031.

The establishment of the UAP draws on work begun by the Macquarie Park Taskforce to assess opportunities to redevelop government lands within Macquarie Park.

1.6 Local planning

Ryde Local Planning Study

The City of Ryde Local Planning Study (LPS) was prepared in 2010, with the purpose being:

- to guide future growth in Ryde over the next 10 years through a range of land use planning initiatives;
- to inform the comprehensive Local Environmental Plan (LEP2011);
- to review and respond to the directions and actions of the Metropolitan Strategy and Draft Inner North Sub-regional Strategy, in particular to respond to the 12,000 dwelling target and 21,000 jobs target set for the City of Ryde by the Draft Inner North Sub-regional Strategy (p. 4).

The document covered the following areas:

- | | |
|------------------------------|------------------------|
| – Centres and Corridors | – Cultural Heritage |
| – Small Centres | – Employment |
| – Housing | – Transport |
| – Environment and Open Space | – Strategic Directions |

A general recommendation within the study is:

“That City of Ryde funding mechanisms for community benefit and infrastructure improvements be reviewed to:

- *Consider the type of contributions plan best suited to the City of Ryde (traditional or flat rate levy) and appropriate contributions rates.*

² NSW DP&I, North Ryde Station Urban Activation Precinct Finalisation Report, July 2013, p. i.

³ NSW Planning and Environment, Herring Road Macquarie Park brochure, 2014 <
https://majorprojects.affinitylive.com/public/42e899db369acf31efb03a70bfaa494f/Herring_Road_Brochure_June_2014.pdf>

- *Review the use of planning incentives to deliver community benefits to ensure a consistent approach and development certainty across centres within the City of Ryde” (p.9-22).*

The study references 2006 data from the Australian Bureau of Statistics (ABS), growth forecasts from the existing Section 94 contributions plan for Ryde and reviews past strategies to highlight opportunities for new housing, employment, facilities and infrastructure in order to meet the dwelling and employment targets set by the NSW Government. Town centres are highlighted as the focal points for new housing, employment, infrastructure and facilities. The town centres hierarchy has been adopted from the Ryde Centres Study and includes the following centres ranked according to retail floor space, community facilities and public transport services:

1. Macquarie Park Corridor (specialised centre)
2. Ryde Town Centre (town centre)
3. Eastwood (village)
4. West Ryde (village)
5. Meadowbank (village)
6. Gladesville (village)

In terms of environment and open space, the study highlights that open space in Ryde LGA is below the benchmark, emphasising the need for better provision of open space. The study highlights that development incentives should be explored for the provision of public open space. This could be facilitated through the use of Voluntary Planning Agreements (VPAs).

The LPS once again highlights the importance of Macquarie Park as a centre for the LGA and metropolitan Sydney more broadly. In response to the DINSS the City of Ryde suggest that more emphasis should be placed on “the importance of the Macquarie Park Corridor and its transition from being a car dependent commercial centre to a vibrant, public transport orientated mixed-use centre” (p. 8).

The LPS indicates a key direction for the Macquarie Park Corridor ‘continues to be developed into a premium business location through the implementation of the current planning framework’ (p. 31) and that the role of Macquarie Park as a major commercial centre continue to be supported ‘through the implementation of the current planning framework’ (p. 32). The LPS reveals that the forecast growth in the Macquarie Park - North Ryde corridor (derived from the City of Ryde S94 Contributions Plan 2007) is expected to be around 1.25 million square metres of floorspace by 2034 (p. 29). While the development capacity of planning controls for the Macquarie Park precinct was not completed, the LPS nevertheless suggests that “target and current growth projections will be accommodated” (p. 30).

The Housing component of the study notes that ‘the City of Ryde can meet the 12,000 dwelling target by 2031 through dwellings approved since January 2004 and dwellings which have the potential to be delivered through either existing planning controls or planning controls currently in preparation’ (p. 4-25). In other words, the study notes that under current controls, there is sufficient zoned land to meet the housing target.

In addition, the study recognised the need to provide a diverse range of housing within the LGA including residential units. It identified 5 town centres which are to function as genuine mixed use precincts. With regards to Macquarie Park, it is considered that sufficient residential units are provided in the existing B4 Mixed Use zones around Herring Road and the North Ryde Station Precinct.

Ryde 2021 Community Strategic Plan

The Ryde 2021 Community Strategic Plan contains the vision for the City of Ryde for 2012, including seven major outcomes and a number of key demonstration projects that may inform the schedule of works for the new Ryde development contributions plan.

