

12 March 2019

Department of Planning and Environment
GPO Box 39
SYDNEY NSW 2001

Dear Sir / Madam

**DEPARTMENT OF PLANNING AND ENVIRONMENT
GREATER MACARTHUR PROPOSED SPECIAL INFRASTRUCTURE CONTRIBUTION**

APP Corporation Pty Ltd (APP) has prepared this submission on behalf of Dahua Group (Aust) Pty Ltd (Dahua) in response to the release of the Proposed Special Infrastructure Contribution for Greater Macarthur by the NSW Department of Planning and Environment (the Department). The proposed Special Infrastructure Contribution (SIC) for Greater Macarthur has an important role to play in the future of supporting the timely provision of appropriate infrastructure that supports the growing Greater Macarthur region. We note that the documents released for public consultation are not the formal exhibition documents and that these including the determination and directions will be subject to a formal exhibition later in 2019.

This submission should be read in conjunction with the following:

- Review of the Special Infrastructure Contribution Feasibility Study – Greater Macarthur Special Contribution Area (EPS, November 2018) (EPS report) by Urbis (4 February 2019); and
- Review of infrastructure prepared by Arup (12 February 2019).

It is noted that the information placed on exhibition does not include any detailed technical information used by the Department to prepare the proposed SIC document. No information on infrastructure costs, the methodology used to determine the three (3) contribution areas, how the cost of infrastructure was apportioned between the existing and incoming population as well as between the 3 contribution areas and the assumptions and inputs that have gone into the traffic modelling undertaken by Jacobs. As discussed and agreed to at our meeting on 27 February 2019, when this information is made publicly available, Dahua will have the opportunity to prepare a supplementary submission.

As the Department is aware, in November 2018, Dahua submitted a formal planning proposal to Campbelltown City Council (Council) relating to 507 ha of land within the Menangle Park Urban Release Area (Menangle Park URA). This included all land owned or under the control of Dahua and six (6) additional properties on the eastern side of Cummins Road owned or under the control of other landowners. It followed the submission of a preliminary proposal to Council in May 2018 and more than 12 months of discussions with Council and the Department prior to this.

The review undertaken by Dahua and its consultants have raised a number of issues with the draft document and EPS report. These issues are discussed below.

Development Potential for Menangle Park

In November 2018, the Department released for public comment the Greater Macarthur 2040 – Interim Plan for the Greater Macarthur Growth Area (the draft Plan). The draft Plan states that the transport network has been designed to support around 40,000 dwellings in the land release precincts based on current assumptions around the provision of traditional transport – but that this number may increase in line with improvements in public transport. It is noted that the potential number of dwellings within the region as set out in Table 1 on page 52 of the draft Plan totals 56,900 dwellings (not 40,000). The draft Plan and Greater Macarthur Transport Infrastructure Study assume 3,400-4,000 dwellings for Menangle Park URA. The planning proposal and supporting technical studies (traffic, open space and social infrastructure, biodiversity) has been undertaken on the basis of a yield for the entire Menangle Park URA of 5,250 dwellings. Further work on the SIC for Greater Macarthur should proceed on the basis of 5,250 dwellings.

The proposed rates will adversely impact investment and affordability

The rates as they are summarised by the Department are too high and will negatively impact investment and affordability. The revenue per lot adopted by EPS in their feasibility study is too high to be adopted as an average for the Menangle Park URA. Furthermore, the local contribution rate is significantly lower than that identified in the current Menangle Park Contribution Plan and lower again to the IPART recommended contribution rate.

Based on the analysis undertaken by Urbis, with adjustments for revenue and local contributions, an affordable SIC levy range is \$17,500 to \$27,500 per dwelling (dependent on the number of dwellings). The draft document proposes a contribution of \$39,710 in the northern part of the growth area which includes Menangle Park.

It is noted that the work undertaken by ARUP suggests that the contribution per dwelling for Menangle Park should be in the order \$25,235 based on 3,400 per dwelling or \$21,089 per dwelling based on 5,250 dwellings as per the current planning proposal (discussed further below).

The provision of a single levy rate will impact upon dwelling diversity

The provision of a single SIC levy rate for all housing typologies (i.e. one size fits all approach) will impact product diversity. The EPS feasibility study only considers the scenario of a 900-lot residential subdivision with an average subdivided lot size of 450m². However the reality is that most development sites within the Greater Macarthur Growth Area will be based on a master plan concept that includes differing housing typologies. Dahua's current planning proposal establishes a minimum lot size of 300m² for land subdivision and minimum lot sizes of less than 300m² for different types of residential dwellings. This is consistent with the minimum lot size controls established for other urban release areas, growth areas and NSW Government policy which seeks to encourage a diversity of housing and affordable housing.

Whilst EPS have determined what they believe is an affordable SIC levy per proposed dwelling for a low-density residential subdivision. They have not considered in any detail the impact of a single dwelling SIC rate on proposed developments comprising of other housing typologies such as medium and high-density dwellings.

The SIC levy determined by EPS is unlikely to be affordable for apartment developments. In comparison to a residential subdivision, an apartment development takes less time to build and has a lower price point that appeals to the broader market. The profit margins under such a scenario are at a lower level. Therefore the tolerance of apartment types (in particular 1 and 2 bedroom apartments) in a development to absorb a SIC levy imposition may be significantly lower than that of a standard residential subdivision development. On a similar basis, the provision of the missing middle (small lot and integrated dwellings as proposed within the current planning proposal) would also be limited under a single rate SIC levy. It therefore follows that a single rate SIC levy will discourage the development of certain housing typologies. This needs to be reviewed and an alternate mechanism proposed.

Page 10 of the EPS report states:

“There is an increasing trend towards smaller lot sizes and increased density in growth areas. If a greater density of development is permitted in the future this would likely support a (lower) SIC in the medium to long term”.

This assumption acknowledges that the use of a single rate SIC levy for all dwellings types limits dwelling diversity.

Functional and location nexus considerations

There is a need to undertake further detailed modelling of both the functional and locational nexus approaches to apportionment in preparation of the draft SIC for Greater Macarthur. Further review is required on the contribution and how it is applied to specific areas within Greater Macarthur, as well as how it is meeting its objectives in providing the needed infrastructure for these areas and relevance to Menangle Park. It is not possible, based on the information available to date to understand how the cost of all infrastructure items has been apportioned between existing residents and new residents. We seek clarification on whether new development is paying for growth infrastructure only.

ARUP have reviewed the draft infrastructure list and have identified those items which are relevant to the Menangle Park URA. ARUP have then apportioned the cost of and provision of the incoming population as a result of the planning proposal (i.e. 5,250 dwellings). This has also been compared to the 3,400 dwellings envisaged within the Menangle Park URA as set out in the Greater Macarthur Transport Infrastructure Study. This work has assumed that all infrastructure required is a result of the incoming population only and does not account for deficiencies and / or demand from the existing population. The work undertaken by ARUP suggests that the contribution per dwelling for Menangle Park should be in the order \$25,235 based on 3,400 per dwelling or \$21,089 per dwelling based on 5,250 dwellings as per the current planning proposal.

There are many infrastructure items that landowners within the Greater Macarthur North contribution area will be required to fund as part of a SIC payment which have little, if any, nexus to the Menangle Park URA. Based on the information currently available, landowners within the Menangle Park URA will be contributing to and funding more than their fair share of infrastructure. Consideration of an additional contribution area, encompassing Menangle Park URA, reflecting a more rational and equitable boundary should be explored.

There is no commitment on infrastructure delivery

Timing should be set for the delivery of infrastructure. Regular reporting on the progress against objectives and targets, annual reporting against actions and annual consultation with industry / landowners on land use and infrastructure planning should also occur. On page 5 of the SIC document, the Department states that it will work with other state government agencies and Council to determine the timing of project delivery, considering current and forecast development rates and infrastructure capacity. It is not clear what assumptions the Department has made in relation to rates and capacity.

