

## **INQUIRY INTO THE MANAGEMENT OF THE SYDNEY HARBOUR FORESHORE AUTHORITY**

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**Date Received:** 31/05/2004

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**Subject:**

**Summary**

# **Inquiry into Management of the Sydney Harbour Foreshore Authority**

**A Submission from  
Protectors of Sydney Foreshore Inc**

Prepared by: G van Rijswijk – Chairman

May 2004

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## **1. Protectors of Sydney Foreshore Inc**

Protectors of Sydney Foreshore Inc (PSF) is a community group made up of residents, apartment owners, property owners and others in the community who have an interest in preventing inappropriate development on the Luna Park site and on adjacent areas.

The organization is incorporated under the NSW Incorporation of Associations Act and receives its funding from member contributions.

Its objects are as follows:

To do everything (without limitation) that is necessary to ensure that:

- (a) The Luna Park site is not overdeveloped and any further development of the Luna Park site does not detract from the existing amenity of the area;
- (b) The features of cultural and/or heritage significance on the Luna Park site are protected and maintained; and
- (c) The vista of iconic items along the foreshore including Luna Park, the Luna park clifftop, the Harbour bridge, the Harbour bridge pylons and the Opera House is not detracted by inappropriate developments along the foreshore

Our organization has funded a number of studies aimed at detailing and quantifying the impact on the immediate community and the wider Sydney community of proposed developments on the Luna Park site and will use this and other available information as the basis for a campaign to oppose inappropriate development in the Luna Park area.

PSF is fully supportive of the use of Luna Park as a family fun park and for the associated convention and entertainment activity outlined in the 'Preferred Option' but does not support ongoing attempts to exploit the site through sequential approval of inappropriate commercial development.

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## 2. Introduction

The NSW government has taken planning control for the Luna Park site away from North Sydney Council and given it to the Sydney Harbour Foreshore Authority (SHFA). SHFA is also responsible for the Luna Park Reserve Trust and, under planning law, for the Heritage aspects of the Luna Park precinct.

The implications are that all aspects of development on the Luna Park site (apart from any 'prohibited development') come under the control of SHFA which is seen as a mission oriented agency – being given the role by government of pushing through the redevelopment of key sites around Sydney.

This submission will discuss among other matters:

- The problems associated with the **concentration of power** in SHFA
- **Conflicts of interest** that arise within a pro development agency and its duties as a consent authority
- Whether **proper planning processes** have been followed
- Whether the **public consultation requirements** of the Environmental planning and Assessment Act 1974 (the Act) have been and can be met under such an arrangement
- The **closeness of the relationship** between SHFA and the developer of the Luna Park site, and its implications
- Whether SHFA is meeting its **heritage obligations**
- The role the **minister and government** have played in facilitating inappropriate development at Luna Park
- **Probity** issues surrounding the Luna park 'tendering' process and subsequent planning and development decisions
- **Lack of financial transparency** in matters surrounding the redevelopment of Luna Park, particularly in relation to claims regarding its ongoing viability
- **Excessive secrecy** surrounding the Luna Park redevelopment, particularly in relation to the financial arrangements and matters relating to government guarantees

Recommendations are made regarding the management of development on the Luna Park site and neighbouring foreshore areas.

### **3. Key Notes**

This submission should be seen in the following context:

- Our primary concern is with inappropriate development on and near the Luna Park site
- We are concerned about protection of the heritage of the site and surrounding area, including the heritage fig trees, heritage cliff face as well as the heritage buildings within Luna park itself
- We are concerned about the impact on the vista of the harbour foreshore of inappropriate development of cliff top sites around Luna park as this would have a wider community impact
- We are concerned with the methods used to approve development on the Luna Park site in excess of what was agreed through the initial public consultation process
- When, in this submission, we refer to Sites A, B or C – these refer to the cliff top sites identified in the Luna Park Master Plan
- We are concerned about the lack of probity and financial transparency surrounding the Luna Park redevelopment as well as the lack of concern about the real financial impact inappropriate development has on the local community.

#### **4. Executive Summary**

This submission concerns the redevelopment of Luna Park by Metro Edgley (Multiplex) and in particular recent proposals for the development of cliff top sites near Luna Park.