The seven outcomes for the City of Ryde are:

1. City of liveable neighbourhoods: a range of well-planned clean and safe neighbourhoods, and public spaces, designed with a strong sense of identity and place
2. City of wellbeing: a healthy community, with all supported throughout their life by services, facilities and people.
3. City of prosperity: creating urban centres which champion business, innovation and technology to stimulate economic growth and local jobs.
4. City of environmental sensitivity: working together as a community to protect and enhance our natural and built environments for the future.
5. City of connections: access and connection to, from and within the City of Ryde. Providing safe, reliable and affordable public and private travel, transport and communication infrastructure.
6. City of harmony and culture: a welcoming and diverse community, celebrating our similarities and differences, in a vibrant city of culture and learning.
7. City of progressive leadership: a well led and managed city, supported by ethical organisations which deliver projects and services to the community by listening, advocating and responding to their needs.

A number of key demonstration projects within the Plan that may guide the schedule of works of the new contributions plan include:

- A new local performance venue at the redeveloped civic precinct
- A new rehearsal space for the Ryde Youth Theatre
- More library e-books and Wi-Fi access across all libraries in Ryde LGA
- Herring Road transport interchange to improve connections
- Connect missing links for footpaths and cycleways
- Encourage vital connections in public spaces
- Implement cogeneration energy at our Ryde Aquatic Leisure Centre
- Implement bio-filtration to reduce pollution in waterways
- Upgrade and reinvigorate the town centres in Ryde
- Improve accessibility in Macquarie Park through remodelling
- Support business and investment by locating an information centre in Macquarie Park
- Night lighting for sporting fields
- Advocate Top Ryde as a location for a regional health centre
- Provide an all abilities regional playground at Yamble Reserve
- Upgrade local shopping centres
- Upgrade and reinvigorate Cox's Road
- Incorporate safety by design in public places within Ryde LGA

Four Year Delivery Plan 2011-2015

The Four Year Delivery Plan 2011-2015 details the project expenditure budget for a range of facilities and services categorised under seven outcomes from the Community Strategic Plan. Each outcome contains a number of programs and specific facilities which are detailed and include projected expenditure. The works listed under these programs could inform the schedule of works for the new development contributions plan if these works can be apportioned to the future population and development in Ryde LGA.

TABLE 4. PROJECTED EXPENDITURE FOUR YEAR DELIVERY PLAN

Outcome	Base budget	Projects	Total Expenditure
City of liveable neighbourhoods	\$38,287,200	\$3,211,357	\$41,498,557
City of wellbeing	\$69,702,172	\$16,808,216	\$86,510,389
City of prosperity	\$591,730	\$9,696,158	\$10,287,888
City of environmental sensitivity	\$87,423,486	\$10,236,492	\$97,659,979
City of connections	\$47,853,370	\$26,193,461	\$74,046,831
City of harmony and culture	\$25,994,088	\$2,371,451	\$28,365,539
City of progressive leadership	\$97,612,321	\$36,358,288	\$133,970,609
Total Expenditure	\$367,464,367	\$104,875,423	\$472,339,792

Source: Adapted from City of Ryde 2011

Draft Asset Management Plan

The draft Asset Management Plan provides a rank for all assets within City of Ryde. Assets are ranked on a scale of one to five:

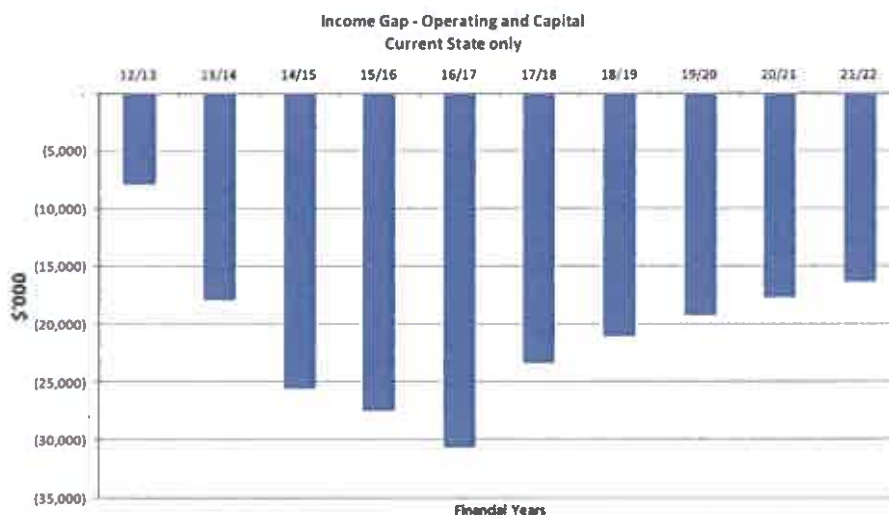
1. New or equivalent
2. Good condition without visible blemishes or deterioration
3. Usable and safe condition with visible signs of wear or deterioration
4. Usable condition with some defects which do not represent a significant safety hazard and can be managed
5. Requires repairs or is suitable or remain in use.