Scope of work

No scope of works is presented or defined for named projects. Some descriptions are very generic, so it is difficult to undertake a detailed review of costings and to hold the government to account.

We trust the Department will consider the issues raised in this submission. Should you have any questions, please do not hesitate to me on 9956 1295 or email Elise.Crameri@app.com.au.

Yours sincerely

APP CORPORATION PTY LIMITED



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04 February 2019

Mr Robert Fischer
Associate Director, Development
Dahua Group Australia
Suite 2, Level 20, 201-217 Elizabeth Street
Sydney, NSW
2000

Dear Robert,

RE: SPECIAL INFRASTRUCTURE CONTRIBUTION FEASIBILITY STUDY - CRITIQUE OF EPS REPORT

1. INTRODUCTION

We refer to your recent instruction dated 21 January 2019 regarding the above matter, wherein it was requested that Urbis Valuations Pty Ltd prepare a critique of a report over same prepared by Environmental Property Services (EPS) and dated 26 November 2018. The report was prepared by EPS on behalf of the NSW Department of Planning and Environment (DP&E), for the purposes of informing the implementation of an infrastructure funding mechanism to support projections of growth within the Greater Macarthur Growth Area.

Our review and critique of the EPS Report is limited to the following:

1. The appropriateness of the metrics adopted by EPS in their feasibility study;
2. The appropriateness of the EPS conclusion on Scenario 2;
3. The appropriateness of the EPS conclusion on Scenario 3; and
4. The impact on product diversity of a single SIC rate for all dwelling types.

We understand that the purpose of the critique is for Internal Review purposes by the instructing party, as well as for issuing to DP&E as part of a submission package.

With respect to our review and critique of the EPS report, we again confirm that our critique in no way constitutes a formal valuation and therefore cannot be relied upon by any party other than that stated in this report and for any purpose other than that stated in this report.

Our analysis of the EPS report and conclusion follows overleaf.



2. KEY FINDINGS AND RECOMMENDATION

A summary of our key findings is as follows:

1. The revenue per lot adopted by EPS in their feasibility study is too high to be adopted as an average for the Menangle Park Urban Release Area and Greater Macarthur Special Contribution Area; and
2. The statutory costs per lot adopted by EPS in their feasibility study are below those stated in the current Menangle Park Contributions Plan and IPART recommendations.

Based on our analysis of the EPS report and the above findings, our recommendation is that an affordable SIC levy range should be in the order of \$17,500 to \$27,500.

We further note as part of our findings that a single SIC levy rate for all housing typologies will impact product diversity.



3. OVERVIEW

EPS were commissioned by DP&E to provide a Special Infrastructure Contribution (SIC) Feasibility Study for the Greater Macarthur Special Contribution Area (SCA). The purpose of the report was to inform the implementation of an infrastructure funding mechanism to support projections of growth within the Greater Macarthur Growth Area. The Greater Macarthur Growth Area comprises the greenfield land release areas of Menangle Park, Mt Gilead, Appin, Appin East and West Appin.

EPS have undertaken feasibility modelling based on three (3) scenarios with outcomes as follows:

Scenario	Description	Upper Limit SIC (per Dwelling)
1	Rural land, with no anticipated residential potential	\$130,000
2	Rural land, with anticipated residential rezoning potential	\$75,000
3	Existing low-density residential land	\$0

**SIC = State Infrastructure Contribution*

Essentially the EPS analysis indicates the upper cost level of SIC that development sites can accommodate without impacting financial viability.

The above analysis is qualified by EPS as demonstrating high-level, generic outcomes and does not consider the individual nuances, opportunities, constraints and conditions of specific development sites, which they say is beyond the scope of their report.

A copy of the feasibility study undertaken by EPS is provided overleaf.

**Greater Macarthur
Special Infrastructure Contribution Feasibility Study**



Financial Input Sheet			
Development Yield Base Assumptions	Scenario Descriptions		
Land area (ha)	50	Scenario 1	Rural land, with no anticipated residential potential;
Lots	900	Scenario 2	Rural land, with anticipated residential rezoning potential
Average lot size - Gross (m ²)	556	Scenario 3	Existing low density residential land, with the impost of a SIC
Infrastructure contingency	20%		
Average lot size - Net (m ²)	450		

Feasibility Approach (Costs inclusive of GST where relevant)			
Input Assumptions	Scenario 1	Scenario 2	Scenario 3
Acquisition costs	\$9,500,000	\$26,500,000	\$90,000,000
Legals	\$20,000	\$20,000	\$20,000
Revenue (per lot)	\$420,000	\$420,000	\$420,000
Construction costs (per lot)	\$88,000	\$88,000	\$88,000
Construction contingency (% construction costs)	10%	10%	10%
Statutory costs (total per lot)	\$23,500	\$23,500	\$23,500
Professional Fees (% construction costs)	8%	8%	8%
Land holding costs (Year 1)	\$1,925,000	\$1,925,000	\$1,550,000
Timing (years until first lot sale)	4.5	4.5	2.0
Sales rate (per quarter)	45	45	45
Selling costs (% gross revenue)	2.25%	2.25%	2.25%
Marketing (% gross revenue)	3.25%	3.25%	3.25%
Interest rate (pa)	6.25%	6.25%	6.25%
IRR	22.5%	20.0%	17.5%
Cost escalations	Nil	Nil	Nil
GST	General Tax Rule	General Tax Rule	General Tax Rule

Feasibility Approach			
Outputs	Scenario 1	Scenario 2	Scenario 3
Affordable SIC	\$131,370	\$76,270	\$0
Rounded	\$130,000	\$75,000	\$0

The EPS report notes the following limitations to its feasibility study:

Section 7.11 Local Development Contributions.

Local Development Contributions have been allowed at \$20,000/ developed residential lot. It is acknowledged that an increase in this contribution or the introduction of additional development contributions would have a corresponding decrease in the supportable level of SIC.

Landholding size.

A nominal landholding size of 50ha has been adopted based on a review of the typical range of lot sizes across the study area. Generally smaller landholdings would be expected to support a lower level of SIC.

Developable dwellings per ha following rezoning.

The development of 18 residential lots / ha of englobo land has been adopted based on typical patterns of development in low density residential areas. There is an increasing trend towards smaller lot sizes and increased density in growth areas. If a greater density of development is permitted in the future this would likely support a (lower) SIC in the medium to long term.



Construction costs.

An allowance for \$80,000+GST construction cost per developable residential lot has been adopted. The actual cost of construction will vary substantially for any individual development site based on a number of factors including topography, geology, servicing and other constraints. An increase in expected construction costs would be expected to support a lower level of SIC.

Market value of land.

The market value of both undeveloped and developed land is fundamental to the conclusions of this study. Market values can change rapidly and have a material impact on the supportable level of SIC. EPS recommend a refresh of sales evidence and assumption inputs be undertaken in the event that the relevance of this report should lapse.

Sensitivity to Future Costs and Revenues.

The analysis assumes revenues and costs that are relevant as at the date of this report. These have the potential to change materially in the future. EPS recommend a refresh of sales evidence and assumption inputs be undertaken in the event that the relevance of this report should lapse.

Hypothetical Scenarios.

The analysis undertaken within is based on hypothetical scenarios. While EPS has attempted to provide scenarios that are based on the most likely planning uplift scenarios, EPS has been unable to verify that these scenarios will reflect the future planning provisions and development controls to be implemented by DP&E across Greater Macarthur SCA.



