DEVELOPMENT CONTRIBUTION PLAN REPORT

SCARBOROUGH REDEVELOPMENT AREA

September 2017

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EXECUTIVE SUMMARY

Effective redevelopment of each of the Metropolitan Redevelopment Authority's (the Authority's) redevelopment areas requires the cost efficient provision of infrastructure and facilities such as utilities, roads, public transport, open space and community facilities. This physical and social infrastructure greatly influences the standard of living, mobility, and lifestyle choices of a community.

In most instances the Authority and/or the Local Government will provide or make plans to provide the majority of new infrastructure within the Scheme Area prior to landowners undertaking redevelopment of their land. Accordingly, the Authority will seek to recoup costs associated with infrastructure provision (as reasonably determined by the Authority) from landowners who benefit from this work, by requiring Development Contributions.

Chapter 7 of the Scarborough Redevelopment Scheme sets out the provisions for the establishment of Development Contribution Areas and the preparation and application of Development Contribution Plans. Pursuant to the Scheme, the whole of the Scheme Area as shown on the Scheme Map in Schedule 1 shall be considered as a Development Contribution Area.

The purpose of the Development Contribution Plan (DCP) is to provide for the infrastructure needs of the Development Contribution Area in a holistic and timely manner and to obtain equitable contributions from land owners who benefit from government investment in infrastructure and services.

Landowner contributions shall be made through monetary payment or, at the discretion of the Authority, offset by undertaking works-in-kind on behalf of the Authority. The requirement to provide a contribution shall be triggered by the development or subdivision application process.

The total development costs have been equitably distributed over the total developable site area within the Development Contribution Area to establish a development contribution rate. The development contribution rate varies based on the maximum building heights permitted under the Scarborough Design Guidelines, as outlined in the table below.

Maximum Building Height (Base)	Cost ($/m2)
2 storeys / 8 metres	$16.82
3 storeys / 11.5 metres	$25.23
4 storeys / 15 metres	$33.64
8 storeys / 29 metres	$67.29
12 storeys / 43 metres	$100.93

1 BACKGROUND

1.1 Scarborough Redevelopment Area

In January 2013, the Government announced a $30m investment towards the revitalisation of Scarborough Beach, to be delivered by the Authority and supported by the City of Stirling's $27.4m contribution.

The Scarborough Redevelopment Area was gazetted in July 2013 and consists of approximately 100 hectares of land extending 1.6 kilometres along the Scarborough beachfront and approximately 800 metres eastwards along Scarborough Beach Road (refer plan below).

The redevelopment area is located approximately 16 kilometres from the Perth CBD. The area is recognised as a prime beach destination by international, national and local visitors and is a development of significant importance to the State of Western Australia.

There are approximately 350 freehold lots within the Scarborough Redevelopment Area, with the majority of these lots the subject of a Strata Scheme.

The Authority's Interim Scarborough Redevelopment Scheme (the Interim Scheme) was gazetted in July 2014, resulting in the formal transfer of planning (development control) responsibilities from the City of Stirling to the Authority.

Figure 1. Scarborough Redevelopment Area

1.2 Scarborough Master Plan

The Scarborough Master Plan has been prepared by the Authority, in consultation with the City of Stirling and other key stakeholders.

The Scarborough Beach Urban Design Master Plan adopted by Stirling in 2011 and previous master plan studies dating back to 2005 have provided a solid foundation to inform the Authority's Master Plan.

The Authority's vision for the redevelopment and urban renewal of the Scarborough Redevelopment Area is to draw on Scarborough's unique identity and create an authentic, contemporary urban coastal experience for a growing residential community, workers and visitors, befitting its role as a key tourist destination.

Key components of the approved Master Plan include:

- A number of beachfront destinations to support visitor attraction and destination development.
- Development of a retail / commercial core that accommodates new businesses, enhances view corridors and focuses on active transport.
- A 50 metre beach pool.
- Enhanced landscaping, viewing areas and public amenity such as seating, shade and BBQs.
- Decked walkways and beach lookouts.
- Reconfigured car parking in strategic locations to accommodate pedestrian access east to west and improve public amenity.
- Identification of catalyst development sites to facilitate economic growth, increase local job opportunities and broaden the mix of uses and activities.

The Master Plan was approved by the Authority in June 2015 and released publicly by the Minister for Planning in September 2015. The Master Plan is depicted in the diagram overleaf.

