



Midland Oval Redevelopment Precinct Business Plan

DOCUMENT CONTROL

Version History

Version	Summary of Changes	Document Status and Notes	Date published
1	Document written	Final Version for Executive Review	2 August 2017
2	Updated with financials, place making elements and other required detail	Version review for Executives prior to OCM	March 2018
3	Updated to include corporate format and SCP omissions	Version review following OCM 11.4.18 for public comment, Note: the figures outlined within the Business Plan relate to the Masterplan endorsed 30 January 2017. Furthermore, on 11 April, 2018, Council endorsed an increase to the open space within the masterplan, which will now achieve 2.3Ha open space.	May 2018

Authorisation

To ensure parties have formally accepted the plan, authorisation is required below

BUSINESS CASE APPROVAL:	Date: 11 April 2018
PROJECT MANAGER:	Position: Coordinator Commercial
	Date: 6 June 2018
EXECUTIVE SPONSOR:	Position: Executive Manager Planning and Development
	Date: 6 June 2018

Document to be read in-conjunction with the following documents:

- Place Making Strategy;
- Pracsys Economic Impact;
- Midland Oval Redevelopment Masterplan

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Executive Summary

The City of Swan prepared a Midland Oval Redevelopment Masterplan (MORM) which was adopted by Council on 30 January 2017, yielding a site area of 11ha. The MORM outlines the precinct layout, including public open space, a road network and the desired land use and built form for the precinct. This Business Plan should be read in conjunction with the MORM, the Place Making Strategy and the Pracsys Economic Impact Statement.

One City, Diverse Places is the Vision for the City. The MORM builds on the strong heritage and past of Midland, using the strengths of the City and our partners to deliver a truly unique development in the heart of Midland. Close to the Swan and Helena Rivers, Midland Gate Shopping Centre and the Perth Airport, the MORM delivers a bold development in its size and scale. The MORM will connect roads and open space with a strong bond to the surrounding context, have a strong mixed use development with activated edges at ground level to support vibrancy, be an iconic identity with a connected civic heart, and support financial viability through diversity of land use with appropriate mix, density and scale.

Midland Oval has been central to community life since its opening in 1901 and throughout a long evolution as home to various recreation activities - from lawn bowls to trotting, cricket, tennis, football, soccer and lacrosse. The vision for the MORM is to deliver an iconic destination for Midland with high quality public realm, active community spaces, streetscapes and new uses including civic, retail, commercial and residential; as well as the creation of connections through to other central destinations.

To support revitalisation goals, it is important to continue to celebrate the unique, original essence of Midland Oval and the role it has played for more than 100 years as the community's recreational and social focal point. Harnessing the energy that's built a strong region, Midland Oval will unite its people and places and celebrate the local way of life. Signalling a new urban dimension for Perth's eastern gateway, it will be a place to make a home, kick a ball, do business, rest a while and visit with family and friends.

Public open spaces will include a variety of green, soft and urban-scapes that are comfortable, unpretentious and inclusive. Interpretive elements reflecting Midland's DNA - river, scarp, food, valleys, wine, cycling and other recreation will be incorporated into the design, conjuring nostalgic visions of the quintessential Australian backyard. It will have a visual connection to green from the town centre, and will allow for active, nature, water and adventure play. Activation will have a primary focus on layout and infrastructure to support daily uses such as kickabout, family/social gatherings, and play creating opportunities for informal games like back yard cricket and footy. The spaces will encourage group fitness and exercise activities, organised events within the Urban Plaza (markets, etc) and allow for multi-functional and flexible spaces that can be curated by event organisers.

Nestled between the traditional town centre and later established Midland Gate Shopping Centre, the redevelopment creates a New Junction in the heart of Midland. New Junction provides a chance to look with new eyes on the familiar, to look forward with new energy, to bring new life and to make Midland and Swan's heritage new again.

The built form will be inspired by Midland's history, classically Australian meets eclecticism. Incorporating threads of red brick and natural materials, architectural features and departures of colour will form eye-catching focal points in the precinct. Breaking up larger developments with a built form rhythm that references the development pattern in the traditional town centre, with the inclusion of greenery around building facades and front setbacks, where possible, to soften the built form environment. New Junction will create a sense of openness in the precinct through creative use of glazing and building openings, and lighting of buildings during the night.

New Junction is expected to accommodate approximately 1,500 - 2,000 residents. Construction of the precinct will create about 1,200 full time construction jobs, and approximately 4,000 direct full time equivalents (FTEs) upon completion of the proposed development for new office, retail and cultural job opportunities. Total employment, including indirect and induced effects, amounts to an estimated 13,000 FTEs.

In accordance with s3.59 of the *Local Government Act 1995* (The Act), the City has prepared a Business Plan in regard to major land transactions which may occur through future disposals or acquisitions. Specifically, the City is required to report on aspects relating to the Midland Oval Redevelopment project, please refer to Section 1 of this document.

The City estimates the redevelopment will take between 10 to 15 years, for both public and private development. However, the City also realises this will be strictly market led as the City aims to achieve its long term vision and optimisation of the site. For the purpose of financial modelling, a worst case scenario has been applied, assuming consecutive development employing the earliest practical sequencing.

The City currently owns significant landholdings within the New Junction and considers this key to the revitalisation of the precinct and the wider Midland Activity Centre. As a result, the City has the ability to create appropriately sized lots for development and take a proactive role in strategic release of lots to the market. The masterplan identifies further opportunity for the City to take a key role in the development by becoming a major precinct anchor. In being a major anchor, it will heighten investor confidence in the precinct.

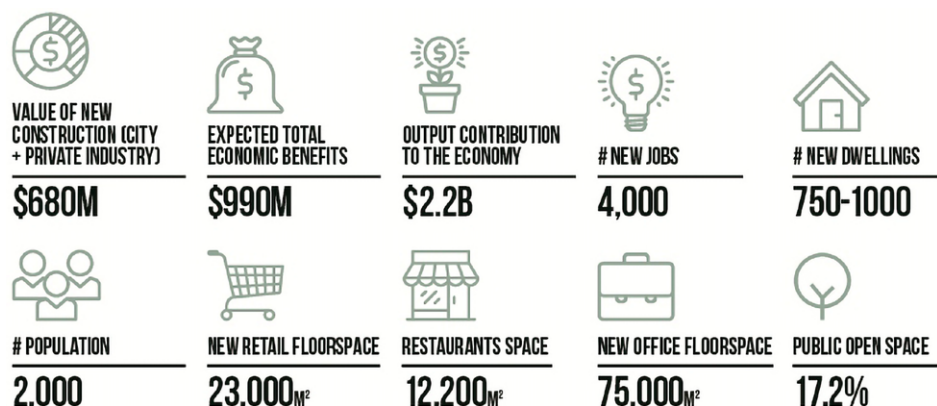
There have been no Council decisions, to date, resolving Council's commitment to developing the identified community purpose building, the civic use building and multi deck car park, nor any joint venture proposals which may arise in the future. **These decisions are subject to further business case and feasibility analysis, as required for Council decision.**

To provide Council with an understanding of the financial and risk implications of its options to facilitate the Project, this Business Plan identifies that there are seventeen properties currently under private ownership. Nine of these identified properties are of strategic importance to the City to ensure orderly and proper planning and facilitation of key development sites.

As a result, the financial implications include strategic acquisitions of approximately \$11m, and development costs in the order of \$190m which includes holding costs, and will be identified through annual reporting. The total range of income for the development from disposal of key development sites is in the order of \$128m, including anticipated rateable and parking revenue.

The financial modelling has considered a number of scenarios to progress the MORM, which are modelled further in the plan. As the project develops, the City will publish regular reports in accordance with The Act.

There will be significant positive social, health and wellbeing, safety and culture, and economic benefits from the revitalisation of the area. The financial benefit includes rates being generated from all private development. The increased population generated by the residential yield proposed, will increase employment, self-sufficiency opportunities and enable the City to provide additional community facilities within the Midland CBD. The estimated direct output from New Junction is approximately \$344m with the development having the potential to contribute up to \$990m to the broader economy at full build out.



1 Introduction and Local Government Act Business Plan Requirements

The City of Swan is nationally and globally recognised as a strategic location to invest, visit, and establish industrial, commercial and business centres¹.

Located 20 kilometres north east of the Perth CBD, Midland is the gateway to regional Western Australia with the Great Eastern Highway, Great Northern Highway, the Perth Airport and the Midland passenger and freight rail lines all leading into Midland². The catchment area for Midland extends far beyond the City of Swan's boundaries and includes the Perth Hills, Chittering, Gingin, the Wheatbelt and the Avon Valley, all contributing to the large customer catchment and employee base. The area is an established mixed-use area and includes industrial, commercial and residential land uses.

Recognised by the State Government as a **strategic metropolitan centre**, Midland holds a critical role in providing a mix of services, activities and functions for the community³.

To celebrate Midland's proud history and embody its potential as a commercial and residential centre, the City of Swan is creating Midland's New Junction. Development of the precinct will unite new and older sections of Midland, and complement major developments including the medical and education institutions at the Midland Workshops precinct.

The City of Swan has prepared a Midland Oval Redevelopment Masterplan (MORM) which was adopted by Council on 30 January 2017 (refer Appendix A) and guides the development and layout for New Junction. In accordance with s3.59 of the *Local Government Act 1995* (The Act), the City is required to prepare a Business Plan in regard to **major land transactions for future disposals or acquisitions**. The Business Plan normally relates to specific land disposals or acquisitions that are required to be advertised for a period of not less than six weeks. This particular Business Plan is an all-encompassing plan which relates to the entire New Junction precinct and does not provide actual values for disposal or future acquisitions at this stage. The Business Plan has been developed to comply with The Act which will require the City to provide annual reporting on any major land transactions relating to land within the redevelopment precinct.