4. URBIS CRITIQUE OF THE EPS REPORT

4.1. THE APPROPRIATENESS OF THE METRICS ADOPTED BY EPS IN THEIR FEASIBILITY STUDY

In analysing the metrics adopted by EPS, we have focused on the following:

- Revenue per Lot
- Construction Costs per Lot
- Statutory Costs per Lot
- Sales Rate per Quarter
- Profit and Risk
- Affordable SIC – Scenario 2
- Affordable SIC – Scenario 3

Our analysis of the above components follows.

4.1.1. Revenue per Lot

EPS in their analysis have adopted the following metrics for their revenue estimation:

Item	Value
Average Lot Size (sq.m)	450
Revenue per Lot	\$420,000
\$/sq.m Land	\$933

EPS have provided sales evidence of individual lots which indicate a value range of \$690 to \$1,130 per square metre of land area for lot sizes ranging from 300 to 714 square metres. However the sales evidence is not dated and therefore does not reveal the market conditions under which these lots were sold.

The majority of the sales evidence of lot sizes between 440 and 503 square metres falls under the suburbs of Gregory Hills and Spring Farm, and indicates the following value metrics:

Suburb	Minimum (\$/sq.m)	Maximum (\$/sq.m)
Gregory Hills	\$950	\$1,040
Spring Farm	\$850	\$940

The above table indicates a land value range of \$850 to \$1,040 per square metre for land lots between 440 and 503 square metres in the suburbs of Gregory Hills and Spring Farm.



As mentioned in the EPS report, there are five (5) distinct precincts within the Special Contribution Area comprising:

1. Glenlee
2. Menangle Park
3. Gilead
4. North Appin
5. Appin

The established suburbs of Gregory Hills and Spring Farm are considered to be superior in terms of location when compared to suburbs further south of the Greater Macarthur SCA such as Menangle Park, Gilead and Appin. The suburbs of Gregory Hills and Spring Farm would therefore be expected to achieve stronger land value rates in comparison. We are therefore of the opinion that the average land value sale rate of \$933 adopted by EPS for lot sizes of 450 square metres appear to be too high to be adopted as an average for the Greater Macarthur SCA. A more appropriate average land value rate, in our opinion, should fall at the lower end of the value range of \$850 to \$1,040 indicated by the sales evidence in Gregory Hills and Spring Farm.

We are therefore of the opinion that a value rate of \$850 per square metre would be more appropriate. This would result in a revenue per lot that is \$37,500 less than that adopted by EPS.

4.1.2. Construction Cost per Lot

EPS have adopted a construction cost per lot of \$88,000 with additional professional fees of 8.0% and construction contingency of 10.0%. Based on an analysis of proposed and completed subdivision projects within the Greater Macarthur Area listed on Cordell, as well as having reference to construction handbooks such as Rawlinsons, we are of the view that the construction costs adopted by EPS as an average for the Greater Macarthur SCA for residential subdivision appear to be appropriate.

4.1.3. Statutory Costs per Lot

EPS have noted in their report limitations that they have adopted an allowance of \$20,000 per developed residential lot for Local Development Contributions. EPS have then adopted statutory costs of \$23,500 per lot in their feasibility study.

The table overleaf details contribution rates applicable to the whole of the Campbelltown Local Government Area under Section 7.11 of the Campbelltown Local Infrastructure Contribution Plan 2018.

Table 4 Section 7.11 contribution rates

Item	Per resident ^a	Secondary dwelling or seniors living dwelling	Studio or 1 bed dwelling	2 bed dwelling	3 or more bed dwelling ^b
Open space and recreation facilities	\$3,867	\$6,264	\$6,264	\$7,385	\$11,409
Community facilities	\$1,111	\$1,800	\$1,800	\$2,122	\$3,278
Traffic, transport and access facilities	\$1,092	\$1,770	\$1,770	\$2,086	\$3,223
Cycleways	\$376	\$610	\$610	\$719	\$1,111
Town centre public domain facilities	\$234	\$379	\$379	\$447	\$691
Plan management and administration	\$98	\$159	\$159	\$187	\$289
Total	\$6,778	\$10,981	\$10,981	\$12,946	\$20,000

a the per resident rate is relevant to calculating the contributions for boarding houses, group homes, and hostels

b the component contribution rates for the different infrastructure types have been adjusted to reflect the \$20,000 cap

Important Note:

At the time this plan was prepared, consent authorities could not impose a monetary contribution on a residential development that exceeded \$20,000 per lot or dwelling. This restriction is due to a direction made by the Minister for Planning on 21 August 2012.

The consent authority therefore shall not impose a total monetary contribution under this plan that exceeds \$20,000 for each dwelling approved in the development.

It appears the contributions allowance of \$20,000 adopted by EPS in their feasibility is based on the above cap of \$20,000 maximum contribution per lot or dwelling as stipulated in the Campbelltown Local Infrastructure Contribution Plan 2018.

While the above contribution plan applies to the whole of the Campbelltown LGA, it should be noted that there are some areas within the Greater Macarthur SCA that will have greater infrastructure requirements and therefore greater contribution requirements. Menangle Park is one such area, which as a result levies its own contributions under the Menangle Park Contributions Plan.

The table overleaf details contribution rates applicable to Menangle Park under the Menangle Park Contributions Plan.

Table 2: Contribution by Development Type

Facility	Net developable area	Lot Area (m ²)	Occupancy Rate per dwelling	Community	Open Space & Recreation	Trunk Drainage & Water Quality	Traffic & Transport	Plan Preparation	TOTAL 2016	TOTAL CPI adjusted rate 2017
Rate per person				\$48	\$4,900	\$3,164	\$4,149	\$208	\$12,470/person	
Residential	330 ha									
Town Centre Unit		N/A	1.7	\$81	\$8,330	\$5,379	\$7,054	\$354	\$21,199/lot	\$21,602/lot
Small Lot		300-419	2.4	\$115	\$11,760	\$7,594	\$9,959	\$500	\$29,927/lot	\$30,497/lot
Standard Lot		420-599	2.4	\$115	\$11,760	\$7,594	\$9,959	\$500	\$29,927/lot	\$30,497/lot
Standard Lot		600-949	3.5	\$167	\$17,150	\$11,075	\$14,523	\$729	\$43,644/lot	\$44,474/lot
Traditional Lot		950-1999	3.5	\$167	\$17,150	\$11,075	\$14,523	\$729	\$43,644/lot	\$44,474/lot
Large Lot		2000+	3.5	\$167	\$17,150	\$11,075	\$14,523	\$729	\$43,644/lot	\$44,474/lot
One Bedroom Dwelling			1.7	\$81	\$8,330	\$5,379	\$7,054	\$354	\$21,199/lot	\$21,602/lot
Two Bedroom Dwelling			2.4	\$115	\$11,760	\$7,594	\$9,959	\$500	\$29,927/lot	\$30,497/lot
Three and more Bedroom Dwelling			3.5	\$167	\$17,150	\$11,075	\$14,523	\$729	\$43,644/lot	\$44,474/lot
Retail / Commercial (per 100m ² gross floor area)	2 ha			\$0	\$0	\$941	\$50,638	\$62	\$51,641/100m ² GFA	\$52,624/100m ² GFA

It is evident that under the Menangle Park Contributions Plan, the standard lot size of 450 square metres adopted by EPS would incur a contributions rate of \$30,497 per lot (adjusted 2017 rate). This is significantly higher than the \$20,000 allowance adopted by EPS.

It is therefore our opinion that the contributions allowance adopted by EPS is too low to be adopted as an average for the Menangle Park Urban Release Area and the Greater Macarthur SCA. A more appropriate average contributions allowance, in our opinion, should have a lower limit that is at or above the contributions levied on standard lots of 420 – 599 square metres under the Menangle Park Contributions Plan, which at the 2017 adjusted rate stood at \$30,497 per lot. This equates to \$10,497 more than that adopted by EPS.