Of particular concern are:

- The dramatic departure from the development plans agreed through community consultation and reflected in the original 'Preferred Option' document
- The recent history of changes to planning controls that allow proper evaluation of development proposals and community consultation to be avoided
- Government and ministerial involvement in changes made to planning control arrangements for the Luna Park site
- The SHFA role in approval of developments that in scope and scale significantly exceed those agreed to in the original 'Preferred Option'.
- The method through which the current developer and manager of Luna Park was appointed
- The secrecy surrounding the financial and contractual arrangements involving Luna Park
- Excessive secrecy surrounding the changes in plans and approvals for the development of Luna Park and the absence of an appropriate level of public consultation
- Conflicts of interest between SHFA's role as a development facilitator and consent authority – The minister is the consent authority. He is advised by SHFA and gives directions to SHFA
- Adequacy of protection of the heritage aspects and elements of Luna Park
- Lack of financial accountability when the developer claims that each development is necessary for the survival of Luna Park
- Ignorance and lack of concern regarding the impact of overdevelopment of the site on local residents and investors – including both amenity and financial impacts

A series of recommendations are made, including the need to penetrate the veil of secrecy surrounding this project.

## **5. Recent History**

A fully detailed history of recent (1997 – 2004) events and decisions that have resulted in the current problems surrounding the development of Luna Park is presented in Appendix 1.

This short summary is presented to provide context to the points made in our submission.

| <b>Date</b>             | <b>Description</b>   |
|-------------------------|--|
| <b>September 1997</b>   | <b>"Preferred Option" for Luna Park selected after extensive public consultation</b>   |
| <b>Oct – Dec 1997</b>   | <b>Luna Park Site Amendment Act 1997 debated, passed and proclaimed</b>  |
| <b>March 12, 1998</b>   | <b>New Luna Park Plan of Management adopted reflecting the "Preferred Option" and above amendments</b>   |
| <b>March 13, 1998</b>   | <b>Proposals for the development and operation of Luna Park called for. Proponents were told to note both the Plan of Management and the amended legislation</b>                     |
| <b>March 16, 1998</b>   | <b>NSC asked to amend zoning of the site to reflect the provisions of the Luna Park Site Act and the Plan of Management – both of which reflected the "Preferred Option"</b>         |
| <b>June 1, 1998</b>     | <b>NSC voted on the rezoning and refused to rezone sites B and C on the cliff top for commercial development as requested by the government (notified to the minister on June 5)</b> |
| <b>July 9, 1998</b>     | <b>Mr Amery (then minister for Land and Water Conservation) wrote to NSC asking for reconsideration</b>  |
| <b>July 20, 1998</b>    | <b>Mr Knowles (Minister for Urban Affairs &amp; Planning) withdrew delegated authority from NSC to amend NSLEP89 in relation to Luna Park</b>  |
| <b>October 6, 1998</b>  | <b>Minister waives need for a Master Plan for the Luna Park site</b>   |
| <b>October 23, 1998</b> | <b>NSLEP89 amendment 54 was proclaimed – changes made by government</b>  |