1.1 Local Government Act Business Plan requirements

Under Section 3.59 of The Act, the City is legally required to prepare a Business Plan with regard to a commercial enterprise prior to entering into such arrangements. Section 3.59, clause 3 details the following:-

The business plan is to include an overall assessment of the major trading undertaking or major land transaction and is to include details of -

- a) **its expected effect on the provision of facilities and services by the local government.**

In 1968, the Town Planning Scheme No. 1 Report suggested for the first time a possible redevelopment of Midland Recreation Ground. The site had been identified as being inadequate and unsuitable for athletic and other sporting purposes, having no room for expansion or to accommodate the required parking bays. Sporting activities began being relocated to alternative sites in the 1980s and 1990s. Purpose-built sporting establishments developed in this time include Midland Sports Complex, Swan Park Leisure, Midland Speed Dome, Ron Jose Oval, Jack Williamson Oval, Ray Marshall Oval and Lilac Hill with an approximate cost of \$100m contributed by the City over the past 20+ years.

There will be no adverse effect on existing facilities and services within the immediate area. Any additional facilities provided by the City of Swan will be to service the growing population. Infrastructure upgrades will be provided to ensure that the load that the development will place on existing infrastructure

is accommodated by the development. The adopted MORM will have a very positive effect on all of the surrounding streetscapes being The Crescent, Sayer Street, The Avenue, Morrison Road and Keane Street. The MORM takes into consideration the demand for vibrancy and security and family unity to accommodate the needs of the City of Swan by providing large public open space (POS) areas together with residential, retail and commercial developments to accommodate the growth of Midland being a **Major Regional Centre**.

The precinct will aim to be self-sufficient hence this project will not impact funding of other services/facilities. Further, to reduce pressure on staff employed to carry out core City functions, a team of staff and consultants have been assembled to carry out this project work.

b) its expected effect on other persons providing facilities and services in the district.

The proposed development will bring a new era of apartment living into an emerging mixed use precinct, allowing residents to enjoy the benefits of inner city living in a regional centre context. Such benefits will include the opportunity for residents to live within close proximity to existing and proposed retail, food, beverage and other commercial offerings. The development will bring a mix of both vibrant and tranquil spaces allowing residents and visitors to experience and enjoy a series of high quality parks which will encourage people to make a home, kick a ball, do business, rest a while and visit with family and friends. The increased residential population plus visitors will attract a much broader and larger customer base adding to the local economy. Land will not be released until the market is ready.

c) its expected financial effect on the local government;

The financial effect to the City will not be fully realised until the MORM is fully developed and the necessary property acquisitions and disposals of land parcels have been completed. This is further outlined within Section 8 of this Business Plan.

Once New Junction is fully developed there will be significant positive financial benefit including rates being generated together with increased population from the residential component plus retail and commercial creating more work opportunities in Midland. The estimated direct output from Midland Oval is approximately \$344m with the development having the potential to contribute up to \$990m to the broader economy at full build out.

d) its expected effect on matters referred to in the local government's current plan prepared under section 5.56.

The MORM has been prepared in line with the activity centre structure plan for the Midland CBD and in accordance with State Planning Policy 4.2 Activity Centres for Perth and Peel.

Planning for the redevelopment of the precinct has been outlined in the City's Strategic Community Plans and Long Term Financial Plans for a number of years.

e) the ability of the local government to manage the undertaking or the performance of the transaction.

The City has an experienced team of professionals capable of managing the proposed transaction. The City will contract the services of required professionals as and when required including Engineers, Architects and other relevant professionals (further outlined in section 7 of this business plan). A \$48 million public realm improvement is proposed hence staging of public open space will be essential, with interim solutions proposed. The City will appoint solicitors and/or a reputable settlement agency to coordinate the sale and transfer of the properties. A prerequisite of any sales of New Junction properties will be a Sale and Development Agreement which will provide for milestones to ensure the City meets the satisfactory outcome and ensures no land banking. The City's market experts will advise on land release timings.

f) Other matters of which details are required to be given.

The Major Trading Undertaking reporting will be in accordance with The Act. Any parcel of land sold as a Major Land Transaction being above \$10m will be advertised separately in line with s3.59 of The Act. The Major Trading Undertaking will be reported yearly and meet the Business Plan obligations in line with s3.59 of the Local Government Act.

1.1.1 Advertising of the Business Plan

The Act sets out the City's requirements to advertise the business plan as outlined below (as per s3.59(4)):

(4) The local government is to -

a) give Statewide public notice stating that -

- i.** the local government proposes to commence the major trading undertaking or enter into the major land transaction described in the notice or into a land transaction that is preparatory to that major land transaction; and
- ii.** a copy of the business plan may be inspected or obtained at any place specified in the notice; and
- iii.** submissions about the proposed undertaking or transaction may be made to the local government before a day to be specified in the notice, being a day that is not less than 6 weeks after the notice is given;

AND

b) make a copy of the business plan available for public inspection in accordance with the notice.

After the advertising period has closed, Council will be required to consider any submissions

made and may then decide, with absolute majority required, to proceed with the ongoing undertakings and transactions proposed. Any future undertakings and transactions will be required to not significantly differ from what was proposed in the advertised Business Plan.

If the City wishes to commence an undertaking or transaction that significantly differs from what was proposed, it will need to repeat the Business Plan process.

The concepts, drawings, perspectives and other images and diagrams provided as part of this Business Plan are not intended to represent final design. In most cases, the images provided are exemplary development which is intended to illustrate the broad built form and design intent of Council. All development will be subject to due statutory process and approvals in accordance with the *Planning and Development Act 2005* at the appropriate time.

1.1.2 Submissions

Submissions on the City's proposal are invited from members of the public.

Submissions will be considered by Council before it makes a decision 2 September 2018 on whether to proceed with the Business Plan. Submissions must be received by 2pm 31 August 2018 and lodged to the City of Swan

**2 Midland Square
Midland WA 6056**

Any enquiries relating to this proposal should be directed to 9267 9267 or heartofmidland@swan.wa.gov.au

1.2 Local Government Act - Business Plan Process

The business plan will be advertised for public comment for a period of 3 months (The Act requires a minimum of 42 days) in state and local newspapers. Information will be available on the City's website, at the Administration Centre, Leisure and Library Centres. The public will have the ability to attend a virtual reality session to immerse themselves into the precinct development.

Once public submissions have closed a report will be presented to Council for decision. If approved, Council will have the ability to undertake major land transactions within the precinct.



Public Advertising (min. 42 days)

- **State & Local Newspapers; Website; Workshops & Virtual Reality;**
- **Business Plan available at Administration Centre, Leisure and Library Centres**

Public comment period closes - 3 month comment period

Council Report

Council Decision

- **Implementation;**
- **Reporting as per LGA (1995)**

2 Project Background

2.1 Project History

New Junction comprises approximately 11 hectares of land bounded by Morrison Road, Keane Street, The Crescent and Sayer Street in Midland. Originally known as the Midland Junction Recreation Ground, the Oval has a proud history as a place for community activity since 1901. It was used for sports ranging from football, cricket, lawn bowls, lacrosse, a trotting track, cycling and soccer.

In August 2011, Council established a vision for the redevelopment of the precinct and gave direction to proceed with the project.

2.2 Strategic Direction

Plans for the redevelopment date back to 1968. In this time, before any significant work for the precinct itself took place, Council focused on the provision of facilities and services. Planning commenced in the 1970s and by the 1980s new facilities to replace what was historically played on and around the oval were commenced, to Lilac Hill, North Swan Park, Swan Park, Ron Jose Oval, Midland Velodrome and other key sites. In excess of \$100m has been spent on these facilities to ensure adequate services/facilities have been retained for the community.

The project is aligned with wider strategic direction set out by the State Government and the City of Swan's Strategic Planning Framework and the strategic actions and development made by the City over the many years of planning and relocating sports to purpose built facilities.



Identity

- Midland Oval Precinct will be an iconic destination with high quality public realm, active community spaces with high quality streetscapes and built form.
- Midland Oval Precinct will be well connected to surrounding areas, incorporating contemporary urban space and form while recognising the unique characteristics and history of the site and surrounds.

Connected

- Midland Oval Precinct will promote legibility and permeability through and beyond the precinct.
- Highly activated built form frontages will encourage activation through the Precinct as well as along Cale Street, The Avenue, The Crescent and Keane Street, and through to Midland traditional town centre.

Diversity

- Incorporate a range of land uses, mix, and scale to capitalise on investment and reflect a contemporary urban village.
- Midland Oval Precinct incorporates a major public and civic space along Cale Street. Flexible, adaptable and well serviced, this area will provide a gateway for the precinct with day/night activation. This will be well supported by interface of built form and land use.



Vibrant

- Midland Oval Precinct is an inclusive and socially equitable space linking Cale Street. The Avenue, major public spaces and civic functions to create a legible, connected framework for a range of highly visible community events and activities.
- Spaces are adaptable to community and civic needs.

Enduring

- A strong urban structure and linkages with a diversity of public open space to accommodate changing economic and social conditions.
- A strong urban framework able to be flexible and adaptable to changing community needs.

Safe

- Midland Oval Precinct encourages community participation and designs out crime. It is well lit, active (both day and night) with strong visual linkages and passive surveillance to minimise impacts of crime.

The City has been involved in a range of studies and exercises which relate to the revitalisation of the Midland CBD, including the Midland Oval precinct (New Junction). Key studies include Midland's Revitalisation Charrette and the 2007 Enquiry by Design process entitled Midland 2017 – The Challenge. Over time, through such activities as those identified, the oval precinct had become increasingly recognised as a catalyst for the reinvigoration of the entire Midland CBD. The numerous proposals received in the past 50 years have either not been supported or not had the impetus to become successful. The City identified that while the precinct had such a fragmented ownership it would become too onerous to gain the consensus of all participants for any development. The City of Swan recognised the social and economic benefits for the wider area of Midland and chose to actively seek to acquire land within the precinct.