We note that the Menangle Park Contributions Plan was submitted to the Independent Pricing and Regulatory Tribunal (IPART) for review, with the outcome announced in December 2018 recommending a standard lot rate \$38,719 for lot sizes of 420-599 square metres. This equates to \$18,719 more than that adopted by EPS.

A copy of the indicative residential contribution rates for Menangle Park proposed by IPART is provided overleaf.

Table 1.3 Indicative residential contribution rates – Menangle Park

Type of development	Size of lot (m ²)	Occupancy rate per dwelling	Contribution as per plan (\$Sep2016)	IPART-adjusted contribution (\$June2018)	Difference
Lot size					
Town Centre Unit		1.7	21,199	27,426	6,228
Small Lot	300-419	2.4	29,927	38,719	8,792
Standard Lot	420-599	2.4	29,927	38,719	8,792
Standard Lot	600-949	3.5	43,644	56,466	12,822
Traditional Lot	950-1999	3.5	43,644	56,466	12,822
Large Lot	2000+	3.5	43,644	56,466	12,822
Dwelling					
1 bedroom		1.7	21,199	27,426	6,228
2 bedrooms		2.4	29,927	38,719	8,792
3+ bedroom		3.5	43,644	56,466	12,822

Note: Indicative contributions for residential developments are based on the council's assumed household occupancy rates for various sized lots. Where a proposed development will have multiple dwellings on a single allotment, the occupancy rate, and hence contribution amount, is determined by the number of bedrooms in each of the dwellings which are to be constructed on that lot.

Source: Menangle Park CP, Table 2 and IPART calculations.

4.1.4. Sales Rate per Quarter

EPS have adopted a sales rate of 45 lots per quarter in their feasibility study, which equates to approximately 180 lots per annum. Although sales rates have softened in recent times, we are of the view that the sales rate adopted by EPS falls within market parameters.

4.1.5. Profit and Risk

EPS have noted the following in their report regarding profit and risk:

“The following bands provide a guide only for different scenarios when determining a hurdle rate for the profit and risk (IRR):

- 15% - 17.5%: Usually short-term development considered to be relatively risk free;
- 17.5% - 20%: Generally medium-term development with some associated risks such as prolonged development periods; and
- 20% - 25%: Longer-term larger development with more risk such as the requirement of approvals.

In undertaking this feasibility modelling, EPS has allowed for IRR's in the range of 17.5% to 22.5% dependent on the risk profile of each modelled development scenario.”

EPS appear to be referring to the Profit and Risk (or development margin) hurdle rate as a measure of the internal rate of return (IRR). This is confusing as the two financial measures are different and influenced by different factors, they are not one in the same as EPS appears to be alluding to. The measure for a development margin, by definition, is attained by dividing the net development profit by the total development cost. The project IRR on the other hand provides an indication of the rate of return earned on capital invested in the project. Intuitively, the most significant difference between the



two financial measures is going to be the impact of the time value of money. A project IRR is greatly impacted by the time value of money whereas the development margin does not account for the time value of money.

We therefore recommend that EPS clarify their definition of Profit and Risk and IRR, as this may have an impact on their assessment.

4.2. THE APPROPRIATENESS OF THE EPS CONCLUSION ON SCENARIO 2

Based on their feasibility study, EPS have adopted an affordable SIC levy of \$75,000 per proposed dwelling for development sites within the Greater Macarthur SCA with anticipated residential rezoning potential (Scenario 2).

We are of the opinion that the upper limit SIC adopted by EPS is too high based on the following:

- The adopted revenue per lot is too high to be adopted as an average for the Menangle Park Urban Release Area and Greater Macarthur SCA; and
- The adopted statutory costs per lot is too low to be adopted as an average for the Menangle Park Urban Release Area and Greater Macarthur SCA.

Given the above, we are of the opinion that the upper limit SIC levy of \$75,000 per proposed dwelling concluded by EPS is too high to be adopted as an average for the Menangle Park Urban Release Area and Greater Macarthur SCA.

Based on our earlier recommendations regarding the metrics adopted by EPS, the upper limit SIC levy concluded by EPS can be revised as follows:

Item	Value
EPS SIC Levy Upper Limit	\$75,000
Less:	
Revenue Reduction (\$933 to \$850/sq.m)	\$37,500
Higher Statutory Costs (Menangle Park Contributions Plan)	\$10,497
Revised SIC Levy	\$27,003
Less:	
Higher Statutory Costs (IPART recommendation)	\$8,222
Revised SIC Levy (after IPART recommendation)	\$18,781

Our analysis above indicates a revised upper limit SIC levy of \$27,003 if our recommended adjustments are taken into account, and \$18,781 if the IPART recommendation is also taken into

account. Based on the above, we would recommend an affordable upper limit SIC levy in the range of \$17,500 to \$27,500 per dwelling.

4.3. THE APPROPRIATENESS OF THE EPS CONCLUSION ON SCENARIO 3

Based on their feasibility study, EPS have adopted an affordable SIC levy of \$0 per proposed dwelling for development sites within the Greater Macarthur SCA that are classified as existing low-density residential land (Scenario 3). EPS conclude that this scenario does not benefit from any re-zoning value uplift and is therefore unable to afford additional project costs due to the imposition of a SIC levy.

We are of the opinion that the conclusion by EPS on Scenario 3 is appropriate and consistent with current market transactions.

We note that the Menangle Park Urban Release Area was rezoned in November 2017 to enable it to be developed for urban purposes. According to the EPS report, the Menangle Park Urban Release Area would fall under Scenario 3 and is therefore unable to afford a SIC levy impost.

4.4. THE IMPACT ON PRODUCT DIVERSITY OF A SINGLE SIC RATE FOR ALL DWELLING TYPES

The EPS feasibility study only considers the scenario of a 900-lot residential subdivision with an average subdivided lot size of 450 square metres. However the reality is that most development sites within the Greater Macarthur SCA will be developed based on a masterplan concept that includes differing housing typologies. Whilst EPS have determined what they believe is an affordable SIC levy per proposed dwelling for a low-density residential subdivision, they have not considered the impact of a single dwelling SIC rate on proposed developments comprising other housing typologies such as medium and high-density dwellings.

Our opinion is that the SIC levy determined by EPS is unlikely to be affordable for apartment developments. In comparison to a residential subdivision, an apartment development takes less time to build and has a lower price point that appeals to the broader market. The profit margins under such a scenario are at a lower level. Therefore the tolerance of apartment types (in particular 1 and 2 bedroom apartments) in a development to absorb a SIC levy imposition may be significantly lower than that of a residential subdivision development. On a similar basis, the provision of the missing middle (small lot and integrated dwellings) would also be limited under a single rate SIC levy. It therefore follows that a single rate SIC levy will discourage the development of certain housing typologies.

Our opinion is that implementing a single dwelling rate for the SIC levy will significantly impact dwelling diversity.

In their report limitations, EPS notes the following:

“There is an increasing trend towards smaller lot sizes and increased density in growth areas. If a greater density of development is permitted in the future this would likely support a (lower) SIC in the medium to long term.”

This assumption by EPS essentially acknowledges that the use of a single rate SIC levy for all dwellings types limits dwelling diversity.

5. VALUER DETAILS

We are obliged to advise that this report and valuation is only for the use of the party to whom it is addressed, and no responsibility or liability is accepted to any third party for the whole or any part of its contents.

Urbis Valuations Pty Ltd

A black ink signature of Ronil Besele, appearing as a stylized, cursive 'R' followed by a horizontal line.

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Report Signed: 20 February 2019



DISCLAIMER

This report is dated 4 February 2019 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Valuations Pty Ltd's (**Urbis**) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of Dahua Group Australia (**Instructing Party**) for the purpose of Internal Review (**Purpose**) and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the Instructing Party which relies or purports to rely on this report for any purpose other than the Purpose, and to any other person which relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report, and upon which Urbis relied. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

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This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.