Figure 2. Scarborough Master Plan 2015

1.3 Planning Framework

1.3.1 Former Development Contribution Plans

Two DCPs were prepared by the City of Stirling for Scarborough under its District Planning Scheme - Local Planning Scheme No. 3 - for the purposes of providing an equitable sharing of costs associated with proposed infrastructure works for portion of the redevelopment area.

Both DCPs and associated provisions were brought forward into the Authority's Interim Scheme without modification and provided the basis for levying of Development Contributions by the Authority. The existing DCPs were revoked upon gazettal of the Scarborough Redevelopment Scheme on 16 September 2016.

To date, Development Contributions levied from landowners under the Authority's Interim Scheme have been minimal, and all contributions previously received by the City of Stirling under its Local Planning Scheme have been expended on infrastructure related works along the beachfront by the City of Stirling, including construction of the amphitheatre.

In the context of the Scarborough Redevelopment Area and the MRA's new Planning Framework, the previous DCPs contained a number of shortcomings, namely:

- the DCPs encompassed only 50% of the redevelopment area;
- the DCPs were prepared several years ago by the City of Stirling to reflect local planning requirements in existence at that time; and
- the DCP provisions, including the scope, costs, apportionment method and arrangements for levying landowner contributions, did not adequately reflect the objectives or intent of the Master Plan, or the MRA's new Planning Framework for Scarborough.

1.3.2 Scarborough Redevelopment Scheme

Chapter 7 of the Authority's Scarborough Redevelopment Scheme (the Scheme) sets out the enabling provisions for the preparation of DCPs for the Development Contribution Area. Among other things, Chapter 7 addresses the following matters:

- Establishment of a DCP Area;
- DCP principles;
- Development Costs;
- Cost Contribution arrangements;
- Advertising and adoption of a DCP; and
- Amendments to a DCP.

2 DEFINITIONS

Terms in the DCP shall generally have the same meaning as defined in Appendix 2 of the Scheme.

Additional terms used in the Development Contribution Plan that are not defined in the Scheme shall have the following meanings:

"**Cost contribution**" in relation to an owner, means the share of Development Costs for which that owner is liable under the Development Contribution Plan.

"**Development costs**" means the infrastructure and administrative costs included in the Development Contribution Plan.

"**Operative date**" means the date on which the DCP comes into effect.

"**Site area**" means the area used to calculate a cost contribution, and is the area of an owner's land that is subject to a development contribution, excluding any area required to be set aside for future road widening as identified under section 6.2 of the Scarborough Design Guidelines.

3 DEVELOPMENT CONTRIBUTION PLAN

3.1 Purpose of the Development Contribution Plan

The purpose of this DCP is to plan and provide for the infrastructure needs of the Development Contribution Area in a holistic and timely manner; and to obtain equitable contributions from landowners who benefit from changes to the statutory planning framework plus State Government and City of Stirling investment in infrastructure and services within the Redevelopment Area.

In particular, the DCP provides a mechanism for the City of Stirling and State Government to recoup costs (with the extent of the costs to be recouped determined by the Authority) associated with the upgrade of the beachside areas and to also fund streetscape upgrades to the east of West Coast Highway. The streetscape upgrades will be completed progressively as sufficient development contributions are received.

3.2 Repeal of Existing Development Contribution Plan

The former DCPs outlined in the Interim Scarborough Redevelopment Scheme will be revoked upon formal adoption of this DCP by the Authority, in accordance with clause 7.9 of the Scheme.

3.3 Administration of the Development Contribution Plan

The DCP will be administered by the Authority for so long as the Authority is the relevant planning authority, and then will be transferred to the City of Stirling when planning control of land within the DCP area is returned to the City.

3.4 Relationship to the Scheme

The DCP for the Development Contribution Area is adopted by the Authority under the Scarborough Redevelopment Scheme and should be read in conjunction with the Scheme Text, notably Chapter 7 – Development Contributions, and the Scarborough Design Guidelines and Development Policies.

3.5 Key Principles

The DCP has been developed and will be applied in accordance with the following principles:

- Need and nexus
- Transparency
- Equity
- Certainty
- Efficiency
- Consistency
- Right of consultation and arbitration
- Accountability

Development trends have shown very significant demands for development across West Coast Highway and eastward which will put additional pressure on the foreshore and the area. This development will also add significant numbers of residents and jobs to the area demanding higher levels of services including better access to local and regional services by public transport, car, bicycle and foot. This DCP will assist to deliver an orderly and proper outcome responding to the evolution of the area and the demands this generates.