2.2.1 State Planning Framework

Midland is a Strategic Metropolitan Centre which is principally a centre for retail, commercial, community, entertainment, residential and employment to a large hinterland catchment. The Directions 2031 and Beyond and State Planning Policy 4.2 Activity Centres for Perth and Peel require Midland to host a diverse mix of community, commercial, civic and residential development.

Perth and Peel @ 3.5 million is the State Government's strategy for ensuring proper and orderly planning for Perth and Peel in order to accommodate a forecast population of 3.5 million people by 2050. The framework aims to promote employment opportunities and increase the number of people who live and work within the sub-region, with a focus on employment within the **Midland strategic metropolitan centre** and key strategic industrial centres, while maximising use of existing infrastructure. As detailed in *Perth and Peel @3.5million* the north-east sub-region is predicted to more than double by 2050, growing from 209,156 people in 2011 to over 450,500 by 2050. It is expected that this population growth will predominantly occur within the City of Swan which is expected to accommodate over 60% of the sub-region's total population by 2050.

The City of Swan's population and housing forecasts indicate that the City's population will grow by more than 74,267 (+49.5%) from 150,172 in 2018 to 224,439 persons in 2036. These forecasts include the CBD area of Midland which is forecast to grow by 4,756 (+304%) persons from 1,562 in 2018 to 6,318 in 2036. The number of dwellings in the Midland CBD area is forecast to grow from 781 in 2016 to more than 3,200 by 2036.

2.2.2 Strategic Community Plan 2017-2027

The City's Strategic Community Plan sets the vision, aspirations and objectives for the Swan community over the next 10 years and is our principal strategy and planning document. The clear direction set by Council ensures asset and service provision is focused to meet the requirements of our community, now and into the future.

The Strategic Community Plan aims to align with the Western Australian Government's challenge in its *'Directions 2031 and Beyond: Metropolitan Planning Beyond the Horizon'* document, for strategic metropolitan centres like Swan to grow into the 'primary centres' of the near future.

The Strategic Community Plan is broken into five (5) key result areas (KRA) - Economic, Natural Environment, Built Environment, Social and Governance.

Economic

MORM Response - The long term implementation of New Junction will provide significant impetus to the local economy and strengthen Midland as a **Strategic Metropolitan Centre**. The build will generate an estimated \$990m to the broader economy and create an estimated 13,000 indirect and induced employment opportunities. Pracsys analysis demonstrates that the development and ongoing existence of New Junction is expected to have a positive economic impact on the broader economy. The construction phase has the potential to

generate a significant number of jobs over the build out period, providing a boost to the economy. The operational phase of the development is also expected to contribute positively to the economy with the potential to generate an estimated 4,000 direct FTE employment opportunities and approximately \$344 million in industry output, as well as serving as an anchor of activity within the City of Swan.¹



Natural Environment

MORM Response - New Junction will create a significant boost to the natural environment proposing an additional 650+ trees, a welcome addition to the local environment. In addition, approximately 6,021sqm of green open space, along with bespoke nature and water play, where people can relax and recreate, as described in the Place Making Strategy, will be developed. The open spaces will include a variety of green, soft and urban scapes, designed as a nostalgic play on the quintessential Australian backyard.



Built Environment

MORM Response - New Junction is respectful of Midland's heritage, building on the themes and colours of the past, as described in the Place Making Strategy, building on the themes:

1. Connections and Crossroads; 2. Big Backyard; and 3. Built by Hand. Council have directed the built form to adhere to strict design guidelines to accomplish the best design possible. One of the advantages of owning the majority of land ensures that Council has authority of the built form through the contract of sale, as well as through planning instruments. This augurs well for a built form of regional significance, something the people of Midland can be proud of.



Social

MORM Response - A place to work, shop, live, rest and play. Significant time by architects, Cox Howlett and Bailey Woodland and PlaceMatch, was spent considering how to activate the area 24 hours a day, 7 day per week, creating vibrancy not seen in Midland before. There are quiet spaces for reflection, active places for recreation, events spaces for civic and private uses, comfortable, familiar and inclusive spaces that reflect the region's lifestyle.



Governance

MORM Response - The City has undertaken significant consultation for many years, since the Council decided in 1968 to move sport to other locations. The work has built on plans from the 1997 Charrette, 2007 Enquiry by Design and culminated the final approval of MORM in January 2017. This business plan, under The Act, responds to s3.59 in regard to major land transactions for future disposals or acquisitions.

2.2.3 Corporate Business Plan

The City's Corporate Business Plan translates the aspirations of the Strategic Community Plan into operational priorities. Each of the City's business units also has in place an annual business unit plan that sits under and informs the Corporate Business Plan.

The Corporate Business Plan and all business unit plans are reviewed on an annual basis to ensure the City remains adaptive and responsive to the changing external environment and community need.

The primary objectives of the project aim to deliver on components of the Strategic Community Plan.

2.2.4 Midland Local Area Plan

Midland Place is the gateway to the north of the State and the eastern Wheatbelt region, giving it a large customer catchment and employee base. Midland Place incorporates the local areas of Midland, Guildford/Hazelmere and Swan View. At the time of the 2016 Census, the population was 29,839. It is expected that the population for this Place Management Area will grow to approximately 45,392 by 2036.

Settlement of the area dates from 1829, when the first land grant was made. The township of Midland grew around the railway station, quickly becoming the commercial and administrative centre of the City of Swan. The area is an established mixed-use area, including industrial, commercial and residential land uses.

The key themes identified for the Midland Place Area being: Place activation; amenity; heritage; support for services; economic development and natural resources.

In the provision for the project, the themes above have guided the development of the planning and design work.

2.2.5 Midland Activity Centre Structure Plan

The MORM is consistent with the City of Swan's Midland Activity Centre Structure Plan (MACSP). The layout of the precinct has been incorporated into the City of Swan's MACSP which was endorsed by Council and the Western Australian Planning Commission in 2018.

2.2.6 Planning Scheme Amendment 119

The City also prepared an amendment to Local Planning Scheme No. 17 (Amendment 119) which aligns with the MACSP and MORM. This has now enabled the appropriate zonings for the construction of public open space, roads and future development sites. The scheme amendment was gazetted in 2017.

2.2.7 Midland Public Domain Strategy (Draft)

The MORM proposes public domain improvements within the precinct and these will align with the City's broader strategy to improve the public domain throughout Midland. The strategy aims to improve the attraction of the site, slow vehicular traffic, improve access to rivers, link nodes of activity and intensity, enhance the character and experiential quality of Midland. The MORM addresses these objectives and will make a substantial progression towards the revitalisation of the public domain in Midland.

2.2.8 Economic Development Strategy 2017-2022

The Swan Economic Development Strategy 2017-2022 aims to ensure key industries thrive and new investment is attracted to the region through managing urbanisation; high amenity, active places; partnerships and collaboration; better connectivity; and a diverse economy.

Swan is characterised by its fast growing, young population, supporting large and expanding population-servicing industries.

In order to achieve these objectives, the approaches to be used include investment, business support, business development, marketing and activation, servicing and stakeholder engagement.

The project aims to deliver on components of the City's Economic Development Strategy.

2.2.9 Local Commercial and Activity Centres Strategy

The City's Local Commercial and Activity Centres Strategy recognises the important role that Midland plays as the **Strategic Metropolitan Centre** serving the City of Swan, the broader north-east region of metropolitan Perth and a large rural hinterland.

The strategy identifies the need for retail expansion of approximately 200,000m² by 2031. Furthermore, the strategy encourages the provision of a wide-range of other land uses, including commercial office, health, entertainment, community, civic and residential.

The Action Plan proposed for the Midland Activity Centre identifies the continued implementation of the MORM.

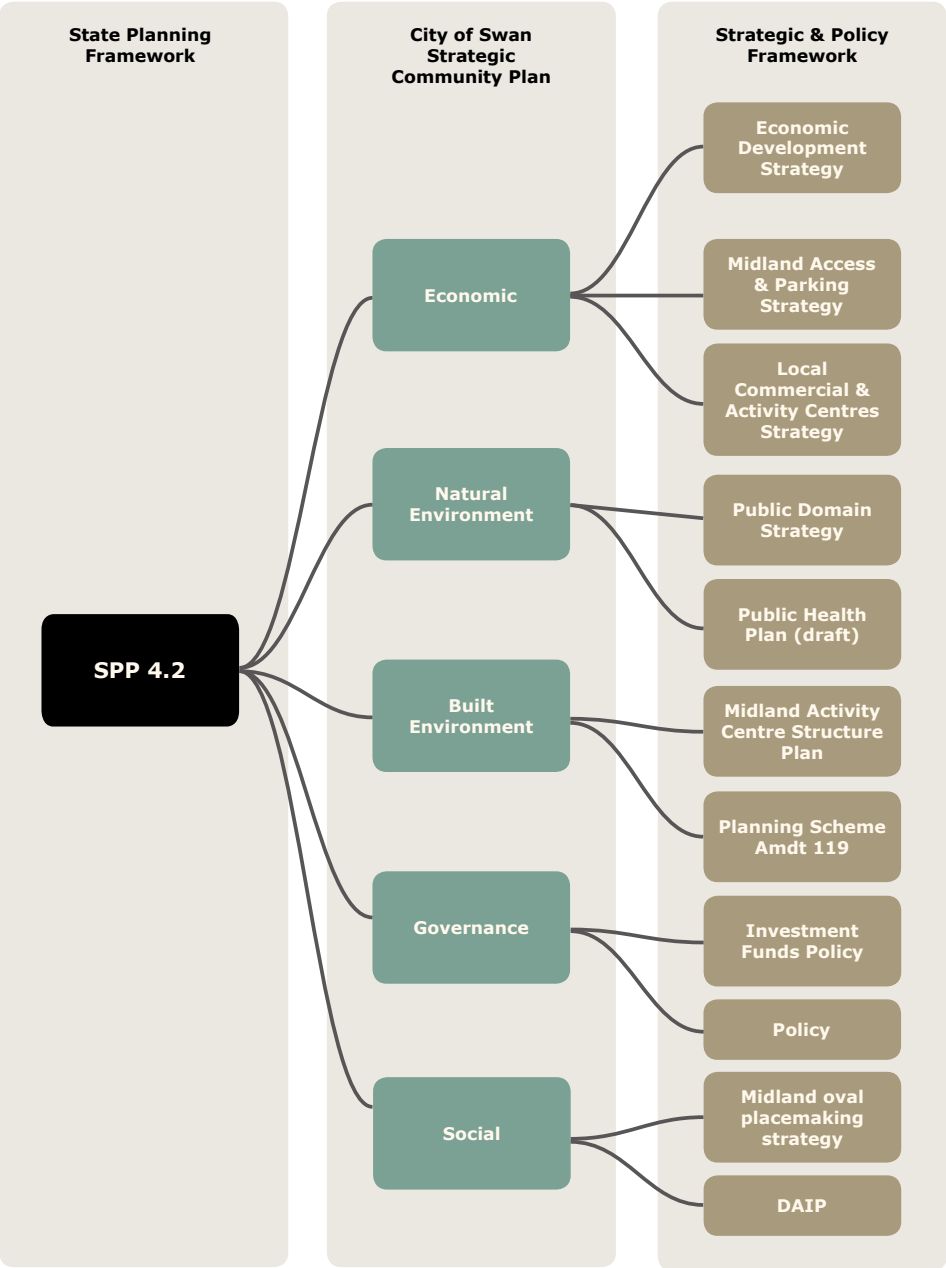
2.2.10 Midland Access and Parking Strategy