Dahua
Menangle Park URA
Review of Draft SIC

Issue | 11 March 2019

This report takes into account the particular instructions and requirements of our client.

It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party.

Job number 263478

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ARUP

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1 Introduction

This report has been prepared to assist Dahua with their submission to draft Greater Macarthur Special Infrastructure Contribution Plan in relation to the Menangle Park Urban Release Area (URA). Dahua own and control a large portion of land within Menangle Park.

The Menangle Park URA and site was rezoned from rural to urban purposes on 18 November 2017. This rezoning sought to accommodate approximately 3,400 residential dwellings, a town centre, a school site, employment land, community facilities and land for public recreation. In November 2018, Dahua lodged a revised planning proposal and structure plan with Campbelltown City Council seeking to accommodate 5,250 dwellings on site. This planning proposal is currently being assessed by Council.

In the context of the above, this report has been structured as follows:

- Examination and summary of relevant background documents
- Initial review of draft SIC, highlighting infrastructure considered of importance to the development of Menangle Park URA
- Review of road infrastructure use and estimation of contribution based on this metric
- Review of social infrastructure and estimation of contribution based on the number of dwellings
- Summary with overall contribution per dwelling based on the two planning proposals

1.1 Background document review

Table 1 provides a summary of the key insights in the Department of Planning and Environment (DPE) prepared documents which has informed the analysis.

Table 1 Document review

Document	Key insights
Greater Macarthur 2040 interim plan	<p>Housing</p> <p>Transport network designed for approximately 40,000 dwellings in the land release precincts; broken down as:</p> <ul style="list-style-type: none"> • 4,000 new homes in Menangle Park • 15,000 new homes in Gilead • 5,000 new homes in North Appin • 15,000 new homes in Appin (longer term) <p>Local economy</p> <ul style="list-style-type: none"> • Glenfield to Macarthur corridor could be home to an additional 21,000 jobs over 20 years. • New employment areas will include the Glenlee Precinct. • Land use in Macquariedale Road is identified as a mixture of residential and employment land. <p>Centres</p> <ul style="list-style-type: none"> • Campbelltown-Macarthur to be reinforced as the primary centre for retail, commercial and services. Another metropolitan centre will not be required. • Menangle Park and Gilead are unlikely to require major centres given the proximity to Campbelltown-Macarthur. • Appin, Appin North or South Gilead have potential to become strategic centres. <p>Education</p> <ul style="list-style-type: none"> • New primary schools and high schools in land release precincts. • New education precinct at Glenfield.

<p>Greater Macarthur and Wilton Retail Market Analysis report</p>	<p>Retail potential</p> <ul style="list-style-type: none"> ● Potential for sub-regional shopping centres in Wilton and West Appin ● Supermarket based shopping centre at Menangle Park¹ ● Supermarket based centres at Mount Gilead and Bingara Gorge <p>Menangle Park trade areas:</p> <ul style="list-style-type: none"> ● A primary trade area which is bounded by the Menangle Park and Mount Gilead Priority Growth Area to the north, east and west.
<p>Greater Macarthur Transport Infrastructure study</p>	<p>Menangle Park vehicle generation and distribution</p> <ul style="list-style-type: none"> ● Peak generation of 4,437 car trips by 2051 in PM (1 hour) ● Distribution of traffic in following directions <ul style="list-style-type: none"> ○ 66% North ○ 8% East ○ 13% South ○ 13% West <p>Recommended infrastructure near Menangle Park forming part of SIC</p> <ul style="list-style-type: none"> ● Spring Farm Parkway ● Menangle Road widened to 2 lanes in each direction ● Spring Farm Parkway interchange (noted that study recommended north and south facing ramps)

¹ Note, the latest planning proposal for Menangle Park envisages a sub-regional type of centre

1.2 Trip Generation

The vehicle trip generation used in this report has been estimated from the following sources:

- Scenario 1 (3,400 dwellings): Greater Macarthur Transport Infrastructure Study
- Scenario 2 (5,250 dwellings): Arup Transport Assessment (2018)

A summary of the Menangle Park URA generated vehicle trips (1-hour PM peak) are presented in Table 2.

Table 2 Summary of vehicle trip generation and distribution

Direction	Trip distribution	Scenario 1: 3,400 dwellings	Scenario 2: 5,250 dwellings
North	66%	2928	3788
East	8%	355	459
South	13%	577	746
West	13%	577	746
Total traffic generation	100%	4,437	5,739

1.3 Key Routes

The key vehicular routes to and from the Menangle Park URA are highlighted in Figure 1. They are based on the infrastructure proposed in the draft SIC being in place.

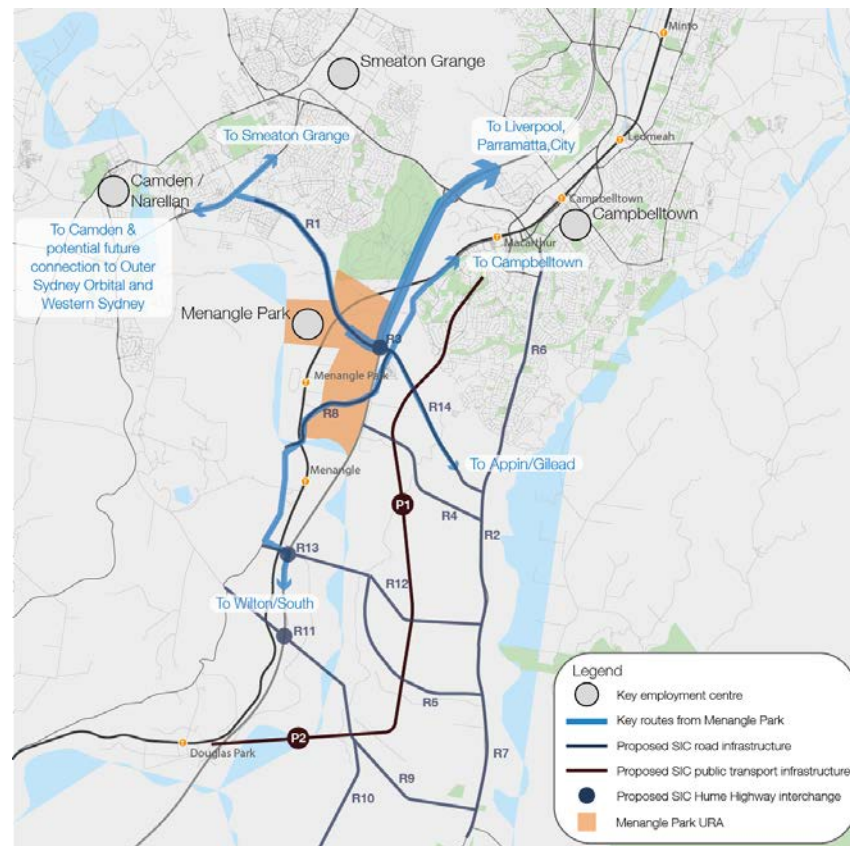


Figure 1 Key traffic routes

1.4 Review of draft Greater Macarthur SIC

The draft Greater Macarthur SIC for the plan is presented in Figure 2 and Figure 3 below, with a high level review of their importance to the Menangle Park URA discussed in the following sections.