3.6 Community Infrastructure Plan

A Community Infrastructure Plan (CIP) has been prepared to inform this DCP. The CIP recognises the extent of investment in new community related facilities to be provided within the Beachside Precinct.

The CIP also recommends that the Authority:

- Encourage private land owners to provide community services and facilities. This encouragement may be achieved through the application of the Scarborough Redevelopment Area's planning and design guidelines which may potentially provide height and/or density bonuses to developers who integrate community infrastructure within their developments.
- Undertake monitoring and review of the CIP at regular intervals. Should population growth accelerate beyond forecasted levels or demographic trends shift, the demand on community infrastructure may alter.
- Continue to liaise with the City of Stirling with an aim of integrating the redevelopment area within any larger community infrastructure plans or studies conducted by the City.

4 DEVELOPMENT CONTRIBUTION AREA

The Development Contribution Area is identified in Schedule 2.

In accordance with the Scheme, the Development Contribution Area encompasses all of the land within the redevelopment area. The Scheme identifies five Precincts, namely:

- Beachside Precinct
- Esplanade Precinct
- Gateway Precinct
- Beach Road Precinct
- Groves Precinct

5 DEVELOPMENT CONTRIBUTION PLAN COMPONENTS

The key components of the DCP are defined below:

5.1 Development Contribution Plan Administration

Costs associated with preparation, implementation and review of the DCP, including;

- DCP preparation and review costs;
- DCP administration costs;
- Legal fees;
- Land valuations.

5.2 Beachside Precinct Works

Works to enhance and revitalise the Scarborough beachfront consistent with the approved Master Plan, which provides generally for the following:

- Road upgrades and improved parking arrangements
- Hard landscaping
- Soft landscaping
- Signage
- Street furniture
- Play equipment
- Community recreation facilities
- Scarborough Square (including Clock Tower Piazza)
- Upgrades to the public realm north and south of the Scarborough Amphitheatre.

The cost of the Beachside Precinct works currently underway (as at August 2017) reflects the contracted cost.

The City of Stirling has committed $27.4m to the Beachside Precinct upgrade works, subject to the conditions of a Funding Agreement executed between the City and the Authority.

The State Government has determined that it will not seek to recoup any of its contribution to the redevelopment of the Scarborough foreshore through this DCP. This decision reflects the strategic significance of Scarborough Beach and, critically, the broad user catchment of the beach, which extends to a proportion of the entire Perth metropolitan resident and visitor populations.

5.3 Streetscape Upgrades East of West Coast Highway

Provision of new infrastructure and upgrades to existing infrastructure, including local area traffic management, to the following streets located east of West Coast Highway:

- Hastings Street between Kay Street and Scarborough Beach Road;
- Brighton Road between West Coast Highway and Stanley Street;
- Scarborough Beach Road between West Coast Highway and Hinderwell Street; and
- Manning Street between West Coast Highway and Joyce Street.

Specific streetscape upgrade works to be undertaken include:

- Provision of additional embayed on-street car parking;

- Provision of new footpaths;
- Undergrounding of existing overhead power transmission lines;
- Provision of street furniture;
- Provision of new street trees and coastal plantings to verge areas; and
- Upgrading of existing street lighting.

The costs also include the design and construction of traffic calming infrastructure such as speed bumps, plateaus and intersection treatments to provide a safe, pedestrian orientated environment.

No funding has been committed to the above works which are intended to be progressively undertaken as sufficient development contributions are received.

6 EXCLUSIONS

The following items are excluded from the DCP:

6.1 City of Stirling Legacy Costs

Legacy costs associated with previous foreshore works undertaken by the City of Stirling (including works to the Amphitheatre) have been excluded from the Contribution Area Cost Schedule in Section 7 of this report.

6.2 Master Planning Costs

Master Planning costs have been funded by the State Government and are not proposed to be recouped. Accordingly, all master planning costs are excluded from the Contribution Area Cost Schedule in Section 7 of this report.

6.3 Service Upgrades / Improvements

Existing service investigations have identified the likely need for service upgrades to support increased demands associated with additional development outside of the Beachside Precinct.

Accurate estimation of the extent and timing of service upgrades is difficult given the fragmented land ownership arrangements within the redevelopment area.

As a result, costs associated with service upgrades and improvements have generally been excluded from the DCP.

Owners will therefore be required to make their own enquiries and arrangements with the relevant utility providers for any service upgrades required to support individual developments.

6.4 Beachside Precinct Works - Beach Hubs

The cost of providing services to the beach hubs has been excluded given that these facilities will generate a commercial return once completed and operational.