The Midland Access and Parking Strategy recognises the need for the construction of multi deck parking facilities for post 2020 development. The strategy identifies the Midland Oval Redevelopment Precinct as a suitable site for a future parking station to cater for the growth within the Midland Activity Centre, and this has been incorporated into the MORM.

2.2.11 Council Policy

All relevant Council policy will be considered as the development progresses. Any variations to Council policy will need to be considered by Council. The main focus of Council for New Junction is building an active space, revitalisation of the area as an important component of continuing to celebrate the unique, original essence of Midland Oval and the role it has played for more than 100 years as the community's recreational and social focal point.

2.2.12 Summary of Strategic Direction



2.2.13 City of Swan Civic and Community Facilities Needs Assessment

KEY ELEMENTS	FUNCTIONALITY	AREA (Gross sqm)	COMMENTS
1 Civic/ Administration Building or	Council offices, including council chambers, reception, civic ceremonies	13,620	Civic precinct
2 Civic/ Administration Building with Apartments	Council chambers, reception, civic ceremonies, Council offices and residential apartments	20,420	To include mixed use retail/commercial podium / residential over
Multi Deck Car Park	Car Parking for Midland activity centre	7,391	Car parking to accommodate cash in-lieu payments for shortfall within the Midland Activity Centre
Community Purpose Building	Back of house; public amenity; operational maintenance; community purpose	1,908	Future needs to be identified, possible library and/or meeting rooms, commercial café or private/public recreation, family friendly local food icons, co-lab working meeting spaces, indoor/outdoor cross-over, precinct control room.
Midland Park	Community amenity	8,729	A modern interpretation of the former oval, a place to meet friends, exercise, play and kick a ball. Features: Grandstand seating, half courts, kick-a-bout, nature play, seating, shade, outdoor fitness, small café, food trucks and coffee vans, CCTV.
Residential Park	Community amenity	4,716	Green landscape experience fostering strong community and social connections. Features: small nature play, feature lighting, seating, shade, bbq's, living stream, reflection and relaxation, CCTV.
Piazza/Juniper Link	Community amenity	5,606	Urban heart and social, cultural and community focal point. To celebrate the Midland way of life. Features: urban play pieces, skate-able furniture, outdoor chill zone, catenary lighting, event screen, alfresco dining, generous canapes, public art, landscape feature, discovery trail, programmed activity and events, retail food beverage, parklets, CCTV.
TOTAL		48,770sqm	

3 The Precinct

New Junction is situated within the Midland Activity Centre which is governed by the City of Swan and the Metropolitan Redevelopment Authority (MRA). The Midland Activity Centre stretches from Lloyd Street to the East, Helena River to the south, Amherst Road and Morrison Road to the west, and Morrison Road to the north.

Midland as a **Strategic Metropolitan Centre** is a CBD undergoing significant revitalisation and change. In 2007, an Enquiry by Design was jointly held by the City of Swan and the Midland Redevelopment Authority (now the Metropolitan Redevelopment Authority) in consultation with relevant government agencies and the community that resulted in a strong vision for Midland's revitalisation and key outcomes required in order to realise this vision.

Since the establishment of the MRA, urban regeneration has occurred as evidenced by key projects such as Juniper Gardens and the Workshops redevelopment. With the establishment of the Midland Health Campus, a new driver for growth and development is occurring. The new hospital provides extended services for the regional area and highlights the importance of health as a key land use and employment generator for Midland.

Complementing this significant investment in Midland by the State Government, is the State's policy objectives as established by Directions 2031 and Beyond, and State Planning Policy 4.2 Activity Centres for Perth & Peel. In particular, Strategic Metropolitan Centres are required to provide an **enhanced level of employment activity along with intensified residential densities, thereby supporting public transport investment, improving access to jobs and services, and allowing for intensified activity within centres.**

The new health campus is driving a significant change in the movement and activity patterns throughout Midland. It is a critical item of infrastructure that is driving Midland's future regeneration. Traditionally, an east-west aligned centre, with major separation caused by the passenger and freight rail lines, the new health campus creates a north-south movement pattern along Cale Street, connecting activity to the Midland Gate Shopping Centre and Juniper Gardens civic node culminating at the New Junction Precinct. Additionally, a new train station location at Cale Street (replacing the current station) will strengthen this north-south alignment. The new station will enable greater access to Midland and its services being central to the activity centre and within walking distance of important employment, cultural, and retail nodes.

The vision statement for Midland's activity centre as a **Strategic Metropolitan Centre** is:

Midland has the opportunity and the ability to become a thriving city in its own right, serving Perth's eastern region, Perth hills, the Avon Arc and beyond. Midland can deliver an attractive, affordable, productive and sustainable city living environment beside the rivers in the eastern corridor.

3.1 Precinct Boundaries

New Junction is bound by Morrison Road to the north, Sayer Street to the east, The Crescent to the south, and Keane Street to the west.

3.2 Ownership

3.2.1 City of Swan Property

All properties already under ownership by the City of Swan are hatched in map below:

3.2.2 Private Property

Part of the City's commitment to the New Junction development is to reduce fragmented ownership in the Precinct to ensure that the redevelopment is coordinated and delivers a quality built environment for the community. To this end a number of property acquisitions have been successfully negotiated.

The City will continue to purchase property to deliver the outcomes of the redevelopment. Property required for public open space or new road reserves will be compulsorily acquired if necessary under the powers of the Land Administration Act 1997 as a public work.

The properties within the New Junction precinct, as indicated in pink on the map on the next page, are currently under private ownership. In the future, the City may resolve to acquire the properties, either by negotiation or compulsory acquisition in order to facilitate the MORM.