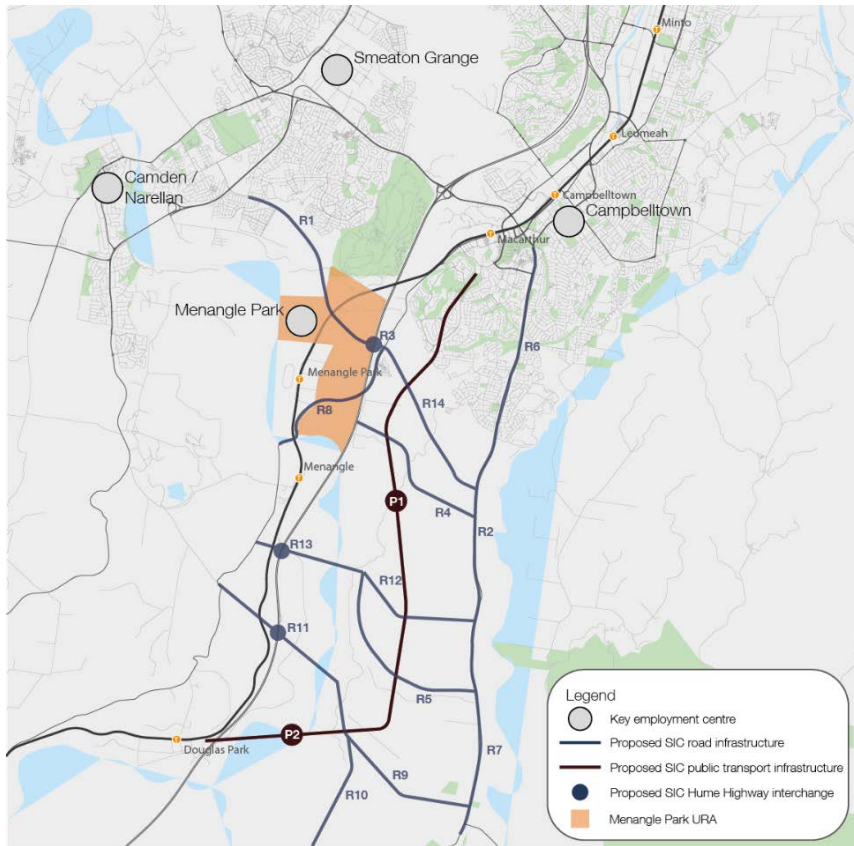


Figure 2 Draft SIC infrastructure (roads)

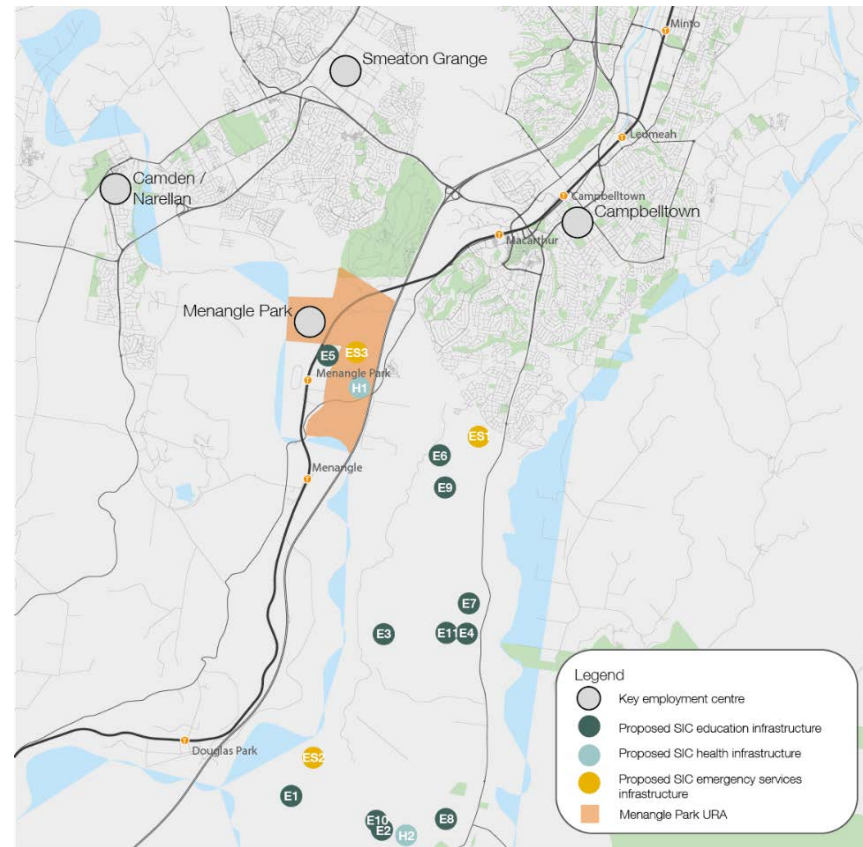


Figure 3 Draft SIC infrastructure (social)

1.5 Road infrastructure projects

Table 3 is an initial review of the proposed road infrastructure in the draft Greater Macarthur SIC. Highlighted infrastructure are considered to be relevant to the Menangle Park URA and have been assessed further to understand extent of relevance.

Table 3 Review of draft Greater Macarthur SIC (roads)

	Infrastructure	Relevance to Menangle Park URA	Further Analysis
	Roads		
R1	Spring Farm Parkway - New 4 lane arterial road between Appin Road and Liz Kernohan Drive	<ul style="list-style-type: none"> Important to Menangle Park URA but also provides a significant regional function 	Yes
R2	Appin Rd North - upgrade to 4 lanes between Kellerman Drive and Mallaty Creek	<ul style="list-style-type: none"> Limited relevance. Predominantly provides a connection between development along Appin Road corridor to Campbelltown. Any use by Menangle Park URA residents would be minimal. 	No
R3	Spring Farm Parkway - Interchange Ramps to Hume Highway	<ul style="list-style-type: none"> Important to Menangle Park URA but also provides a significant regional function 	Yes
R4	Mt Gilead North - new 4 lane sub-arterial road	<ul style="list-style-type: none"> Limited relevance. Predominantly connects Mt Gilead North development to Appin Road. No interchange with Hume Highway or connection to Menangle Park noted. Gilead not identified as a major jobs centre. Any use by Menangle Park URA residents would be minimal. 	No
R5	Mt Gilead South - new 4 lane sub-arterial road	<ul style="list-style-type: none"> Limited relevance. Predominantly connects Mt Gilead South development to Appin Road and Macquariedale Road. Gilead not identified as a major jobs centre. Any use by Menangle Park URA residents would be minimal. 	No
R6	Appin Rd North - Widened to 6 lanes - Mallaty Creek to Narellan Road	<ul style="list-style-type: none"> Limited relevance. Predominantly provides a connection between development along Appin Road corridor to Campbelltown. Any use by Menangle Park URA residents would be minimal. 	No

R7	Appin Rd South - Widened to 4 lanes - Mallaty Creek to Brooks Point Road	<ul style="list-style-type: none"> Limited relevance. Predominantly provides a connection between development along Appin Road corridor to Campbelltown. Any use by Menangle Park URA residents would be minimal. 	No
R8	Menangle Rd - Widened to 4 lanes - Picton Road to Englorie Drive	<ul style="list-style-type: none"> Important to Menangle Park URA but also provides a significant regional function now and in the future 	Yes
R9	Macquariedale Rd - Subarterial upgrade Appin Road to Menangle Road	<ul style="list-style-type: none"> Partial relevance. Provides connection to West Appin via Menangle Road. Appin may become a future strategic centre. 	Yes
R10	Link Rd B - New subarterial 4 lane road	<ul style="list-style-type: none"> Limited relevance. Predominantly provides a connection between West Appin development and Macquariedale Road and Hume Highway. Some jobs identified along corridor, however use by Menangle Park URA residents would be minimal. 	No
R11	Macquariedale Rd - Interchange Ramps to Hume Highway	<ul style="list-style-type: none"> Limited relevance. Interchange to the north (R13) would be used to access Hume highway for trips to/from the south. 	No
R12	Link Road A - New subarterial 4 lane road	<ul style="list-style-type: none"> Limited relevance. Predominantly connects Gilead with Appin Road and Hume Highway and serving that development. Gilead not identified as a major jobs centre. Any use by Menangle Park URA residents would be minimal. 	No
R13	Link Road A - Interchange Ramps to Hume Highway	<ul style="list-style-type: none"> Partial importance based on the assumption that southbound ramps provided. 	Yes
R14	Spring Farm Parkway East - Widened to 6 lanes	<ul style="list-style-type: none"> Limited relevance. Majority of Menangle Park trips on Spring Farm Parkway will be west of Hume Highway. 	No

1.6 Social infrastructure projects

Table 4 is an initial review of the proposed social infrastructure in the draft Greater Macarthur SIC. Highlighted social infrastructure is considered to be relevant to the Menangle Park URA and have been assessed further to understand extent of relevance.