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|                          |   |
|--------------------------|---|
| <b>July 1, 1999</b>      | <b>Metro Edgley Pty Ltd announced as developer and manager of Luna Park</b>   |
| <b>November 22, 1999</b> | <b>Luna Park Master Plan submitted to NSC for development of a new Development Control Plan (DCP)</b>   |
| <b>April 19, 2000</b>    | <b>Development applications lodged with NSC for car park at Luna Park (three different options)</b>   |
| <b>December 3, 2000</b>  | <b>Government withdraws planning control for Luna Park from NSC</b>   |
| <b>June 22, 2001</b>     | <b>Developer lodges Master Plan DA (for stages 1 &amp; 2) with DUAP. Stage 1 is a strata office block on site A. Sites B &amp; C on the cliff top excised from this Master Plan</b> |
| <b>January 2002</b>      | <b>Consent granted for stage 1</b>  |
| <b>January 30, 2004</b>  | <b>Metro Edgley (now owned by multiplex) announce proposals for a 14 storey (60 metre) building on site B and a car park for site C</b>   |
| <b>February 4, 2004</b>  | <b>SHFA put s 'stop clock' on the DAs pending legal opinion</b>   |
| <b>February 11, 2004</b> | <b>SHFA advises the developer to ask the minister for a section 89 approvals under the Act</b>  |
| <b>March 11, 2004</b>    | <b>Greens MLC, Sylvia Hale, calls for the tabling of all documents relating to this proposal</b>  |
| <b>March 16, 2004</b>    | <b>The minister advises parliament that 'there are no planning controls for sites B and C and that he intends to rectify this via amending SEPP 56</b>                              |
| <b>March 16, 2004</b>    | <b>Minister Knowles announces the establishment of an independent expert panel to develop recommendations for planning controls for the cliff top sites.</b>                        |
| <b>April 2, 2004</b>     | <b>Public Inquiry established into the management of SHFA</b>   |
| <b>April 29, 2004</b>    | <b>Independent Panel of Experts starts to meet.</b>   |

**6. Implications of the changes made to the planning controls and to the Luna Park Site Act**

The 'Preferred Option' for the development of the Luna Park Site agreed after an extensive public consultation process shows an apartment/hotel building on Site A and a two storey restaurant on Sites B & C. Under this proposal a relatively small car park was included in the re-development and all of the heritage fig trees and other heritage features of the site are retained.<sup>2</sup>

It should be noted that Metro Edgley's own promotional material<sup>3</sup> confirmed that this is what was proposed for the site. The Master Plan<sup>4</sup> lodged with NSC in November 1999 also reflects the 'Preferred Option' agreed through the public consultation process.

The proposed two-storey restaurant on Sites C had a height of 7.5 metres.

A coloured marker indicating that height limit is still visible at the corner of Dind and Northcliff streets.

Importantly this is the information used by residents and other purchasers of property in the area to gauge the impact of the proposed redevelopment of the Luna Park site.

The amendments to the Luna Park Site Act in 1997 included a plan substantially different to that in the 'Preferred Option' agreed through the public consultation process. In the plan tabled in parliament commercial development was proposed for both sites B and C and there is no mention of the two-storey restaurant proposed for the corner of Dind and Northcliff streets characteristic of the 'Preferred Option'. Parliament was told that this was the 'Preferred Option', when it has clearly been changed from the original version.

When proposals were called for the development and management of Luna Park in March of 1998, proponents were asked to base their responses on the Luna Park Site Act and the Luna Park Plan of Management – the latter including the amendments to the 'Preferred Option' plan which had been tabled in parliament.

However, it should be noted that the Metro Edgley response faithfully follows the original development concepts outlined in the 'Preferred Option' (i.e. NO separate commercial development on Sites B and C)

Soon after the call for proposals NSC was asked to re-zone sites B and C as commercial. When NSC refused to do so, the Minister for Urban Affairs and Planning withdrew NSC's delegated authority to amend NSLEP89 in relation to Luna Park. (July 1998) This effectively put the Minister in charge of the NSLEP.

<sup>2</sup> See map Appendix B, part of Appendix 1 of this submission

<sup>3</sup> Turning the Lights Back On - Metro Edgley, 1999, See Appendix K, part of Appendix 1

<sup>4</sup> See Appendix L which is part of Appendix 1

Later that year the Minister waived the need for a Master Plan for the Luna Park site. This meant that it was now possible to lodge development applications in stages – in a way where it was not possible (or necessary) to include in the relevant SEE (or Statement of Environmental Effects) the cumulative impacts of each separate application.

It should be noted that all of these changes took place BEFORE the successful developer and manager of the site was announced in July 1999.

In December 2000, the government withdrew planning control for Luna Park from NSC. There is now no link between the body responsible for development consent and the local community.

Since then approvals have been given for a substantial strata office development on Site A and a large car park (389 spaces) – three times larger than earlier proposals.