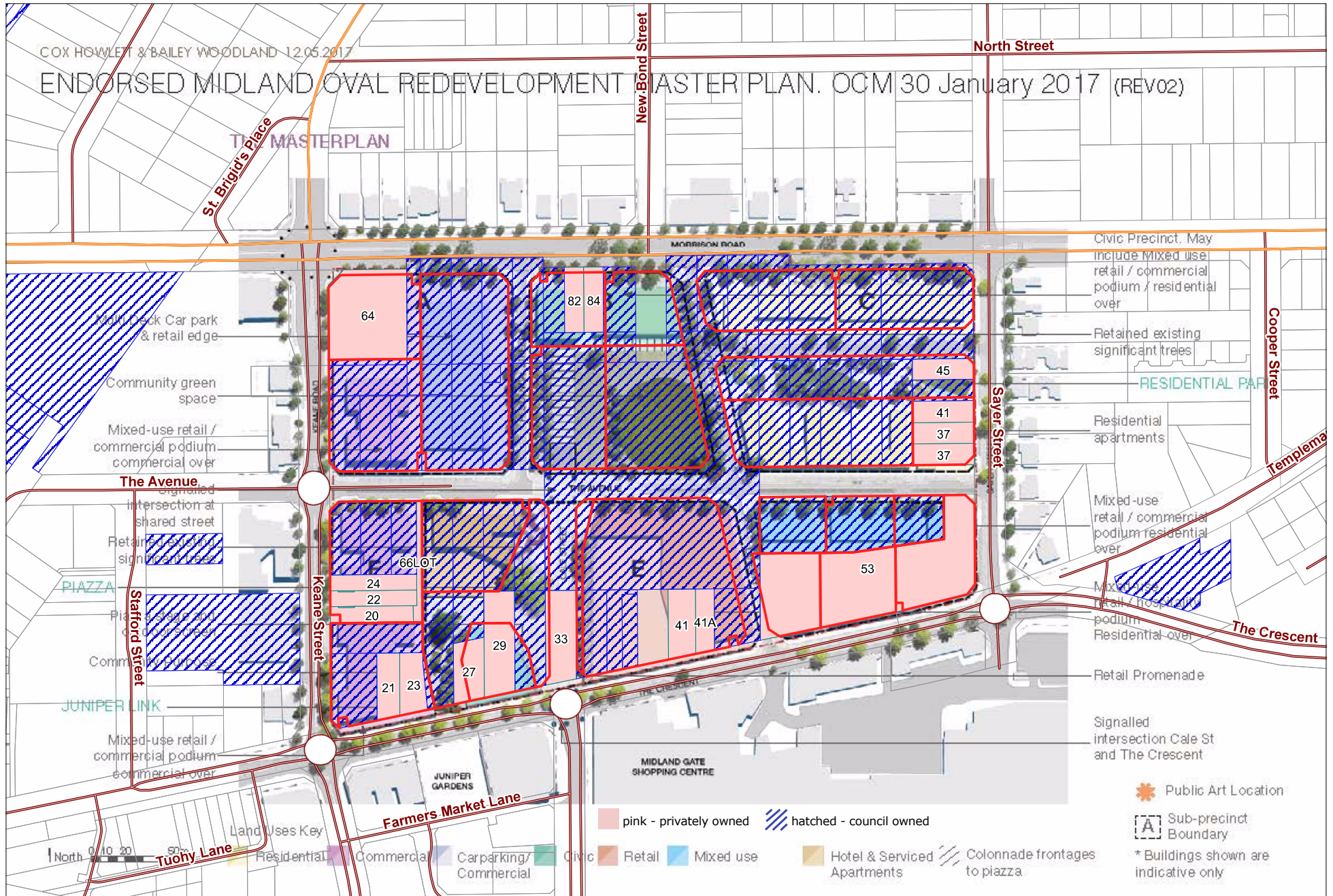
4 Primary Project Objectives

Midland is 25 minutes from the Perth CBD and 10 minutes from Perth's international and domestic airports. Due to its location, Midland acts as the gateway to the Swan Valley, Avon Valley and the Wheatbelt. Midland CBD's catchment stretches far beyond the City of Swan's boundaries. Being the primary business centre in the east and north east, its businesses attract and service residents of Perth Hills, Chittering, Gingin, the Wheatbelt and the Avon Valley and likely further afield.

In Midland's immediate catchment, the City of Swan's population is forecast to increase by 63.8% by 2036. Over the same period, the number of households is expected to increase by 71.7% to 82,420 and the number of dwellings is expected to increase by 69.4% to 87,008.

Planning and development to accommodate this growth continues strengthening Midland as a **Strategic Metropolitan Centre. Major transformation projects include a regional hospital/health campus, University campus, Railway Square, Midland Sale-yards, the Midland Oval development and Midland Gate Shopping Centre expansion.**

Redevelopments within Midland have and will continue to deliver diversified housing options, with a focus towards sustainable increases in density, particularly in the immediate area around the CBD and close to the Midland train station. There is also a mandate to expand



the tourism sector within the precinct by encouraging further increases in accommodation offerings and venues that would encourage visitation growth.

The City of Swan and the Metropolitan Redevelopment Authority have invested heavily in order to understand, create and subsequently implement place activation strategies for the redevelopment precincts in Midland. By creating vibrant, engaging and safe spaces, the precincts and collective area will improve community connections, and assist in attracting new residents and visitors to Midland.

Midland Oval, originally known as the Midland Junction Recreation Ground, has a proud history as a place for community activity since the early 1900s. With redevelopment schemes proposed as far back as 1968, sporting activities began moving to North Swan Park in the 1980s and 90s.

The vision, set by Council in 2011, was for a mix of uses and activities built around an event space and public open space (POS). The precinct is to be lively and safe and have a strong sense of place.

In order to achieve the vision, Council will create viable land development parcels by limiting fragmented ownership. This will be achieved through the City's acquisition of smaller, privately owned parcels, enabling the amalgamation of sites, by Council, to ensure the satisfactory outcome which is attractive to suitable developers for the purpose of achieving the above primary objectives. To protect the viability of the MOR precinct, the City's control of the large majority of the site can aid in ensuring that no land banking occurs.

The Perth region must accommodate a substantial population increase over the coming years, with a forecast population of 3.5 million by 2050. Between 2016 and 2036, the population for the City of Swan is forecast to increase by 87,419 persons (63.8% growth) and the Midland Place area is expected to grow from 29,839 in 2016 to 45,392 in 2036 (53.6% growth). The New Junction Precinct will accommodate some of this growth.

4.1 Council's Goal, Project Objectives and Deliverables

The MORM establishes a vision for an iconic, vibrant and diverse destination for Midland, supporting residential and commercial intensification, economic growth, and a catalyst for regional development.

The fundamental themes and ideas characterise the vision:

- Iconic identity with a connected civic heart;
- A connected road and open space network with a strong relationship with surrounding context;
- Strong mixed use development with activated edges at ground to support vibrancy;
- Support financial viability through diversity of land use with appropriate mix, density and scale.

The New Junction Precinct is an opportunity for the City of Swan to provide an iconic heart for Midland and strengthen Midland's role as a **strategic metropolitan centre**.

New Civic Identity

- A variety of high quality, flexible and adaptable public spaces which support a diverse range of community uses, events and programs;
- Large public piazza location reinforces Cale Street as the new 'main street' for Midland;
- Major public space in proximity to civic buildings to serve community uses and events;
- A generous amount of high quality public space.

Iconic Heart

- Precinct with an iconic identity and connected civic heart supports legibility, vibrancy and community engagement;
- Opportunity for exemplar council offices at the Cale Street termination. This building assists in defining Precinct identity;
- Highly visible major open space with connections from Cale Street and The Crescent to enhance community vibrancy and permeability across the Precinct. High quality public spaces to support the history of the place and create a unique identity for the Precinct;
- Opportunity for unique public art works to interpret the history and to assist in Precinct definition and sense of 'place'.

Sticky Edges

- Predominantly retail/food and beverage land-uses at the edges of public open space to support public activation and community engagement;
- Activated building edges support movement through and beyond the Precinct. In particular pedestrian movement along The Crescent, Cale Street and the laneway;
- Highly activated edges at ground level support a vibrant mixed use precinct and engage strong pedestrian activity.

Woven Context

- Development at precinct edges will respond to context, scale and use. New land use will support existing current uses and potential future uses;
- Enhance way-finding and orientation by emphasising views to the Darling Scarp. Key moves include axial views from the Residential Park and The Avenue;
- The Precinct creates a strong visual link to Juniper Gardens, enhancing public open space connections and links back to existing civic functions;
- The Precinct will establish itself as both iconic and unique while recognising surrounding development;
- Midland Oval Precinct will have a strong sense of community identity delivered in a contemporary urban framework.

Economic Viability

- Diversity of land use and product mix to support development;
- Appropriate density and scale to reinvigorate surrounding areas and leverage current redevelopment potential.

The planning frameworks including open space, landscape, access and circulation, and building and land use provide the foundation that reinforces the vision and goals of the City.

The purpose of the Midland Oval Redevelopment Project is to complete the planning and implementation of the redevelopment of the City's landholdings in the New Junction Precinct into a vibrant mixed use commercial, residential, retail and community precinct that returns it to the 'heart' of the Midland community.

Further to the overall vision and objectives for New Junction, the development provides opportunity for Council to deliver a number of new community facilities within the precinct. While further detailed feasibility, planning and design will need to be carried out, these facilities include:

- Public open spaces
- Community facilities
- Residential development
- Mixed use development
- Multi deck car parking
- Commercial development

4.2 Midland Oval Redevelopment Masterplan

The City appointed an independent architectural consultancy to prepare the draft MORM. The MORM builds on previous work and has been developed to align with relevant State Planning Policy and has been through considerable design and market testing.

At the 25 November 2015 Ordinary Meeting of Council, it was resolved to adopt the MORM, commit to further public consultation for the public open space once detailed design phase have been prepared and review the parking in lieu contributions rate for multi-deck car parking⁴. The MORM was revised in 2016 and again in January 2017, resulting in the current version with 17.2% Public Open Space, as a result of community feedback and now sits at 1.9ha.

The City envisages the redevelopment will take between 10 and 15 years to be fully developed⁵. This will be strictly market led with the City aiming to achieve a long term vision and optimisation of the site.

The MORM puts the development in good stead to complement other major projects within the area, including a major redevelopment of the Midland Railway Workshop, the GP Super Clinic and Midland Public Hospital have already been developed, Midland Gate refurbishment, and a new medical university set to open in 2019.

New Junction, yielding a site area of 11ha, will be a mixed use precinct, comprising residential, commercial, retail and civic uses set amongst a series of new public open spaces. This will accommodate approximately 1,500 - 2,000 people. Construction of the precinct will create about 1,200 full time construction jobs, and approximately 4,000 new office, retail and cultural jobs will be available in the precinct when it is fully developed, with indirect and induced FTEs of 13,000.

The MORM outlines the precinct layout, including public open space, a road network and the desired land use and built form for the precinct. Detailed context and technical outlines are outlined in the Midland Oval Redevelopment Masterplan Report.

4.2.1 Midland Oval Redevelopment Masterplan Objectives

The MORM is a strategic document that describes the City's objectives and vision for the development of the New Junction precinct.

The key principles and development objectives outlined below, will be delivered in New Junction as result of the framework set up in this strategic document:

- Safe and lively round the clock activity
- Attractive and convenient spaces to walk to
- Accessible to public transport
- A mix of activities including eateries, leisure, shopping, office and residential opportunities
- A place where residents and users feel a strong sense of connection and ownership
- The ability to accommodate a larger residential population where people can live within walking distance of local attractions and, potentially, employment.
- Attraction for high quality investment
- A boost for the economic wellbeing of new and existing businesses.