Table 4 Review of draft Greater Macarthur SIC (social infrastructure)

Ref.	Social Infrastructure		Relevance to Menangle Park URA	Further Analysis
E1-11	Education	9 x Primary Schools	<ul style="list-style-type: none"> Land being provided within Menangle Park URA for 1 primary school. 	Yes
		2 x Secondary School	<ul style="list-style-type: none"> Secondary schools serving Menangle Park URA demand likely to consist of expansion existing schools in wider region as well as a new school, likely to be located in Gilead. 	Yes
H1-2	Health	2 x Integrated Health Hubs	<ul style="list-style-type: none"> Relevant to Menangle Park URA 	Yes
P1	Public Transport	Transit Corridor North	<ul style="list-style-type: none"> Corridor located east of Hume Highway and is outside of Menangle Park catchment, thus providing limited benefits. 	No
P2		Transit Corridor South	<ul style="list-style-type: none"> Corridor located east of Hume Highway and is outside of Menangle Park catchment, thus providing limited benefits. 	No
	Open Space & Conservation	Biodiversity Certification	<ul style="list-style-type: none"> Limited relevance to Menangle Park URA. Dahua has already lodged a DA with Council for vegetation management of the site including a biobanking assessment and establishing stewardship sites to offset impacts 	No
ES1	Emergency Services	Fire & Rescue Station Mt Gilead	<ul style="list-style-type: none"> Fire and Rescue station will have a regional function which includes the Menangle Park URA 	Yes
ES2		Police Station Menangle Park	<ul style="list-style-type: none"> Police station will have a regional function which includes the Menangle Park URA 	Yes
ES3		Fire & Rescue Station West Appin	<ul style="list-style-type: none"> Limited relevance to Menangle Park URA 	No
	Planning and delivery	Precinct Planning	<ul style="list-style-type: none"> Assumed to be proportional to dwelling numbers across region – however it should be noted that the precinct planning associated with the Menangle Park URA is at an advanced stage, with limited future requirements. 	Yes
		Precinct Delivery	<ul style="list-style-type: none"> Assumed to be proportional to dwelling numbers across region 	Yes

2 Review of road infrastructure relevant to Menangle Park URA

2.1 Methodology

For road infrastructure projects which are of relevance to the Menangle Park URA, the following calculation has been used to estimate an appropriate level of contribution.

$$\text{Contribution} = \text{Total infrastructure cost} \times \frac{\text{Menangle Park URA Traffic Volumes}}{\text{Future total traffic volumes}}$$

- Total infrastructure costs provided in draft SIC
- Future total traffic volumes estimated from Greater Macarthur Transport Infrastructure Study (for 3,400 dwellings). Volumes are conservative, high-level estimates due to lack of detail data. Additional traffic volumes have been added for the 5,250 dwelling scenario.
- Menangle Park traffic volumes provided in Greater Macarthur Transport Infrastructure Study (for 3,400 dwellings) and Arup study (for 5,250 dwellings)

2.2 Spring Farm Parkway - New 4 lane arterial road between Appin Road and Liz Kernohan Drive

Table 5 Menangle Park URA contribution to R1

Infrastructure Stage	Estimated use by Menangle Park URA	3,400 dwellings			5,250 dwellings		
		Total Volume	Menangle Park Volume	%	Total Volume	Menangle Park Volume	%
Stage 1 (between Menangle Park and Menangle Road)	<ul style="list-style-type: none"> Relevant to the Menangle Park URA as it provides access to and from Hume Highway. 66% of development trips are to/from the North. Majority of which will use Hume Highway (50%), with remainder using Menangle Road (16%). 	3000	1464	49%	3430	1894	55%
Stage 2 (Menangle Park to Liz Kernohan Drive)	<ul style="list-style-type: none"> Facilitates access to the west where several employment centres are located. 13% of development trips will be to/from the West. 	3000	577	19%	3169	746	24%
Stage 3 (Menangle Road to Appin Road)	<ul style="list-style-type: none"> Used to access to development along this corridor and regional locations such as Wollongong. 8% of development trips will be to/from the West. May also be used by Gilead residents to access retail in Menangle Park URA. 	3000	355	12%	3104	459	15%

Spring Farm Parkway (Stage 1) as a 4-lane arterial is adequate for travel demand in both Menangle Park URA planning proposal scenarios. The Stage 2 extension to Liz Kernohan Drive will result in it having a more regional function, with volumes likely to be highest along the 'Stage 1' section. The addition of regional traffic along the Stage 1 section of Spring Farm Parkway may result in a need further road widening on that segment.

2.3 Spring Farm Parkway - Interchange Ramps to Hume Highway

Table 6 Menangle Park URA contribution to R3

Infrastructure Stage	Estimated use by Menangle Park URA	3,400 dwellings			5,250 dwellings		
		Total Volume	Menangle Park Volume	%	Total Volume	Menangle Park Volume	%
Construction as part of Spring Farm Parkway Stage 1. No additional works envisaged for 5,250 dwelling scenario.	<ul style="list-style-type: none"> Relevant to the Menangle Park URA as it provides access to and from Hume Highway. 66% of development trips are to/from the North, the majority of which will use Hume Highway (50%) 	3000	1464	49%	3430	1894	55%

2.4 Menangle Rd - Widened to 4 lanes - Picton Road to Englorie Drive

Table 7 Menangle Park URA contribution to R8

Infrastructure Stage	Estimated use by Menangle Park URA	3,400 dwellings			5,250 dwellings		
		Total Volume	Menangle Park Volume	%	Total Volume	Menangle Park Volume	%
No additional works envisaged for 5,250 dwelling scenario.	<ul style="list-style-type: none"> Relevant to the Menangle Park URA as it provides access to the south (13%) and well as for to the north (16% towards MacArthur and Campbelltown). Relevance to Menangle Park URA, south of the proposed 'Link Road A' interchange with Hume Highway is limited. 	2200	469	21%	2571	840	33%

2.5 Macquariedale Rd – Sub-arterial upgrade Appin Road to Menangle Road

Table 8 Menangle Park URA contribution to R9

Infrastructure Stage	Estimated use by Menangle Park URA	3,400 dwellings			5,250 dwellings		
		Total Volume	Menangle Park Volume	%	Total Volume	Menangle Park Volume	%
Slight relevance to Menangle Park URA, however low levels of usage envisioned. No additional works required for 5,250 dwelling scenario.	<ul style="list-style-type: none"> Given the scale of development proposed along this corridor, it may be slightly relevant to Menangle Park URA to access jobs in area. Potentially used by Appin residents to access Menangle Park URA jobs/retail. 	3000	140	5%	3041	181	6%

2.6 Link Road A - Interchange Ramps to Hume Highway

Table 9 Menangle Park URA contribution to R13

Infrastructure Stage	Estimated use by Menangle Park URA	3,400 dwellings			5,250 dwellings		
		Total Volume	Menangle Park Volume	%	Total Volume	Menangle Park Volume	%
Partial relevance to Menangle Park URA. No additional works required for 5,250 dwelling scenario.	<ul style="list-style-type: none"> Partial relevant by Menangle Park URA to access areas to the south (e.g. Wilton). Up to 13% of travel south from Menangle Park. 	3000	577	19%	3169	746	24%