The Plan provides a number of actions for the improvement of assets or provision of new assets and highlights the means of provision, including s.94 contributions. However this is categorised into a number of other methods of funding and thus it is not clear which actions will be funded through s.94 contributions.

Long Term Financial Plan

The City of Ryde Long Term Financial Plan highlights that there is a gap in the operating capital of Council, demonstrated in Figure 1.

FIGURE 3. CITY OF RYDE INCOME GAP



Source: City of Ryde 2011

Community Facilities Plan

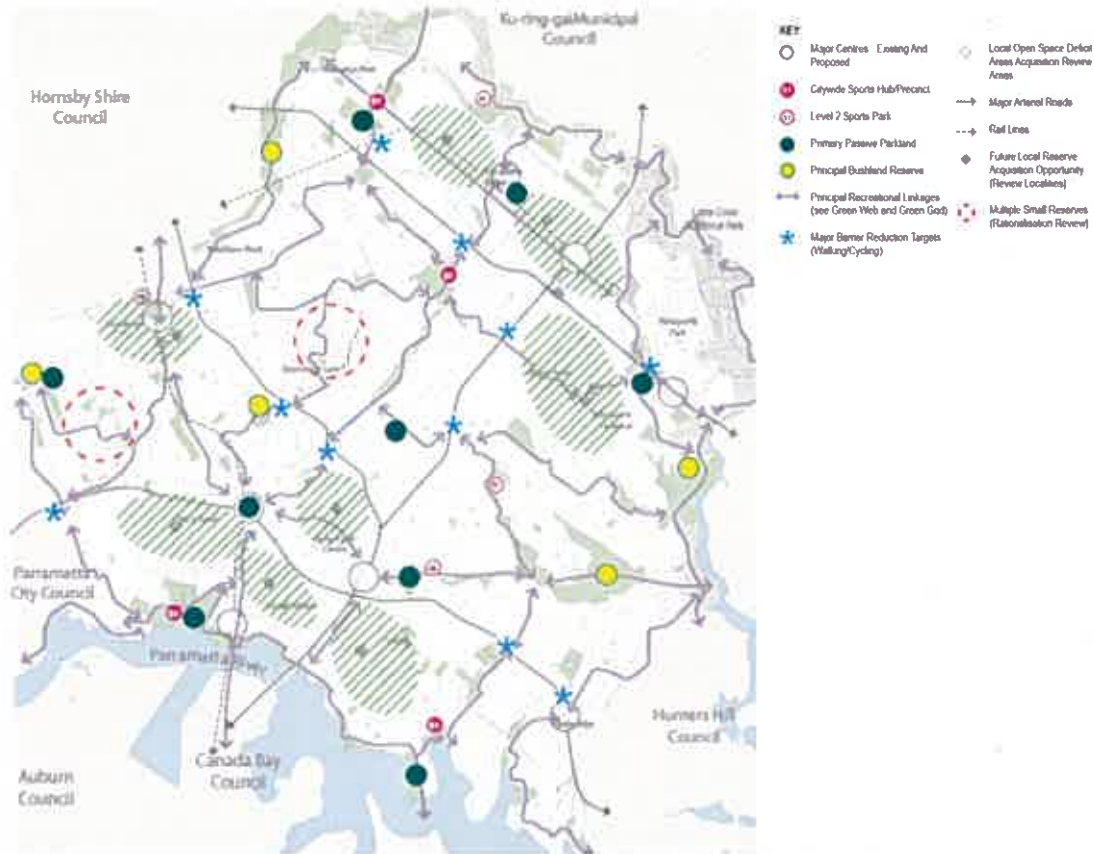
This document sets out the principles to guide the future development of community facilities. The document provides a complete list of all community facilities in Ryde LGA as at 2010. The document makes reference to the existing s.94 plan highlighting what it currently seeks to achieve, rather than setting a target for future s.94 plans.

Draft Integrated Open Space Plan

The Integrated Open Space Plan, adopted on 24 July 2012, identifies where there is a need for open space within Ryde LGA. The plan provides an inventory of existing open space (as at 2011) and categorises the sizes of open space. An analysis of the relationship between open space and the existing and future population highlights where there is a need for open space specifically within the LGA. The

open space structure plan within the report highlights local open space deficit areas and potential areas for future local reserve acquisition, shown in Figure 2.