7 COST SCHEDULE

The Contribution Area Cost Schedule identifies costs to be funded by the DCP. The summary of the costs is outlined below:

Item	Total Cost	DCP Cost (%)	DCP Cost ($ ex GST)
Administration Costs	$1,500,000	100%	$1,500,000
Beachside Works – State Government Investment	$40,931,000	0%	$0
Beachside Works – City of Stirling Investment	$27,400,000	70%	$19,117,460
- *Other Infrastructure Costs*	*$19,117,460*	*100%*	*$19,117,460*
- *Commercial Beach Hub Sites and Public Art Costs*	*$8,282,540*	*0%*	*$0*
Streetscape Upgrades East of West Coast Highway (incl. Local Area Traffic Management)	$8,504,861	100%	$8,504,861
Total Development Costs (incl. Contingency & Professional Fees)	**$78,335,861**	**37%**	**$29,122,322**

** all figures rounded to the nearest whole number.*

7.1 Estimated delivery timeframes

- Stage 1 - Beachside works – 2016 to 2018
- Stage 2 - Streetscape Upgrades East of West Coast Highway – from 2019, as funds are available

8 CALCULATING DEVELOPMENT COSTS

The preferred method for calculating costs is one in which the estimated Development Costs above are apportioned across the total developable site area based on the maximum number of building levels permitted under the Scarborough Design Guidelines. In this regard, a higher proportion of the development costs will be attributed to sites where increased height and density is afforded.

The table below outlines the proposed development cost apportionment across the Development Contribution Area.

Maximum Building Height (Base)	Total Estimated Developable Site Area (sqm)	Total Development Potential (sqm)	% of Total Redevelopment Area Development Potential	Total Contribution ($)	**Contribution Rate ($/sqm)**
2 storeys / 8 m	1,500	3,000	0.09%	$25,232.95	$16.82
3 storeys / 11.5 m	146,970	440,910	12.73%	$3,708,486.62	$25.23
4 storeys / 15 m	152,021	608,086	17.56%	$5,114,598.69	$33.64
8 storeys / 29 m	180,009	1,440,070	41.59%	$12,112,407.31	$67.29
12 storeys / 43 m	80,862	970,350	28.03%	$8,161,596.26	$100.93
Total	**561,363**	**3,462,416**	**100%**	**$29,122,322**	

* *Developable Site Areas above extracted from MNG report dated 19 May 2014*

^ *Maximum Building Heights taken from Scarborough Design Guidelines*

An owner's development contribution shall be calculated by multiplying the applicable contribution rate by the owner's total Site Area, as illustrated in the following example:

Site Area: *1,000m²*

Max Permitted Building Height: *8 storeys / 29 metres*

Contribution Rate: *$67.29 per m²*

Total Development Contribution: *1,000 x $67.29*

= ***$67,290***

9 LIABILITY FOR DEVELOPMENT CONTRIBUTIONS

An owner of land in a Development Contribution Area is required to make a Development Contribution in accordance with the applicable Development Contribution Plan. An owner's liability to pay the owner's Development Contribution to the Authority arises on the earlier of:

- the approval of any development on the owner's land within the Development Contribution Area, unless the development constitutes 'minor' development under clause 13.1;
- the approval of any subdivision of the owner's land within the Development Contribution Area;
- the last day before the expiry of the Development Contribution Plan; or
- the last day before the land is subtracted from the redevelopment area under section 31(1)(b) of the MRA Act, unless the plan is transferred to the Local Government or otherwise agreed by the Authority.

It is anticipated that the Development Contribution Plan will be transferred to the Local Government prior to land being subtracted from the redevelopment area, and will then be administered by the Local Government. In this case, an owner's requirement to pay a liability under the Development Contribution Plan will not be triggered by this event.

No person shall commence or carry out any subdivision or development the subject of a subdivision approval or a development approval until the owner's cost contribution in respect of the land has been paid in full, or other arrangements for payment have been made to the satisfaction of the Authority.

Where, prior to the operative date, the Authority has given to an owner of land notice in writing that it accepts a payment made by the owner in full and final satisfaction under this chapter in respect of that land, then the notice is to be taken to be a discharge of that owner's liability under sub-clause 7.10(1) of the Scheme.

In accordance with Section 7.13 of the Scheme, interest shall be payable on any owner's Development Contribution.