A Development Application for a 14 storey building on the cliff top near the heritage fig trees (Site C) was lodged with SHFA in January 2004, and was tabled in parliament, together with relevant documents, in March. It should be noted that although all of the information relating to that development has been supplied, reference has also been made to yet another proposal for the site – a five-screen cinema complex over the heritage cliff face under Site C.

The implication is that proposals for a 7.5 metre high restaurant on Site C have now blown out to a 14 storey (60 metre high) office block AND a cinema complex at that site.

Clearly the manner in which the planning controls for the site have been managed have resulted in a significant departure from the proposals agreed to by the community in the 'Preferred Option'

These planning changes have taken place without community consultation.

### **Conclusions**

- *Changes to the plans for Luna Park resulting from the manipulation of the planning process have resulted in approvals for developments that are more substantial and having a greater impact than those proposed in the 'Preferred Option' that formed the basis of community consultation and the original expressions of interest*
- *The absence of a requirement for a master plan has allowed for approvals of development in stages, each of which have exceeded the scope of development outlined in the 'Preferred Option' document*
- *The manner in which the planning process has been manipulated has deprived the community of its rights in relation to the public consultation required under the Environmental Planning and Assessment Act 1979*

- *The latest proposals, a 60 metre office complex on the cliff top and a five screen cinema complex, were not included in the original proposals for Luna Park and clearly represent an overdevelopment of the site.*

**Recommendation**

- *The Inquiry should recommend that the 'Preferred Option' document be used as a basis for deciding on any planning controls for the Luna Park Site and to guide the scope and scale of any future development there.*
- *The Inquiry should recommend dismissal of relevant ministers who misled parliament seeing that the 'Preferred Option' presented to parliament is so different to the 'Preferred Option' tabled (and is so different to what is actually occurring now)*

## 7. Government/Ministerial Involvement

In relation to the redevelopment of Luna Park we have seen the NSW government and/or its ministers and/or its agencies:

- Agree to a 'Preferred Option' for the redevelopment of Luna Park
- Amend the Luna Park Site Act, but table a plan different to that in the 'Preferred Option' document
- Ask NSC to rezone the cliff top sites to reflect the changes made to that plan (Sites B and C)
- Put pressure on NSC to reconsider their decision when rezoning was refused
- Take away from NSC delegated authority to amend the NSLEP89 in relation to Luna Park
- Waive the need for a Master Plan for the Luna Park site
- Proclaim an amended LEP, including the desired changes.
- Withdraw planning control for Luna Park from NSC
- Consent to staged development for Luna Park, the first stages including a substantial strata office development and a 389 space car park (larger than envisaged in the 'Preferred Option')
- Initiate a process (Independent Expert Panel) to make
- Recommendations for planning controls for the Luna Park cliff top sites when, to keep faith with the community, the better approach would be to insist on the proposed two storey restaurant proposed in the 'Preferred Option'.

### Conclusion:

*The government and its agencies appear to support over-development of the Luna Park Site – a scale of development not envisaged in the 'Preferred Option' resulting from the community consultation process, and significantly in excess of the scale of development proposed at the time proposals for the development and management of Luna Park were called.*

### Recommendation:

*The inquiry should determine why the government chose to amend the Luna Park Site Act and Master Plan and planning controls to allow development on the Luna Park Site beyond that agreed through the public consultation process*

## 8. SHFA Involvement

Planning control for the Luna Park Site is currently with SHFA. References to SHFA in this section of the submission also refer to actions by SHFA's predecessors. It should be noted that SHFA also includes the Luna Park Reserve Trust.

Since development control was taken away from NSC we have seen the following:

- Approval of staged developments on the Luna park site of a scale significantly larger than envisaged in the original 'Preferred Option' document
- Proposals in January 2004 for a 14 storey (60 metre) office block on the cliff top at Site C and an underground car park on Site B. Documents tabled in the Legislative Council indicate that these proposals had been under discussion between the developer and SHFA since July 2002. The developer should have been advised that these were a 'prohibited development' under the Act and of a scale disproportionate to the proposals agreed in the 'Preferred Option' document.
- SHFA apparently failed to notice that in the DA for the high rise office development on Sites B and C the site area had magically grown from 1069.9 square metres to 2627 square metres
- Advised the developer in February 2004 to seek Ministerial approval for the proposed development(s) under Section 89 of the Act, but only after receiving legal advice to the effect that the proposed development was in fact a 'prohibited development' and after first exploring options for consent to the development application.