FIGURE 4. CITY OF RYDE OPEN SPACE STRUCTURE PLAN



Source: City of Ryde 2012

Within Ryde LGA there are 194 open spaces covering 306 ha of land. These open spaces have been categorised under four levels (level 4, level 3, level 2, and level 1). Detail on this categorisation is contained in the table overleaf.

About a third of open spaces in Ryde LGA are under 0.2 ha in size which the Plan highlights is significantly smaller in size than what is considered optimal for local open space (0.5 ha). Less than 0.3 ha reduces the recreation opportunity of the open space. 50 percent of open space is under 0.5 ha, 36 percent is over 1 ha and only four open spaces in Ryde LGA are more than 10 ha in size.

Public Art Implementation Guide

This document sets out clear expectations for the integration and commitment to public art. In the City of Ryde most public art projects will be integrated as part of public domain upgrades, community land upgrades, and street upgrades (traffic controls). Public art that is integrated is strategic and better placed to meet City goals.

The City of Ryde requires a minimum public art budget of 10% (calculated from the total project budget) to be added to the total project budget for all public domain upgrades, community land upgrades, and street upgrades (traffic controls).

Plans of management

Plans of management provide guidance for the future development and management of public open space. They identify the values which affect public open space and highlight how open space can be used, managed, maintained and improved. City of Ryde currently has nine plans of management for open space and parks in Ryde LGA.

- Generic plan of management for open space
- Brush Farm Park and Lambert Park Plan of Management
- Eastwood Park Plan of Management
- Field of Mars Plan of Management
- Morrison Bay Park Plan of Management
- Putney Park Plan of Management
- Ryde Park Plan of Management
- Shrimptons Creek Parklands Master Plan and Plan of Management
- Yamble Reserve Plan of Management

The General plan of management for open space is applicable to community land which is not covered under any other plan of management. Each plan of management contains a list of actions and priorities for the park or reserve it is applicable to. The actions contained in each plan of management could inform the Schedule of works for the s.94 contributions plan, however further detail on the cost of each work and detail on which works have been completed is required.

Integrated Transport and Land Use Strategy

The Integrated Transport and Land Use Strategy (ITLUS), adopted in August 2007, investigates transport and develops actions and recommendations for future transport and land use planning in Ryde LGA. The ITLUS highlights that s.94 contributions could be used as funding sources for the actions developed. The ITLUS also provides actions for the major town centres in Ryde LGA, specifying the broad cost and timescale. These actions could inform the Schedule of Works for the new s.94 plan, however further detail is required in relation to these actions and the specific costs associated with implementing them.

Ryde Bicycle Strategy and Masterplan 2007

The Ryde Bicycle Strategy and Masterplan 2007 provide information on the required works for the Ryde cycle network over the next 10 years. Information including the location, route description, estimated cost and length of the route works is provided. The total cost of the works specified is \$16,387,656 over the 10 years between 2007 and 2017. The Strategy discusses funding options additional to the Council's own resources including state and federal options. However, it is not clear within the Strategy what proportion, if any, will be funded through s.94 contributions.

2 ASSESSMENT OF ALTERNATIVE OPTIONS

In reviewing the current s.94 plan, a range of alternative options for levying of development contributions, using different mechanisms have been identified. These include consideration of the continued use of s.94 development contributions, the introduction of an s.94A flat-rate levy approach or a hybrid of the two approaches.

Each of the identified development contributions options is then examined. Testing of the options considers their financial and infrastructure delivery implications, impacts on the feasibility of development (particularly for town centres and Macquarie Park) and a range of other evaluation criteria that are of importance to COR in choosing the preferred option.

2.1 Alternative options

The following table shows the options considered for levying of development contributions.

TABLE 5. DEVELOPMENT CONTRIBUTIONS OPTIONS TO BE TESTED

Options	Descriptions
Option 1A - s.94	s.94 continued under the current capital works program over 15 years, with different contribution rates to be applied to Macquarie park and balance of the city.
Option 1B - s.94	As above, but taking into account additional values from VPAs currently being used by Council.
Option 2A - s.94A	s.94A citywide plan to all development with a flat levy of 1% (and changed rates as per regulations).
Option 2B - s.94A	s.94A citywide plan with variation to rates for Macquarie park (3%) and town centres (2.5%).
Option 2C - s.94A	s.94A citywide plan with variation to rates for Macquarie park (4%), town centres (3%) and industrial areas (3%).
Option 3A - s.94 & s.94A	s.94 plan for all residential development and s.94A for all retail, commercial and industrial development (1%).
Option 3B - s.94 & s.94A	As above with 3% s.94A levy for commercial, retail and industrial development.
Option 3C - s.94 & s.94A	s.94 plan for development outside centres and s.94A for development within centre, with variation rates for Macquarie park (4%), town centres (3%) and industrial areas (3%).