10 METHODS OF PAYMENT

An owner, at the absolute discretion and subject to the agreement of the Authority, shall pay the owner's Development Contribution by:

- Cheque, cash or electronic transfer of funds;
- Providing infrastructure to the value of the Development Contribution (works-in-kind);
- Providing land to the value of the Development Contribution;
- Providing a community facility or other identified community benefit, where acceptable to the Authority;
- Any combination of these methods, where acceptable to the Authority; or
- Some other method acceptable to the Authority.

The owner, subject to the agreement of the Authority, may pay the owner's Development Contribution in a lump sum, by instalments, or in such other manner acceptable to the Authority.

Payment by an owner of the full Development Contribution consistent with the DCP at the time of payment, including a contribution based on estimated costs, constitutes full and final discharge of the owner's liability under the DCP and the Authority shall provide certification in writing to the owner of such discharge.

10.1 Works–In–Kind

The Authority may agree to the provision of in-kind infrastructure works by an owner in lieu of a monetary contribution. In particular, the Authority may give favourable consideration to the following in-kind works by Owners:

- Provision of embayed on-street parking;
- Undergrounding of existing power transmission lines;
- Provision of streetscape infrastructure such as new footpaths, etc.; and
- Provision of street trees.

11 PRIOR DEVELOPMENT CONTRIBUTION PLAN PAYMENTS

Any landholding for which a Development Contribution has been made in full in accordance with a DCP previously adopted under the Interim Scheme will not become liable for any Development Contribution under a further DCP unless a further development or subdivision application is made, in which case the owner will become liable for payment of the difference between the development contribution made under the Interim Scheme and the contributions required under the new DCP.

12 PRE-FUNDING AGREEMENTS

The DCP will provide infrastructure in a manner that will facilitate development of the Master Plan. However, this is only possible when the DCP has received sufficient contributions from developers.

In the event where developers elect to provide infrastructure ahead of the DCP schedule, the Owner will need to enter into pre-funding agreement with the Authority to ensure the cost of such works can be reimbursed by the DCP.

13 EXEMPTIONS

13.1 Minor Development

Certain minor development proposals are exempt from being liable under clause 7.10 to pay the Development Contribution. For the purpose of this DCP, minor development includes the first single house on a property, or outbuilding associated with the first single house, and/or small scale alterations and additions to a property.

The Authority may, on request by the landowner, agree to exempt other minor development proposals from being liable. The Authority will at its discretion consider the exemption where it can be demonstrated to the Authority's satisfaction that the works are minor or incidental development that does not have a connection (nexus) between the development and the demand for the infrastructure included in the DCP.

Should such an exemption be granted, this does not preclude the ability of the Authority to require a Development Contribution as a result of any subsequent development or subdivision of the affected land.

13.2 Charitable Institutions

The Authority may recognise the social contribution and limited financial capacity of Charitable Institutions within the Scheme Area and exclude certain charitable land holdings from being liable for Development Contributions.

In preparation of a DCP the Authority may recognise any Charitable Institution which owns land within a Contribution Area and uses the land exclusively for charitable purposes, and exempt them from liability to pay the Development Contribution that is applicable to that land.

During the consultation period of a draft DCP (or amendment thereto) and prior to its final adoption, any Charitable Institution which has not been exempted under the draft DCP may apply to the Authority for an exemption. Any application must demonstrate to the Authority's satisfaction that the land is used for charitable purposes. An exemption may otherwise be provided, at the Authority's discretion, for part of a land holding if only part of the land is used for charitable purposes.

An exemption granted by the Authority ceases to have effect if the land is no longer owned by the Charitable Institution or is no longer used for charitable purposes.

14 SPECIAL FUND FOR ACCUMULATING CONTRIBUTIONS

The Authority shall establish a special fund in an interest bearing bank account for each Development Contribution Area that is subject to a DCP, for the purpose of accumulating moneys raised under the DCP. Money accumulated in each Development Contribution Area special fund, including any interest raised, is to be used only for:

- Funding the Authority or those nominated by the Authority for the undertaking of any Development Costs in accordance with the DCP;
- The reimbursement of the Authority or Local Government of monies spent on any Development Costs in accordance with the DCP;
- Repayment of loans taken out by the Authority for the purposes of funding Development Costs in accordance with the DCP; and/or
- Where surplus funds have been collected from landowners into the special fund over and above the amount that is required to fund the Development Costs in accordance with the DCP, then those surplus funds may, at the Authority's discretion, be reimbursed equitably to owners who have made a contribution.
- To the extent, if any, that it is not reasonably practicable to identify owners and/or their entitled amount of refund, any excess funds shall be transferred to the Local Government and applied to the provision of additional facilities or improvements in the development contribution area.