### Conclusions

- *SHFA appears to be too mission oriented and pro development. It appears to be required to meet the government's development needs in relation to a number of sites, yet at the same time acting as consent authority. This appears to be a conflict of interest.*
- *SHFA appears to have approved developments on the Luna Park Site of a scale in excess of those agreed to through the public consultation process as reflected by the 'Preferred Option' document. This appears to be a significant breach of public trust.*
- *It would appear that SHFA cannot be relied upon to fulfil its duties as consent authority whilst at the same time meeting government demands for development of the Luna Park site*

### Recommendation

- *The Inquiry should recommend that planning control for the Luna Park Site should revert to North Sydney Council*

## **9. Concerns with SHFA as Consent Authority**

Apart from the obvious conflict of interest that exists when SHFA is charged with the responsibility of pushing through developments on behalf of the government whilst at the same time acting as consent authority, a number of other aspects of SHFA's role as consent authority come to mind.

These include:

- Failure to consider the cumulative impacts of the staged developments on the site
- Failure to restrain development to those agreed through the original community consultation process and reflected in the 'Preferred Option'. (Including agreed cliff top height limits)
- Failure to control the scale and appearance of new buildings on the Luna Park site, particularly in relation to their impact on the harbour vista
- Failure to fully involve the community in public consultation when the nature and scale of proposed developments changed from those agreed through the initial community consultation process
- Lack of supervision of the quality of work carried out on the heritage buildings within Luna park
- Ignoring previous planning controls in approving developments on the site
- Failure to properly protect heritage items/elements on the Luna Park site. Obstruction of and damage to the heritage cliff face and failure to take proper care of the heritage fig trees are examples, as is the fact that SHFA was quite prepared to discuss options for Site C that clearly would damage the heritage fig trees.
- The lack of enforcement of DA consent conditions (Milsons landing on Site A was promoted as a strata office development that could be used as a residence)

### **Conclusion**

- *SHFA appears to be more concerned with completion of the Luna Park redevelopment on terms acceptable to the developer than fulfil its proper role as consent authority*

### **Recommendation**

- *The Inquiry should review SHFA's performance as consent authority in relation to the Luna Park site*

## **10. Planning Issues**

The recent planning history of the Luna Park Site shows how it is possible to manipulate current planning law to push through development proposals in a manner that disregards public opinion and public concerns, and in ways contrary to the stated objects of the Environmental planning and Assessment Act 1979

We have seen the government try to use changes to the Luna Park Site Act to extend planning powers over the site, use (or abuse) the State Significant Development provisions under planning legislation to remove planning control from the local council, and give planning control to its own development agency.

It is clear that, without these manipulations, NSC would have exercised greater control over development on the Luna Park site, and would have kept the developer to the commitments made to the community in the initial public consultation process. We suggest that NSC would not have ignored over 20 years of planning history which has seen the height of buildings taper down towards the water, as did SHFA in even considering the 60 metre office development proposal. Given the capacity of NSC to control developments of a similar scope and scale, there was no need to remove planning control from NSC in this case.

It is beyond the capacity of this group to analyse recent events to determine whether all the requirements of the Environmental Planning and Assessment Act 1979 have been met, whether development consents granted to date could be challenged in law, whether community consultation requirements have been fulfilled or whether there has been abuse of process.

We suggest that these matters be addressed by the Inquiry and that the Inquiry make recommendations as to how the Act can be strengthened to avoid similar abuse in the future.

### **Conclusions**

- *We believe that the actions of the government, its ministers and agents in relation to planning controls on the Luna Park Site have abused the planning process and thwarted the intent of the Environmental Planning and Assessment Act 1979*

### **Recommendations**

- *It is recommended that the behaviour of the government, its ministers and agents be reviewed to determine whether all acted in good faith and properly used the provisions of the Act*
- *It is recommended that the Inquiry make recommendations to the government as to how the legislation can be improved to avoid future abuse and to strengthen public consultation requirements*



## 11. Heritage Issues

The heritage elements of Luna Park are protected under the planning law and the Heritage Act 1977 which requires SHFA to list Luna Park related heritage elements in its S170 register.