Source: developed by SGS in consultation with COR, 2013

2.2 Financial analysis of options

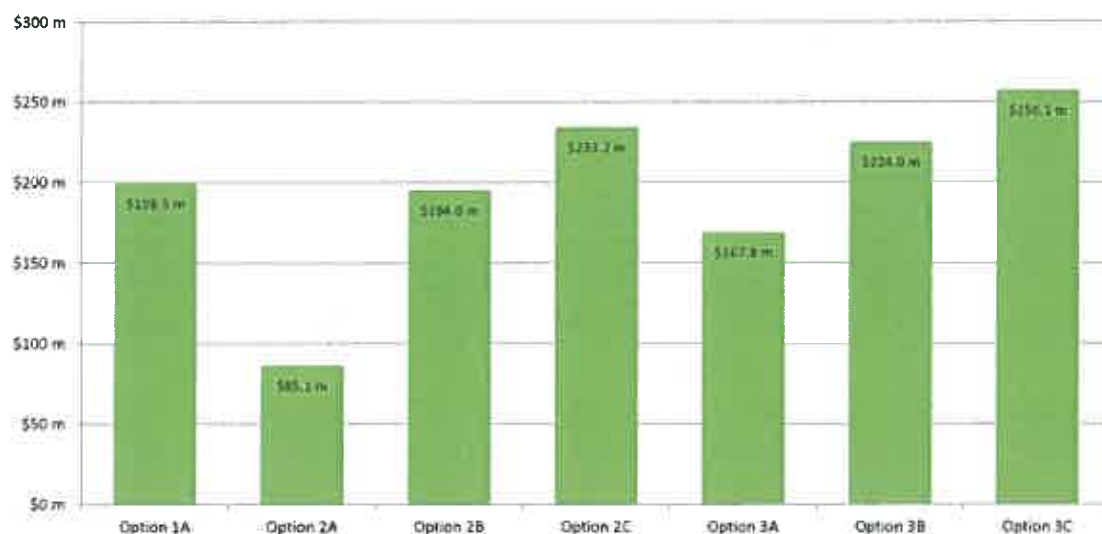
To allow the analysis of the projected revenue from the different options, the Ryde LGA has been divided into a number of precinct types. These precincts include:

- town centres (including Top Ryde, Eastwood, Gladesville, West Ryde and Meadowbank)
- Macquarie Park Corridor, and
- other residential areas (balance of the LGA).

The development contributions over time are then estimated for various options, by applying the applicable s.94 and s.94A rates to the development projections and the estimated value of these developments.

The chart below compares the present value of development contributions that are likely to be generated under each option. It shows that options 2C and 3C are the top two performers, in terms of income generations. Option 2C outperforms option 1A (i.e. current s.94 plan) and is only \$20 million short of the expected incomes under option 3C.

FIGURE 5. ESTIMATED CONTRIBUTIONS BY OPTION, PRESENT VALUES, \$ MILLION (USING COUNCIL FORECASTS)



Source: SGS Economics and Planning calculations, 2013

Note that the development contribution incomes are calculated using the high growth projections prepared by COR at the time when the review of s.94 plan was carried out. The population and dwelling forecasts were updated by COR early 2014, based on the more up-to-date dwelling yields of UAPs. This is incorporated in the revised income projections for the preferred option in section 3.

It should be also noted that the estimated contribution incomes shown in Figure 5 have taken into account the funding shortfalls under an s.94 plan.

According to Lindsay Taylor Lawyers (LTL) advice, it is common to experience some significant funding shortfalls under an s.94 plan. These may be due to:

- potential merits appeal (contestability) regarding Council development application determinations and associated legal costs;
- modifications or reviews of development consents that result in lowering or eliminating s94 contributions payable under a development consent; and
- higher administrative and plan preparation costs.

According to CoR's experience, these shortfalls are in the order of 20 percent of the expected s.94 incomes.

2.3 Development feasibility

Following the income comparison of the contribution options, their impacts on development feasibility have been assessed via a site-specific feasibility analysis.

The four case study developments chosen for the feasibility analysis have been based on recent DAs approved by Council. These include:

- 126 Herring Road, Macquarie Park – 229 residential units

- 22 Giffnock Avenue, Macquarie Park – seven levels of commercial office space
- 125 – 135 Church Street, Ryde – mixed use (269 units, and 1080 square metres of retail)
- 1-9 Monash Road and 407-417 Victoria Road, Gladesville – mixed use (70 units, and 2520 square metres of retail)

The following table compares the development contributions under options 1A (current s.94 plan) and 2C (variable s.94A levies). It shows that proposed higher levies for key centres under option 2C and current s.94 contributions have similar impacts on mixed use development in town centres and commercial development in Macquarie Park. For residential development, a 4% levy in Macquarie Park is likely to have a smaller impact on development feasibility, compared to the amount of contributions levied under the current s.94 plan.