15 OPERATION OF THE DEVELOPMENT CONTRIBUTION PLAN

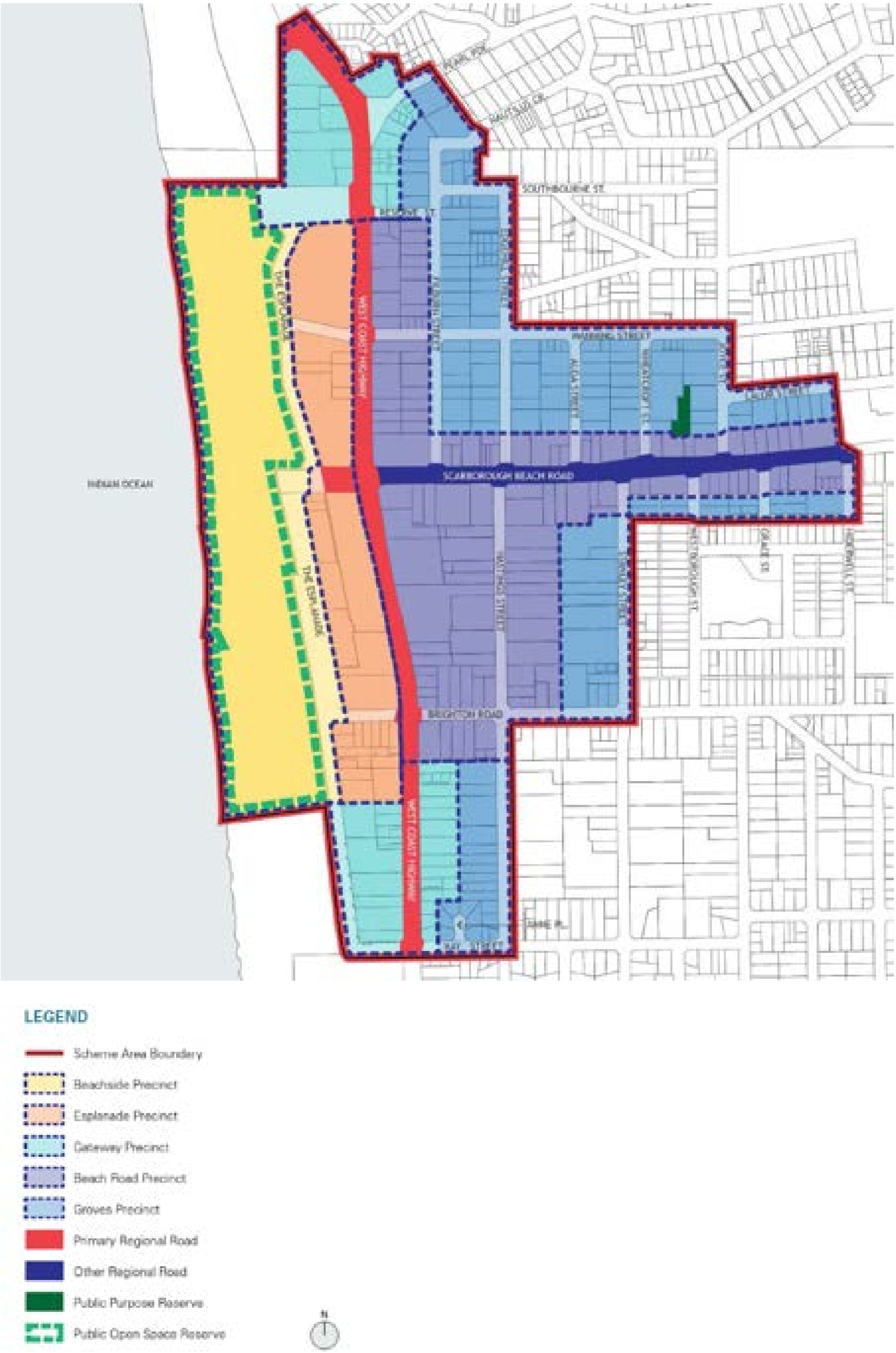
The DCP will operate for a period of 20 years from the date of adoption by the Authority, unless otherwise extended by the Authority, or the Local Government after the Plan has been transferred to the Local Government.

16 REVIEW OF THE DEVELOPMENT CONTRIBUTION PLAN

The Authority will review the Scarborough DCP annually for the first three years and once every three years thereafter to ensure that costs incurred are accurately recorded and future costs appropriately reflect the more accurate and up to date cost estimates.