2.7 Summary of road infrastructure contributions

Table 10 Summary of assessment and contributions (road infrastructure)

SIC reference	Description	Total SIC cost	3,400 dwellings		5,250 dwellings	
			Menangle Park %	Assessed contribution	Menangle Park %	Assessed contribution
R1	Spring Farm Parkway - Stage 1	\$33,585,000 ²	49%	\$16,389,480	55%	\$18,545,187
	Spring Farm Parkway - Stage 2	\$33,585,000	19%	\$6,459,515	24%	\$7,906,093
	Spring Farm Parkway - Stage 3	\$33,585,000	12%	\$3,974,225	15%	\$4,966,339
R3	Spring Farm Parkway - Interchange Ramps	\$26,686,000	49%	\$13,022,768	55%	\$14,735,651
R8	Menangle Road – widened to 4 lanes	\$90,647,000	21%	\$19,324,292	33%	\$29,616,289
R9	Macquariedale Road – sub-arterial upgrade	\$209,495,000	5%	\$9,776,433	6%	\$12,469,120
R13	Link Road A - Interchange Ramps	\$49,306,000	19%	\$9,483,187	24%	\$11,606,903
Total		\$443,304,000.00		\$78,429,900.00		\$99,845,582.00

² In the absence of more detailed costings, an even split of costs for each of the stages has been assumed.

3 Review of social infrastructure relevant to Menangle Park

3.1 Methodology

For social infrastructure projects which are of relevance to the Menangle Park URA, the following calculation has been used to estimate an appropriate level of contribution.

$$\text{Contribution} = \text{Total infrastructure cost} \times \frac{\text{Menangle Park URA dwellings}}{\text{Total dwelling in relevant catchment}}$$

Key assumptions:

- Total no. of dwellings in growth areas: 40,000
- Dwellings in Gilead / Menangle Park URA catchment: 19,000
- Dwellings in Menangle Park URA: 3,400 & 5,250

3.2 Education

3.2.1 9 x Primary Schools

Table 11 Menangle Park URA contribution to primary schools

Estimated use by Menangle Park URA	3,400 dwellings		5,250 dwellings	
	Total dwellings in catchment	Menangle Park %	Total dwellings in catchment	Menangle Park %
Land being provided within Menangle Park for one primary school. Use assumed to be proportional to number of dwellings across the Greater Macarthur Growth Area.	40,000	9%	41,850	13%

The draft SIC proposes one primary school per 4,444 dwellings. On the basis of an additional 1,850 dwellings, there may be demand for an additional 0.4 primary schools (or \$2,000,000 in contributions).

3.2.2 2 x Secondary Schools

Table 12 Menangle Park URA contribution to secondary schools

Estimated use by Menangle Park URA	3,400 dwellings		5,250 dwellings	
	Total dwellings in catchment	Menangle Park %	Total dwellings in catchment	Menangle Park %
Secondary schools serving Menangle Park URA demand likely to consist of expansion existing schools in wider region as well as a new school, likely to be located in Gilead. Use assumed to be proportional to number of dwellings Greater Macarthur Growth Area..	40,000	9%	41,850	13%

The draft SIC proposes approximately one secondary school per 20,000 dwellings. On the basis of an increase of 1,850 dwellings, there may be demand for an additional 0.1 secondary school (or \$750,000 in contributions).

3.3 Health

3.3.1 2 x Integrated Health Hubs

Table 13 Menangle Park URA contribution to health hubs

Estimated use by Menangle Park URA	3,400 dwellings		5,250 dwellings	
	Total dwellings in catchment	Menangle Park %	Total dwellings in catchment	Menangle Park %
Use assumed to be proportional to number of dwellings across the Greater Macarthur Growth Area.	40,000	9%	41,850	13%

The draft SIC proposes approximately one health school per 20,000 dwellings. On the basis of an increase of 1,850 dwellings, there may be demand for an additional 0.1 health hub (or \$75,000 in contributions).

3.4 Emergency Services

3.4.1 Fire and Rescue Station Mt Gilead

Table 14 Menangle Park URA contribution to fire and rescue station

Estimated use by Menangle Park URA	3,400 dwellings		5,250 dwellings	
	Total dwellings in catchment	Menangle Park %	Total dwellings in catchment	Menangle Park %
Fire and Rescue station will have a regional function which includes the Menangle Park URA Use assumed to be proportional to number of dwellings in Gilead and Menangle Park URA area only given station proposed in West Appin.	19,000	18%	20,850	25%

No change in SIC costs anticipated for different dwelling scenarios.

3.4.2 Police Station Menangle Park

Table 15 Menangle Park URA contribution to police station

Estimated use by Menangle Park URA	3,400 dwellings		5,250 dwellings	
	Total dwellings in catchment	Menangle Park %	Total dwellings in catchment	Menangle Park %
Police station will have a regional function which includes the Menangle Park URA. Use assumed to be proportional to number of dwellings across the Greater Macarthur Growth Area.	40,000	9%	41,850	13%

No change in SIC costs anticipated for different dwelling scenarios.

3.5 Planning and delivery

3.5.1 Precinct Planning

Table 16 Menangle Park URA contribution to precinct planning

Estimated use by Menangle Park URA	3,400 dwellings		5,250 dwellings	
	Total dwellings in catchment	Menangle Park %	Total dwellings in catchment	Menangle Park %
Precinct planning associated with the Menangle Park URA is at an advanced stage, with limited future requirements. Contribution assumed to be proportional to dwelling numbers across the Greater Macarthur Growth Area.	40,000	9%	41,850	13%

No change in precinct planning SIC costs anticipated for different dwelling scenarios.

3.5.2 Precinct Delivery

Table 17 Menangle Park URA contribution to precinct delivery

Estimated use by Menangle Park URA	3,400 dwellings		5,250 dwellings	
	Total dwellings in catchment	Menangle Park %	Total dwellings in catchment	Menangle Park %
Contribution assumed to be proportional to dwelling numbers across the Greater Macarthur Growth Area.	40,000	9%	41,850	13%

No change in precinct delivery SIC costs anticipated for different dwelling scenarios.

3.6 Summary of social infrastructure contributions

Table 18 Summary of assessment and contributions (social infrastructure)

Social infrastructure	SIC	3,400 dwellings		5,250 dwellings	
		Menangle Park %	Contribution	Menangle Park %	Contribution
Education - Primary	\$45,000,000	9%	\$3,825,000	13%	\$5,645,161.29
Education - Secondary	\$15,000,000	9%	\$1,275,000	13%	\$1,881,720.43
Health	\$1,500,000	9%	\$127,500	13%	\$188,172.04
Emergency Services - Fire	\$625,000	18%	\$111,842	25%	\$157,374.10
Emergency Services - Police	\$500,000	9%	\$42,500	13%	\$62,724.01
Precinct Planning	\$15,596,158	9%	\$1,325,673	13%	\$1,956,507.28
Precinct Delivery	\$7,798,079	9%	\$662,837	13%	\$978,253.64
Total			\$7,370,352		\$10,869,913

4 Contribution Summary

The estimated SIC contribution based on two scenarios has been calculated. The total contribution, and an estimated contribution per dwelling, is set out in Table 19.

Table 19 Contribution per dwelling

Infrastructure type	3,400 dwellings	5,250 dwellings
Road infrastructure	\$78,429,900	\$99,845,582
Social infrastructure	\$7,370,352	\$10,869,913
Total	\$85,800,252.00	\$110,715,495.00
Contribution per dwelling	\$25,235	\$21,089