TABLE 6. COMPARISON OF DEVELOPMENT CONTRIBUTIONS

	126 Herring Rd, Macquarie Park (Res. only)	22 Giffnock Ave, Macquarie Park (Commercial)	125 – 135 Church St, Ryde (Mixed use)	1-9 Monash Rd, Gladesville (Mixed use)
Option 1A (current s.94)	\$3,075,459	\$1,231,133	\$2,508,368	\$970,583
Option 2C (4% in MPC and 3% in town centres)	\$2,586,007	\$1,295,605	\$2,410,031	\$1,046,634

Source: SGS, 2013.

Note that current s.94 contributions applicable to each development have been provided by Ryde Council. S.94A contributions have been calculated by SGS as a proportion of development costs. Based on advice from LTL, project management costs (inside professional fees), and construction contingency costs have been excluded, and GST is included in the development costs used to calculate s.94A contributions.

2.4 Multi-criteria analysis

In addition to the financial analysis of the development contributions options, a broader range of criteria for decision making on a preferred options has been conducted, based on the identification, weighting and rating of options against a range of criteria.

SGS has identified a number of criteria to assess the various options. The multi-criteria assessment for each option will consider:

- Assessment against criteria
- Weighting attached to each criteria, and
- Weighted 'score' for each option.

To assess the eight options and determine the preferred option, a weighted matrix has been used as an evaluation tool. The weightings and ratings have been provided in the tables below for each option. The weightings represent the *importance* placed on each criterion, ranging from a weighting of three equating to the most desirable outcome and one equating to the least desirable outcome. The ratings rate the *effectiveness* of the options against each criterion using a scale of one to five, where five represents most desirable outcome and one the least.

The criteria that have been used include the following:

1. **Impact on development feasibility:** The extent to which the development contribution option impacts on feasible development.

2. **Ability to generate contributions revenues:** The ability of the option to generate contribution revenues and provide for the infrastructure needs identified by Council. Council's capital works program requirements will inform this assessment.
3. **Administrative efficiency and costs:** The ease of administration of the option by the Council and use by the development industry. This assessment will be informed by input from Council officers.
4. **Flexibility:** to achieve timely and cost effective infrastructure delivery.
5. **Transparency:** in regards to the collection and use of development contribution funds.
6. **Achieving price signals** that reflect the variation in infrastructure costs: Decisions regarding the application of development contributions as user charges should consider the degree to which infrastructure supply costs vary from one development location to another. If there is spatial variation in infrastructure delivery costs at the local level, the location signalling role to the market of variations in development contributions can be applied. The establishment of a price signal is a key efficiency argument in support of up front infrastructure charges on development. This spatial variation should consider the costs of development within the metropolitan area as well as within the City of Ryde.
7. **Risk and the certainty of funding outcomes:** The ability of the option to provide a clear funding outcome and minimise risk to the Council.

The Council officer working group has reviewed the criteria with SGS and a weighting for each criteria has been identified to indicate their relative importance. Options have then been rated with input from Council officers to calculate the weighted average score for each option in the table below. Note that the rating against the 'ability to generate contributions revenues' criterion is determined, based on the comparison of contribution incomes before the deduction of the potential s.94 funding shortfalls. This is to avoid double dipping, because the causes for the potential shortfall of an s.94 plan are already accounted for by other criteria in the MCA.