SCHEDULES

Schedule 1 – DEVELOPMENT CONTRIBUTION AREA



Schedule 2 – MAXIMUM BUILDING HEIGHTS PLAN

LEGEND

Building heights (max):

12 storeys / 43m
*18 storeys / 64m**

8 storeys / 29m
*12 storeys / 43m**

4 storeys / 15m
*6 storeys / 22m**

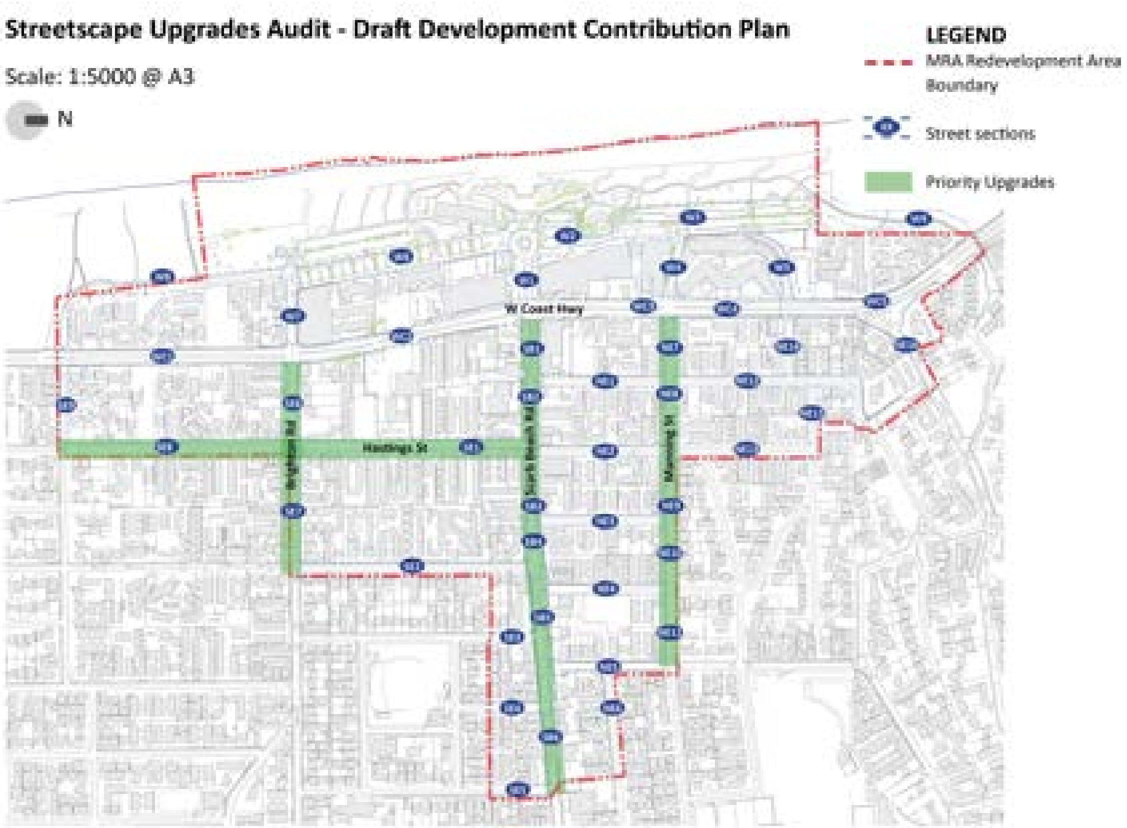
3 storeys / 11.5m

2 storeys / 8m

** additional storeys / height which may be permissable subject to compliance with additional development provisions. Refer to Chapter 4.*

Scale 1:10,000 at A4 N

Schedule 3 – STREETSCAPE UPGRADES CONCEPT PLAN



Schedule 4 – INDEPENDENT COST VERIFICATION

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Daniel Miller
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Attention: Daniel Millers

25 August 2017

Dear Mr Daniel Miller

SCARBOROUGH STREETSCAPE – DCP INDEPENDENT COST VERIFICATION

Aquenta has been engaged by the Metropolitan Redevelopment Authority (MRA) to undertake an Independent Cost Verification of the proposed Development Contribution Plan (DCP) as prepared by NS Projects. NS Projects contacted Aquenta on the 21st of August 2017 with regards to this review and met with Aquenta on the 23rd confirming requirements and methodology of the DCP.