The Masterplan



Land Uses Key

- Residential
- Commercial
- Carparking/Commercial
- Civic
- Retail
- Mixed use
- Hotel & Serviced Apartments
- Colonnade frontages to piazza
- Public Art Location
- Sub-precinct Boundary

* Buildings shown are indicative only

5 Project Strategy

5.2.1 Business Case

The City of Swan undertook a financial modelling exercise with the WA Treasury Corporation in order to enable Council to consider all options around the major project. This considered the project cost and revenue expectations under various scenarios developed by the City for the redevelopment of the Midland Oval Precinct. The scenarios consider the development and/or sale of the three key civic buildings/facilities proposed within the precinct:

1. Multi-Deck Car Park;
2. Civic Chambers including Council administration; and
3. Community Purpose Building.

All civil works, streetscaping, Midland Park (8729sqm), Residential Park (4716sqm) and the Piazza (5606sqm) are components of the Public Realm work and will be developed under EVERY scenario.

5.2.2 Development Deliverables

Sub-precinct	Proposed use
A	Retail, commercial, multi-deck car park
B	Midland Park (public open space) , City of Swan Administration centre, Council Chambers, possible apartments
C	Residential Park, residential housing
D	Residential housing, retail and hospitality use (mixed use)
E	Possible apartments, entertainment venue (large screen, outdoor stage, shaded outdoor seating), hotel, food and beverage, Midland Piazza, community purpose building possible library, retail
F	Commercial and retail use, food and beverage, possible residential use

As part of the development, the City will undertake the necessary civic infrastructure and public open space development with all other parcels of land expected to be sold. The public open space component includes Midland Park, Residential Park, and the Piazza and Juniper Link. Under each of the scenarios, there are a certain number of lots that will be demolished and divested.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Public Open Space & Civil Infrastructure	Develop	Develop	Develop	Develop
Multi-Deck Car Park	Construct & Operate	Construct & Sell	Construct & Sell	Construct & Operate
Council Chambers, Administration Building & Apartments	Develop & Sell Apartments	Develop & Sell Apartments	No Development (Sell Land)	No Development (Hold Land)
Community Building	Develop	Develop	No Development	Develop

Scenarios 1 and 2 involve constructing Public Open Space, Multi-Deck Car Park, Council Chambers and Administration Building and the Community Building. The key difference is that the Multi-Deck Car Park is operated by the City of Swan in Scenario 1, and is sold in Scenario 2.

Scenario 3, does not involve construction of the Council Chambers and Administration Building or the Community Building. The income generated is from the sale of the car park.

Scenario 4, does not construct the Council Chambers and Administration Building. The car park is constructed and operated by the City.

It should be noted that the social and economic benefits of the redevelopment have not been modelled as part of this financial analysis. These factors should be considered against each of the scenarios.

5.1 Financial Considerations

5.1.1 Development Costs

The indicative construction cost of the City's Core Facilities was based on Ralph Beattie Bosworth (RBB), 2017. The total project cost is estimated at \$200.7million (based on a ten year project delivery timeframe). Indexation has been applied in the analysis to reflect future timing of construction. Costs include all professional fees (8%) and design and construction contingencies (10%).

5.1.2 Analysis of Scenarios

5.1.2.1 Multi Deck Car Park*

The City plans to develop and construct a multi-deck car park to service the Midland Activity Centre, as per the structure plan and Midland Access and Parking Strategy. Following construction, the City can both maintain ownership and operate the facility (scenarios 1, 4 and 5), or sell the car park to a private operator (scenarios 2 and 3).

If Council chooses to maintain and operate the asset they will receive a return through revenue generated by the Car Park. If Council sells the Car Park, they will receive the sale value as well as future rateable income.

5.1.2.2 Civic Chambers and Administration Building*

The options include:

- Do nothing and hold the vacant land;
- Sell the land to a private developer who will construct the multi-purpose building; or
- Construct the multi-purpose building.

If the building were to be constructed, indicative plans include retail, commercial floors and 40 apartments above. Within the commercial component is where the Council will have their Administration building and Council Chambers.

The analysis includes the sale and leaseback (until the new Chamber and Administration building is constructed) of the existing administration building.

5.1.2.3 The Community Building*

Given the design and current zoning the City will need to acquire the land to construct a community building which will be available for a variety of community uses, either in the short term or to hold for a later date.

5.2 Funding Strategy

Development costs and cash flows have been estimated for the whole project and the various scenario mixes. These costs include the demolition of current buildings, acquisition of land, civil infrastructure, public open space, street scaping and the construction of the specific buildings depending on the scenario selected by the City, and subject to further business case and feasibility analysis for council consideration.

Current cash flows such as existing rental income from lots owned are included while the site awaits demolition and development. The income from future land sales and rateable income have also been included in the analysis. Operations and maintenance costs have been assumed for all the owned sites.

The total development cash-flows have been estimated over a 10, 15 and 20 year time horizon to capture ongoing operating and maintenance costs, as well as future revenue cash inflows from investment assets.

The current forecast budgets for acquisitions and major construction works amounts to approximately \$68.8 million within the next ten years. This can be funded through projected City cash flows, and borrowings will be required. Future detailed designs and feasibility studies will enable the City to directly disclose the amount of funding required either by cash flow funding or borrowings. Public Private Partnerships, Joint Ventures and grants will be sought and considered throughout all stages of the development.

5.3 Development Rationale

The precinct will be developed in stages, and according to market demands. Land will not be released if the market is too low, so as to ensure optimal returns on investment.

In the event that council resolves to proceed with the construction of public works, it will need to have achieved appropriate funding through prior sales revenue in the first instance. As a fall-back option, council will determine a sunset date by which it must raise the funds required through market rate sales within the precinct, or other commercial means. Finally, if council can not achieve the sales required by the sunset date then council will need to resolve an alternative strategy or resolve the funding shortfall through other means such as borrowings, public private partnerships, joint ventures or grants.

Stage one of the development requires subdivision approval and civil works for the precinct and the facilitation of residential development. The residential development will provide the populace required to activate and attract further investment into the precinct.

Development of Midland Park, in stage two, is anticipated to be the first open space developed for community use upon completion of the stage one civil works. Followed by Residential Park, in stage three, and the Piazza and Juniper Link in stage four.

Divestment of parcels of land, will be in accordance with the LGA (1995) s3.58 major land transactions, with the impetus on divestment for residential as a priority followed by retail and commercial.

Council will seek negotiations for those privately owned lots identified as strategic acquisitions, to facilitate the development of the public works.

Construction of the Multi-Deck Car Park is anticipated to commence in Stage 2. However, this will be dependent upon the uptake of the City's cash-in-lieu opportunity for developers within the Midland Activity Centre. Analysis will be undertaken in relation to the operational model for the car park, i.e. whether the City is best placed to sell or operate the facility; whether a one or two staged approach for the construction is optimal.

Civic purpose buildings, as detailed in the scenarios, would require further feasibility studies and council resolution in order to proceed. This will be in accordance with the City's facility

planning process. It would be expected that public amenity would be provided in and around the public open space, in the event that the civic purpose buildings do not proceed.

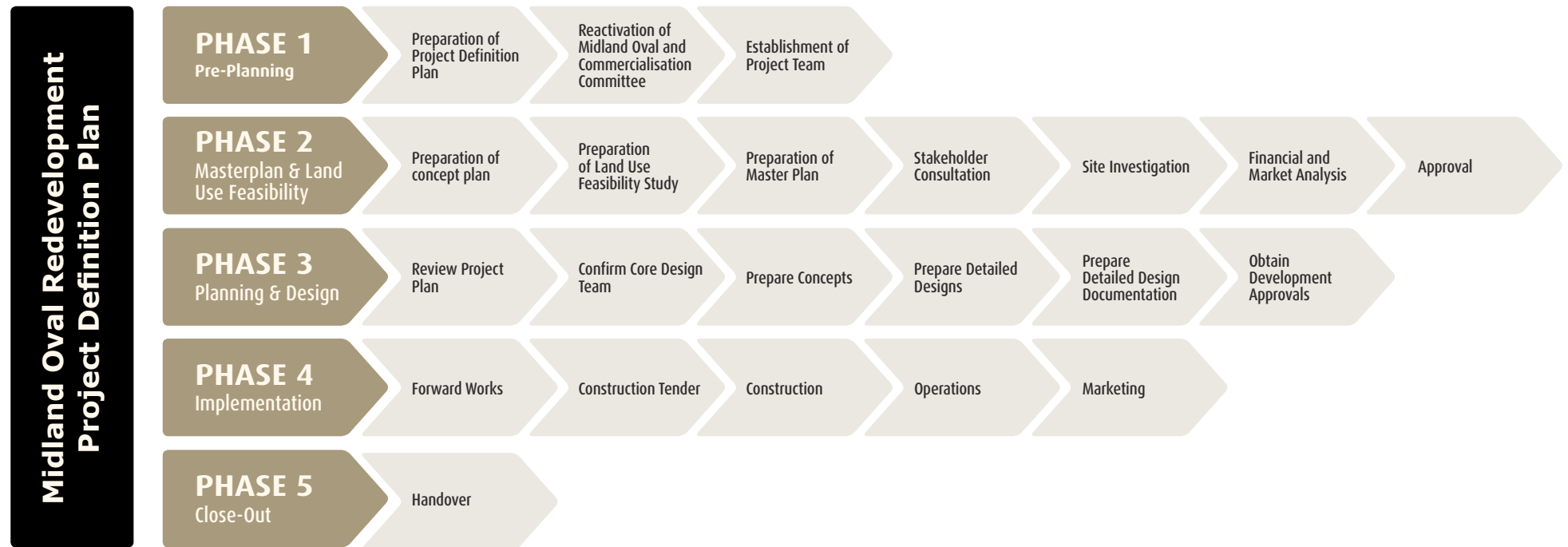
It is expected that civil works will be carried out at the respective subdivision stages, unless the particular servicing or traffic demands require the infrastructure at an earlier stage. Similarly, if the City can achieve financial efficiencies in carrying out the development of infrastructure, which outweigh the risk of retaining vacant lots, this will be considered.