TABLE 7. WEIGHTING AND SCORES OF OPTIONS

EVALUATION CRITERIA	Weighting (1-3)	OPTION 1A Current s.94	OPTION 1B Current s.94 with VPA	OPTION 2A 1% s.94A	OPTION 2B 2-3% s.94A for TC and MP and 1% for the rest	OPTION 2C 3-4% s.94A for TC and MP and 1% for the rest	OPTION 3A s.94 for res. and 1% s.94A for non res.	OPTION 3B s.94 for res. and 3% s.94A for retail/commercial	OPTION 3C 3-4% s.94A for TC and MP and s94 for the rest
		Rating (1-5)	Rating (1-5)	Rating (1-5)	Rating (1-5)	Rating (1-5)	Rating (1-5)	Rating (1-5)	Rating (1-5)
		Weight ed score (1-15)	Weight ed score (1-15)	Weight ed score (1-15)	Weight ed score (1-15)	Weight ed score (1-15)	Weight ed score (1-15)	Weight ed score (1-15)	Weight ed score (1-15)
Impact on development feasibility	2	1	2	5	3	2.5	4	3	2.5
Ability to generate contributions revenues	3	4	4.5	2	3	4	3	4.5	5
Administrative efficiency and costs	1	2	1	5	5	5	2	2	3
Flexibility to achieve timely and cost effective infrastructure delivery	2.5	1	1	5	5	5	3.5	4	4
Transparency in regards to the collection and use of development contribution funds	2.5	5	5	3	3	3	4	4	4
Achieve price signals that reflect the variation in infrastructure costs	2	4	4	1	5	5	3	3	4
Risk and the certainty of funding outcomes	2	2	3.5	4	4	4	3	3	3.5
TOTAL SCORES			48.5	51	58	60	49.75	53.5	58

2.5 Preferred option

As identified in the multi-criteria analysis, the preferred option is 2C, closely followed by options 3C and 2B. Options 2C, 3C and 2B would all be appropriate frameworks for the revision of Councils development contributions framework. Option 2C would involve Council introducing an s.94A city-wide plan, with area-specific variation to the standard levy rate for high growth areas such as Macquarie Park (4%) and town centres (3%).

The analysis identifies that key strengths of the option 2C are:

- The level of funding for infrastructure (generally consistent with funding from the current plan), if increased % levies are approved for growth areas.
- The administrative efficiency of the s.94A Plan compared to the more complex s.94 contributions planning system which required demonstration of nexus and apportionment to development and appropriate studies to support the plan.
- The limited risk to funding outcomes, limited primarily to development rates as conditions subject to s.94A plan are not subject to merits appeal of Council decisions and potential associated legal costs and uncertainty of funding outcomes.
- Flexibility of the use of the funding, without nexus or apportionment requirements, and the opportunity to integrate with wider Council asset and capital works planning.
- The ability to apply revenue derived from s.94A levies for infrastructure across the Council's area.
- The ability to establish price signals which reflect the higher infrastructure provision costs in high growth areas such as town centres and Macquarie Park compared to infill development of wider areas.
- The ability to be used in conjunction with planning agreements in respect of specific development sites, or in development areas such as Macquarie Park.
- The 4% levy in Macquarie Park has less impact on feasibility of residential development than current contributions rates, whereas it has a higher impact on non-residential development.

In addition to the above, the final preferred option resolved by Council on 24 September 2013 exempts development costing less than \$350,000, where the Act exempts development costing less than \$100,000.

This would lower the potential impacts on small and domestic scale projects, alterations and extensions to existing uses, as these projects are less likely to generate additional demand for infrastructure or facilities.

3 ANALYSIS OF THE PREFERRED OPTION

3.1 Meeting infrastructure needs

To demonstrate higher % levies are needed to fund the necessary works in Macquarie Park and town centres, the income projections under the proposed scheme have been compared against the values of works identified in these areas.

Income projections

The s.94A income projections have been based on the revised dwelling forecasts prepared by COR in 2014 and the 2012 Bureau of Transport Statistics (BTS) employment forecasts for key employment areas.

The following table shows the projected dwelling and employment growth according to these forecasts.

TABLE 8. PROJECTED DWELLING AND EMPLOYMENT GROWTH

	Macquarie Park	Town centres	Rest of the Ryde LGA	Total Ryde LGA
Additional dwellings (2014-31)	17,930	6,399	3,424	27,753
Additional jobs (2011-31)	16,093	321	1,408	17,824

Source: CoR 2014 & SGS estimates based on BTS employment forecasts 2012.

Projections of contributions income are prepared for Macquarie Park and town centres, by applying the proposed % levies to the value of future development derived from the above growth forecasts.

The following table provides a break-down of the income projections by development type, location and time interval. Over the forecast period, the proposed scheme is expected to generate around \$374 million (in NPV terms) contributions income. Of this, over \$28

TABLE 9. PROJECTED CONTRIBUTIONS UNDER PREFERRED S.94A SCHEME

Development types	Development contributions					
	2014-16	2016-21	2021-26	2026-31	2014-31	NPV
From residential development						
Macquarie Park	\$29,554,178	\$73,885,445	\$73,885,445	\$73,885,445	\$251,210,515	\$212,055,902
Town Centre	\$7,910,646	\$19,776,616	\$19,776,616	\$19,776,616	\$67,240,494	\$56,760,139
Other areas	\$1,340,169	\$3,350,423	\$3,350,423	\$3,350,423	\$11,391,440	\$9,615,927
Total residential	\$38,804,994	\$97,012,485	\$97,012,485	\$97,012,485	\$329,842,449	\$278,431,968
From non-residential development						
Macquarie Park	\$8,871,097	\$29,113,657	\$28,170,490	\$21,131,625	\$87,286,870	\$74,109,378
Town Centres	\$581,760	\$699,123	\$689,264	\$393,821	\$2,363,968	\$2,063,328
Other areas	\$43,383	\$82,786	\$77,553	\$61,125	\$264,847	\$227,046
Total Non-residential	\$9,496,241	\$29,895,565	\$28,937,308	\$21,586,571	\$89,915,685	\$76,399,752