NS Projects has provided Aquenta with the DCP model which includes the current beachside costs. The excel model included the following tabs:

- Summary cost schedules
- Head contract costs
- Streetscape costs
- Cashflow etc...

The development cost within the DCP model and the current beachside costs reflects a total of $73,331,000. This total is based on the PwC forecast budget dated January 2017. Aquenta has only reviewed these costs and has not made any allowance for changes that have occurred beyond this date, this approach was agreed with NS Projects.

NS Projects has also provided the following supporting information on the 23rd of August 2017:

- Part E – Georgiou (contract price)
- SLSC floorplans measurement marked up
- Email, dated 15th of May 2017 regarding the update to public art
- Email, dated 24th of May 2017 regarding information required for the DCP
    - Developers contribution – external services (23/05/2017)

- Electrical service hub cost share (19/05/2017)

- Email, regarding clarification on Scarborough streetscape – DCP (23/08/2017)

Aquenta has undertaken the independent review of the current beachside cost and summary DCP cost schedule calculations within the DCP model in accordance with Section 7.5 'Estimated Costs' of the Scarborough redevelopment scheme.

Aquenta has reviewed the NS Projects methodology and notes that the current beachside costs have been split between a MRA funded component and a City of Stirling funded component, both excluding non-capital costs. The percentage apportionment between the MRA and the City of Stirling is based on the State Government funding allocation to the MRA. NS Projects has further split the head contract costs included in the City of Stirling funds based on the areas used by the public and those for private use. NS Projects has also applied this percentage split across the professional fees.

NS Projects has provided a summary of the DCP costs to the value of $29,122,322, this comprises of:

- Administration costs of $1,500,000. This value is based on $100,000 per annum over 15 years.

- Beachside works – City of Stirling investment of $19,117,460. This value is based on the NS Projects methodology calculation mentioned above.

- Streetscape upgrades of $8,504,861. This value is based on selected costs extracted from the Aquenta DCP Budget Estimate issued to the MRA on the 1st of December 2015. An amount of $180,000 for local area traffic management initiatives has also been included. The overall value excludes any allowance for escalation.

Based on our independent review we confirm that the proposed logic and methodology used to calculate the beachside costs within the DCP model is reasonable. In undertaking this independent review Aquenta has not revised or reviewed estimates previously provided by Aquenta or other consultants and as such this review was limited to checking accuracy, methodology and logic of the DCP model as prepared by NS Projects.

Yours sincerely
Aquenta Consulting

Yvette Blake
Senior Consultant

RLB | Rider Levett Bucknall

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1st July 2016

Metropolitan Redevelopment Authority
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For the attention of Mr. Filipe Vieira, Assistant Director Project Delivery

Dear Mr. Vieira,

SCARBOROUGH REDEVELOPMENT
DEVELOPMENT CONTRIBUTION PLAN COST - INDEPENDENT COST VERIFICATION

Rider Levett Bucknall have been engaged by the Metropolitan Redevelopment Authority to independently verify the Development Contribution Plan costs totalling $44,476,210 (excluding GST), as provided in the *'Draft Development Contributions Plan Report'* in respect of the Scarborough Redevelopment project.

For the purpose of this independent verification, Rider Levett Bucknall has relied upon the following information:

- Draft Development Contributions Plan Report for the Scarborough Redevelopment Area (MRA dated April 2016).
- Revised DCP Cost Schedule ("160315 Scarborough DCP Model.xls") (received 28th April 2016).
- Civil and landscape development application drawings (prepared by Design Consortium consisting of TCL, UDLA and Arup).
- Aquenta Cost Estimate dated 1st December 2015 – Developers Contributions Project Budget (Streetscape Works).
- Aquenta Cost Estimate dated 1st March 2016 – Unfunded Works (Beachside Works).
- Aquenta Cost Estimate dated 1st March 2016 – Detailed Design Estimate – Funded Works (Beachside Works).

In reviewing the above information, Rider Levett Bucknall has provided a separate report titled *'Independent Verifier Report'* (dated 27th May 2016), which provided a number of observations of the rates and prices used to calculate the costs contained within the Development Contribution Plan.

Whilst these observations remain valid, Rider Levett Bucknall is satisfied, based upon the information available to us, that the Development Contribution Plan costs totalling $44,476,210 are reasonable and within standard industry estimating tolerances.

We trust that this meets with your approval, and we will be pleased to provide any further information which you may require upon request.

Yours faithfully,

Alistair R. Aitken

Alistair R. Aitken
Director

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Enc.