6 Project Program

6.1 Project Definition Plan

In 2012, Savills Project Management was engaged by the City to complete a *Project Definition Plan* (PDP), which identified five delivery phases for the project: The PDP has informed the project structure to date. Since that time, the City has delivered Phases One and Two as identified within the PDP through the preparation of the MORM, the Midland Oval Land Use Feasibility Study (*internal document only*) and its accompanying technical/site investigatory studies.

The City is currently in the process of delivering Phase 3: Planning and Design, as shown below.



6.2 Implementation Steps

It is proposed that the development proceed with the public open space and public amenity in the initial stages of construction. Thereafter, a business case will be prepared for each of the civic buildings presented with a financial analysis for Council decision, regardless of the scenario selected, and as detailed earlier.

6.3 Project Timeline

The financial analysis has been undertaken with a 10, 15 and 20 year horizon. This will be dependent upon and driven by the market demand. Council can progress all civil infrastructure and public open space works as part of the capital works program over a number of years to reduce the impact on council resources.

6.4 Professional Guidance

The following team of professional consultants have been appointed by the City to assist with the development of New Junction and the subsequent detailed designs for the precinct.

Goods/Services	Consultant
DESIGN	
Place Making Strategy	Placematch
Landscaping Strategy	AECOM
Consultation	Estill and Associates
DETAILED DESIGN	
Landscaping	GHD
Public Art	Apparatus
Place Making	TPG - Placematch
Economic Feasibility	Colliers International
Design Guidelines	Cox Architects
Acoustics	Marshall Day Acoustics
REGULATORY	
Planning Scheme	McLeods
Subdivision	Statewest Surveys
LAND SALES	
Marketing & Branding Strategy	Block Branding Agency
Staging and Land Sales Release Strategy	Colliers International
Sales	TBC
Legal Advice	McLeods or Jackson McDonald Lawyers
CIVIL DESIGN AND WORKS	
Design	GHD

7 Financial Assessment

7.1 Commercial analysis approach

As shown in Section 3, the City currently owns significant landholdings within the New Junction Precinct. To provide Council with an understanding of the financial and risk implications of its options to facilitate the project, this Business Plan identifies that there are seventeen properties currently under private ownership, of which nine are of strategic importance to the City to ensure orderly and proper planning and facilitation of key development sites. The acquisition cost for these nine strategic properties is currently estimated at \$11million. The approximate total acquisition expenditure (i.e. including existing purchases) is estimated to be \$43.1 million, if the City were in a position to purchase all sites within the precinct.

The City's financial model considers a series of assumptions which include the acquisition of the nine properties identified as having strategic importance for the delivery of the Masterplan. It is estimated that, with these strategic acquisitions, the City will be able to dispose of key development sites to a value of between \$38.6 million and \$116.2 million, the range being dependent upon the lot sizes and usage.

The above does not take into consideration the staging of the development and the substantial costs associated with Council's commitment to deliver high quality public open space, a new road network and associated streetscaping, utility and service provision as well as the ongoing maintenance of these deliverables. Furthermore, there have been no Council decisions, to date, resolving Council's commitment to developing the identified key community facilities, including the civic uses and multi deck car park, nor any joint venture proposals which may arise in the future. These decisions are subject to further business case and feasibility analysis. Expected development costs range between \$59.7 million and \$200.7million, depending on which civic buildings/facilities Council wishes to proceed with.

The City will be in a position to undertake a reviewed financial analysis when the detailed designs have been prepared and costed for tender. Upon completion of all the relevant design work, a financial analysis will be carried out, eliminating assumptions that the current modelling has considered. These will be published within future reporting of this Business Plan, including any funding strategies for the staged implementation of New Junction.

7.2 Assumptions

Future financial analysis and associated reporting will include the estimated acquisition costs with a comprehensive 50 year assessment which reviews the asset purchase value, relative timing of costs and revenues, future rates revenue, loss of current income, peak and ongoing debt, and cash flow implications (whole of life costing).

7.2.1 Expenses estimates

The base construction cost estimates for the civil works, public open space and streetscaping have been provided by construction cost consultants and quantity surveyors. The construction

costs for the buildings being developed have been supplied by quantity surveyors. Additional fees and margins as a percentage of the base construction cost estimates have been included, along with a contingency component in the cost estimates to cover for the inherent risk due to uncertainty associated with the known elements of the base cost estimates for the development.

In addition to the fees and margins, approval fees for construction were also used as an input to the financial analysis. Once the buildings are constructed, operating and maintenance costs of the respective buildings have been considered in the analysis. These have been assumed as a percentage of the base construction costs.

Other costs in addition to construction costs, include land acquisitions and demolition.

7.2.2 Income estimates

The income estimates from existing rental, sale of lots and rateable income have been considered in the analysis.

Existing rental income from 12 of the lots owned have been factored into the analysis up until the buildings are demolished and properties cleared.

Expected sales proceeds are included in the analysis from the sale of certain lots. These proceeds are in nominal terms and have been escalated in the analysis.

Once the lots are sold, annual rateable income has been modelled. The expected rateable income rates have been based on comparable City of Swan developments.

7.3 Wider financial implications to Council

Escalation has been applied to all the estimates to allow for the future impact of inflation.

Escalation rates based on the Consumer Price Index (CPI) growth forecasts for Perth and sourced from the Department of Treasury's Economic Forecasts. The general escalation rates applied are set out below.

Escalation Rates	2017/18	2018/19	2019/20	2020/21
CPI Forecast	1.00%	1.50%	2.00%	2.50%

The midpoint discount rate of 7% (real rate) has been used from the Strategic Asset Management Framework (SAMF) guidelines issued by the Department of Treasury to calculate the net present value (NPV) of the development cash-flows. The discount rate has been converted to a nominal rate by using the long term CPI forecast interest rate of 2.50%.

The Discount Rate estimates calculated are shown below.

Key Project Cost Elements	Project Cost Elements
Real Discount Rate	7.00%
Forecast Inflation	2.50%
Nominal Discount Rate	9.67%

The financial effect to the City will not be fully realised until the detailed designs in accordance with the MORM are completed and the necessary property acquisitions and disposals of land parcels are completed. Once fully developed, there will be significant positive financial benefits from rates being generated from all private development. The increased population generated by the residential yield proposed, will generate increased employment and enable the City to provide additional community facilities within the Midland CBD.

The current forecast budgets for acquisitions and major construction works amounts to approximately \$42 million within the next ten years. This can be funded through projected City cash flows and borrowings. Future detailed designs and feasibility studies will enable the City to directly disclose the amount of funding required either by cash flow funding or borrowings.

Estimated Asset Valuation

Asset valuation is the process of assessing the value of an item of worth that produces cash flows. Asset valuation is commonly performed prior to the purchase or sale of an asset or prior to purchasing insurance for an asset.

8 Statement of Project Impact

8.1 Financial Impact

Based on the cost and revenue assumption outlined, the net cash-flows have been estimated over 10, 15 and 20 year horizons post the completion of all the construction (up to 30 June 2043). This captures recurrent operating and maintenance costs and revenue as well as the capital expenditure.

The following two financial metrics have been calculated:

- Net Present Value - the total present value of the expected cash flows discounted using the discount rate above
- Total Net Cash-Flow (Nominal) - the total undiscounted cash-flows over the modelling time period

The results of the modelling are:

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Public Open Space & Civil Infrastructure	Develop	Develop	Develop	Develop
Multi-Deck Car Park	Construct & Operate	Construct & Sell	Construct & Sell	Construct & Operate
Council Chambers, Administration Building & Apartments	Develop & Sell Apartments	Develop & Sell Apartments	No Development (Sell Land)	No Development (Hold Land)
Community Building	Develop	Develop	No Development	Develop
10 YEARS				
Net Present Value (NPV at 9.67%) AUD \$'000	-59,696	-42,933	869	-36,975
Total Net Cash-Flow (Nominal) AUD \$'000	-41,029	-26,862	58,587	3,697
Est Asset Value	167,492	118,922	55,332	3,697
15 YEARS				
Net Present Value (NPV at 9.67%) AUD \$'000	-50,524	-37,786	9,677	-26,183
Total Net Cash-Flow (Nominal) AUD \$'000	11,851	2,816	109,367	65,917
Est Asset Value	183,060	134,490	58,312	128,146
20 YEARS				
Net Present Value (NPV at 9.67%) AUD \$'000	-43,986	-34,116	15,955	-53,821
Total Net Cash-Flow (Nominal) AUD \$'000	71,680	36,395	166,820	136,315
Est Asset Value	200,676	152,106	61,684	134,884

Scenario 1 - Developed & Owned by the City: Public Open Space; Multi-Deck Car Park; Council Chambers & Administration Building; Community Building.

Scenario 2 - Developed & Owned by the City: Public Open Space; Council Chambers & Administration Building; Community Building. Developed & Sold by the City: Multi-Deck Car Park

Scenario 3 - Developed & Owned by the City: Public Open Space. Developed & Sold by the City: Multi-Deck Car Park

Scenario 4 - Developed & Owned by the City: Public Open Space; Multi-Deck Car Park; Community Building.