Additional items						
Macquarie Shopping Centre expansion	\$15,600,000	\$0	\$0	\$0	\$15,600,000	\$15,155,010
Low-value development below thresholds	\$587,027	\$1,467,569	\$1,467,569	\$1,467,569	\$4,989,734	\$4,212,015
Total incomes	\$64,488,262	\$128,375,619	\$127,417,361	\$120,066,625	\$440,347,867	\$374,198,745

Source: SGS estimates CoR 2014 & based on BIS employment forecasts 2012.

Costs of works

In order to determine the infrastructure needs in Ryde LGA, Council has identified a 10 year works schedule. This is detailed in Appendix 1.

The table below provides a summary of the costs of works by location. It shows that 40 percent of the works are expected to occur in Macquarie Park.

TABLE 10. ESTIMATED COSTS OF WORKS BY LOCATION, 2015-25

Locations	Costs of works (\$million)	% breakdown
Macquarie	\$207.4	40%
Eastwood	\$70.1	13%
West Ryde	\$14.8	3%
Meadowbank	\$12.2	2%
Ryde	\$53.1	10%
Gladesville	\$11.7	2%
Outside Centres	\$153.9	29%
Total	\$523.2	100%

Source: CoR 2014.

The following table compares the costs of works to the projected contributions income over the same period. It shows that the total value of proposed works from FY 2015-24 is \$274 million higher than the income projected over the same period. In Macquarie Park and Town Centres, the costs of works exceed the projected development contributions by \$9 million and \$121 million respectively.

TABLE 11. FUNDING GAPS BY LOCATION, 2015-25 (\$MILLION)

	Costs of works (2015-25)	NPV of projected incomes (2015-25)	Funding gap
Macquarie Park	\$207.4	\$198	\$9
Town Centre	\$161.9	\$41	\$121
Outside the centres	\$153.9	\$10	\$144
Total	\$523.2	\$249	\$274

Source: SGS estimates 2014.

3.2 Impact of higher levies on development

Impacts of higher % levies on development feasibility have been assessed and compared against the current s.94 contributions. This is to ensure that the proposed higher levies will neither prevent/hinder development occurring nor jeopardise the employment role of Macquarie Park in the economic global corridor.

Additional case studies have been considered to examine the impact. These include:

- A mixed use development in Macquarie Park (84-92 Talavera Road. LDA2011/0485)
- A commercial development in Macquarie Park (8 Khartoum Road, Macquarie Park. LDA2013/0106)
- three residential developments in town centres
 - 3-13 Angas Street, Meadowbank. LDA2013/0390
 - 34-36 Herbert Street, West Ryde. LDA2011/0423
 - 3-5 Trelawney Street, Eastwood. LDA2011/0611

The table below compares the current s.94 contributions to the s.94A payment that would be levied under the proposed scheme.

TABLE 12. COMPARISON OF S.94 AND S.94A PAYMENT

	Mixed use	Commercial	Residential		
	Macquarie Park	Macquarie Park	Meadowbank	West Ryde	Eastwood
S.94 contributions	\$5,020,166	\$1,458,143	\$2,458,418	\$314,858	\$698,964
S.94A contributions (4% for MP and 3% for TC)	\$4,140,982	\$1,157,867	\$950,400	\$245,203	\$374,739

Source: SGS estimates and CoR 2014. These forecasts are pre the residential boom and conservative

In all cases considered, the s.94 contribution is greater than the s.94A contribution. This is particularly noticeable for residential development in town centres. The likely reduction in contribution is in the order of 17 to 60 percent.

This implies that the proposed s.94A levies would have a positive impact on development feasibility and encourage more developments occurring in Macquarie Park and town centres, in comparison to the current s.94 plan.

4 COMPLIANCE TO LEGAL FRAMEWORK

The development of the new Section 94 A Plan was developed in conjunction with Lindsay Taylor Lawyers to ensure compliance with legislation.

He has reviewed work schedule to ensure works can be funded by S94A which were not previously permitted under S94 Plan

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