The breakdown of the total nominal cash-flows, as per the WATC report, is as follows over 10, 15 and 20 years:

AUD \$'000	Scenario 1	Scenario 2	Scenario 3	Scenario 4
10 YEARS				
Demolition	-1,201	-1,201	-1,201	-1,201
Civil Infrastructure	-15,227	-15,227	-15,227	-15,227
Public Open Space	-43,279	-43,279	-43,279	-43,279
Multi-Deck Car Park	5,598	16,921	16,921	5,598
Council Chambers & Administration Building	-45,299	-45,299	4,075	Nil
Community Building	-18,290	-18,290	Nil	-18,290
Other Costs	-1,218	-1,218	-1,218	-1,218
Land Acquisitions	-10,836	-10,836	-10,836	-10,836
Remaining Lot Sales	40,596	40,596	40,596	40,596
Existing Rental Income from remaining lots	2,799	2,799	2,799	2,799
Rateable income from remaining lots	45,328	48,171	65,957	44,755
TOTAL	-41,029	-26,862	58,587	3,697

AUD \$'000	Scenario 1	Scenario 2	Scenario 3	Scenario 4
15 YEARS				
Demolition	-1,201	-1,201	-1,201	-1,201
Civil Infrastructure	-16,528	-16,528	-16,528	-16,528
Public Open Space	-46,258	-46,258	-46,258	-46,258
Multi-Deck Car Park	30,507	16,921	16,921	30,507
Council Chambers & Administration Building	-54,914	-54,914	4,075	Nil
Community Building	-21,264	-21,264	Nil	-21,264
Other Costs	-1,218	-1,218	-1,218	-1,218
Land Acquisitions	-10,836	-10,836	-10,836	-10,836
Remaining Lot Sales	40,596	40,596	40,596	40,596
Existing Rental Income from remaining lots	2,799	2,799	2,799	2,799
Rateable income from remaining lots	90,168	94,720	121,017	89,321
TOTAL	11,851	2,816	109,367	65,917

AUD \$'000	Scenario 1	Scenario 2	Scenario 3	Scenario 4
20 YEARS				
Demolition	-1,201	-1,201	-1,201	-1,201
Civil Infrastructure	-17,999	-17,999	-17,999	-17,999
Public Open Space	-49,630	-49,630	-49,630	-49,630
Multi-Deck Car Park	58,689	16,921	16,921	58,689

AUD \$'000	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Council Chambers & Administration Building	-65,792	-65,792	4,075	Nil
Community Building	-24,630	-24,630	Nil	-24,630
Other Costs	-1,218	-1,218	-1,218	-1,218
Land Acquisitions	-10,836	-10,836	-10,836	-10,836
Remaining Lot Sales	40,596	40,596	40,596	40,596
Existing Rental Income from remaining lots	2,799	2,799	2,799	2,799
Rateable income from remaining lots	140,901	147,385	183,312	139,744
TOTAL	71,680	36,395	166,820	136,315

Note: the figures outlined within the Business Plan relate to the Masterplan endorsed 30 January 2017. Furthermore, on 11 April, 2018, Council endorsed an increase to the open space within the masterplan, which will now achieve 2.3Ha open space. Because of that increase in open space, the open space and civil works components of the financial model will likely increase.

The Public Open Space and Council Chambers and Administration Building have the highest costs associated with them. The Multi-Deck Car Park costs are offset by the revenue from selling or operating the car park.

Scenarios 1 and 2 have the lowest net cash-flows as these scenarios include all the development. **Scenarios 3 and 4** have higher net cash-flows as they DO NOT include the construction of the Council Chambers and Administration Building. In **Scenario 3**, the City will have NO FUTURE ASSETS.

Scenarios 1 and 2 have a lower NPV and total nominal cash-flows over 10, 15 and 20 years. Both these scenarios involve constructing the Public Open Space, Multi-Deck Car Park, Council Chambers and Administration Building, and the Community Building. The key difference is that the Multi-Deck Car Park is operated by the City in Scenario 1 and is sold in Scenario 2.

Scenario 3, has the highest NPV and total nominal cash-flow over 10, 15 and 20 years, however, this does not involve construction of the Council Chambers and Administration Building and the Community Building. The income is generated from the sale of the car park.

Scenario 4 has the second highest NPV and total nominal cash-flow over 15 years. In this scenario, the Council Chambers and Administration Building is not constructed. The car park is constructed and operated by the City.

8.2 Economic Impact

Construction in New Junction has been estimated to be approximately \$680 million over the complete build period. The cost components were categorised by Input Output Industry Groups to provide a more accurate estimate of impact, with a total output estimated at \$2,236 million based on IOIG multipliers and initial construction costs.

Direct employment generated through the construction phase of the project totals 254 FTE per annum. Using multipliers, it is possible to estimate the total employment generated through the construction of the project period as 1,526.

New Junction is expected to continue to produce a positive economic impact past the construction and development stage through facilitation of numerous jobs once completed. Ongoing employment has been estimated through applying the average floor-space per employee calculated from benchmarked activity centres, with an estimated total direct FTE of 4,024. Total indirect and induced employment at completion of the construction is estimated at 13,000.

New Junction will support retail, accommodation, office and civic employment opportunities. The modelling estimated the precinct's value to the economy at full build out. The estimated direct output from the MOR is approximately \$344 million. The development could contribute up to \$990 million to the broader economy at full build out, though this will depend on the specific uses that locate within the precinct.

The analysis demonstrates that the development and, ongoing existence of New Junction, is expected to have a positive economic impact on the broader economy.

9 Risk

9.1 Risk Identification and Analysis

Identified risks were analysed individually and those with a Residual Risk Rating of 'High' have been summarised in the table below (reference Risk Assessment Approach (POL-C-067) and Risk Management Framework (POL-M-137)).

Ref#	Type	Identified risk	Likelihood	Consequence	Residual risk rating
2	Reputation	Engagement The City's reputation will be negatively impacted due to community dissatisfaction with the Project	3 Possible	4 Significant	12 High
10	Governance	Project changes Changes to project scope and outcomes throughout project leading to design and contractor variations and delays	3 Possible	4 Significant	12 High
11	Construction	Injury or death during construction OH&S non-conformance during construction leading to incident or major accident during construction	2 Unlikely	5 Severe	10 High
12	Construction	Contractor failure Main contractor or major sub-contractor insolvency resulting in significant delays	3 Possible	4 Significant	12 High

9.2 Risk Evaluation and Treatment

The table below outlines the organisational risk acceptance criteria and tolerance tables and the requirement to treat risks where the value of the risk is greater than 12 (i.e. High to Very High).

Risk#	Short Risk Description	Treatment Details	Projected		
			Likelihood	Consequence	Rating
2	Engagement	1.1 Communication Plan	3 Possible	4 Significant	12 High
		1.2 Social Media Strategy			
10	Project changes	1.1 Project Manager	3 Possible	4 Significant	12 High
		1.2 Council Reporting			
11	Injury or death during construction	1.1 Appointment of experienced Project Manager for the construction phase	1 Rare	5 Severe	5 Medium
12	Contractor failure	1.1 Involvement of Manager Finance in assessment of construction tenders	2 Unlikely	4 Significant	8 Medium

10 Governance

10.1 Governance structure

To ensure sound governance, the following primary governance structure will be applied:

- The City's internal Business Case
- Business Plan process, as required under Section 3.59 of the Local Government Act (this report);
- Overall Contractual regulation by the City as Vendor via contract documentation as and when contracts are entered into;
- All regulatory approvals including Local Government requirements for acquisition/disposal of land;
- The City's Procurement Policy Guidelines and Governance.

10.2 Project documents

Upon approval of the Business Plan by Council, future transactions and project deliverables falling under this Business Plan will require formal documentation. The various documentation required will include, though will not be limited to the following:

- Contracts of sale, prepared by appropriately qualified legal advisors (acquisitions and disposal);
- Design and construction drawings for the public realm (including new road and utility infrastructure)
- Statutory Approvals (eg. Subdivision approval, Development Approvals and Building Licences for public realm and development sites)
- Ongoing project management and co-ordination of project delivery / program i.e. staged sale / project delivery

10.3 Existing Business Plans

The City has undertaken a Business Plan which was advertised in accordance with the Act and subsequently endorsed by Council in November 2015, for the sale of Lot 4 The Avenue, Midland (together with an option to acquire the adjacent lots being portion of 216, 38, 36, 34, 32 and 30 The Avenue) to the DeMol Group of Companies. This Business Plan and any future associated reporting will now be incorporated into the subject Business Plan and associated reporting.

10.4 Probity and benchmarking

An appropriate risk management structure will be established regarding the procurement process and assessment.

11 List of References

1. 'Open for Investment', City of Swan, viewed 14 February 2017, https://www.swan.wa.gov.au/Develop-invest/Invest?OC_EA_PublicEmergencyAnnouncementList_D dismiss=c2f7a814-ae20-455a-a8ba-e8b79692888d
2. 'Midland Local Area Plan', City of Swan, viewed 14 February 2017, https://www.swan.wa.gov.au/City-Council/About-the-organisation/Local-Area-Planning/Midland?OC_EA_PublicEmergencyAnnouncementList_D dismiss=c2f7a814-ae20-455a-a8ba-e8b79692888d
3. Cox Howlett & Bailey Woodland, Midland Oval Redevelopment Masterplan Report, July 2015.
4. Minutes - Ordinary Meeting of Council, 25 November 2015, 'Adoption of Proposed Midland Oval Redevelopment Masterplan', City of Swan. Viewed 14 February 2017, <https://www.swan.wa.gov.au/City-Council/Council/Council-Meetings/Minute-Listing>
5. Minutes - Special Meeting of Council, 30 January 2017, 'Midland Oval Redevelopment Masterplan', City of Swan. Viewed 14 February 2017, <https://www.swan.wa.gov.au/City-Council/Council/Council-Meetings/Minute-Listing>.
6. 'Frequently Asked Questions - Midland Oval Redevelopment Masterplan', City of Swan. Accessed 14 February 2017
7. Profile.id for City of Swan population and housing forecasts
8. Pracsys, *Midland Oval Economic Impact Estimate Update*, January 2018
9. Colliers International, *Consultancy Report Midland Oval Masterplan: Land Economics Feasibility Advice and Delivery Strategy*, July 2017
10. tpg Place Match, *City of Swan - Midland Oval: Place Making Strategy*, January 2017
11. City of Swan, *Midland Activity Centre Structure Plan*
12. Department of Planning, *Directions 2031 and Beyond*
13. Department of Planning, *State Planning Policy 4.2 Activity Centre for Perth and Peel*
14. Department of Planning, *Perth and Peel @ 3.5 million*