The Luna park Site Act 1990 makes specific reference to protection of the heritage fig trees on the cliff top near Sites B and C and prohibits any development that can damage these heritage items.

However we find that the SHFA S170 register on the web site is not up to date. A heritage researcher employed by PSF examined the SHFA S170 register at the SHFA offices and we can confirm that the Luna Park heritage elements are now on the SHFA S170 register.

It appears that the development proposed by Metro Edgley for Site C would have had significant impact on the heritage fig trees. Judging by the information lodged by SHFA in the Legislative Council, there appears to have been little attempt to advise the developer of the potential risk to the fig trees if that development were to have been approved.

This begs the question as to the value of the protection afforded to Luna Park heritage elements through S170 listing and through the Luna Park Site Act.

It should be noted that the St Kilda Luna Park is listed as a state significant item under Victorian legislation.

It would be appropriate to provide the Sydney Luna Park heritage items with a similar level of protection under the NSW Heritage Act, and one should question why this has not been done to date.

It appears that, as things stand, the heritage elements within and around Luna Park can be destroyed with the stroke of a planning pen – by approvals given by the consent authority or by the Minister.

### Conclusion

*It would appear that the heritage elements within and around Luna Park are not adequately protected under current arrangements.*

### Recommendation

*It is recommended that the Inquiry include in its final recommendations one relating to the need to include heritage elements associated with Luna Park on the Register of State Significance in order to provide them with a level of protection currently not available to them*

## **12. Probity and Financial Transparency**

Metro Edgley (Multiplex) have tried to stifle debate within the community over the development of additional structures on the cliff top sites with the claim that these are 'needed to endure the viability of Luna Park'

Some basic questions as to the financial arrangements between the government and the developer of Luna Park need to be addressed.

These include:

- What the basis of the agreement between the government and Metro Edgley – what are the financial arrangements?
- How much of the profit made by the developer from the sale of completed projects is retained by them to ensure the future of Luna Park? Is there a separate fund to retain these moneys or are the profits simply absorbed into the general revenue of Multiplex? If it is the latter, then we can continue to approve further developments on the site and never get to a situation where the future of Luna Park is secure.
- If the original 'Preferred Option' document formed the basis of the 'tender' process through which the preferred developer/operator was selected, why is the chosen developer being given the opportunity to significantly increase the size and scope of developments on the Luna Park Site – one that obviously was not offered to other applicants?
- The government has granted a lease to Metro Edgley (Multiplex) for the Luna Park Site (40 years) and the cliff top sites (99 years) – apparently at no (or unknown) cost to the developer. What is the commercial value of those leases and how does this relate to the claim by the government that 'no more public money' would go into Luna Park?
- What are the financial and lease arrangements between the developer and the government should Luna Park 'fail'? Does the developer retain ownership of the leases or does the land revert to the crown?
- What are the arrangements between the developer and the government as regards compensation should Luna Park 'fail'? Is fear of compensation claims the reason why the government (and SHFA) appears to be bending over backwards to approve inappropriate development on the Luna Park Site?
- What are the arrangements between the developer and the government regarding the use of land outside of the current Luna Park boundaries – i.e. along the current railway siding and alongside Lavender Bay? Will the developer gain access to this additional land

should development proposals currently being considered not proceed or should Luna Park 'fail'?

Appendix 2 is a complete financial analysis of the strata office development on Site A and the proposed high rise (60 metre) of block and car park development on sites B and C.

It estimates the commercial value of the leasehold land 'donated' to Multiplex at \$21.5 million and the overall profits resulting from the two projects, on completion and sale, at \$39 million, once normal building profits are included.

### **Conclusions**

- *Public confidence in the governments handling of the redevelopment of Luna Park has been substantially eroded because of the lack of financial transparency surrounding this project.*
- *It is inappropriate for Multiplex as the developer to continue to publicly use the threat of the viability of Luna park in support of excessive development on the site when the financial arrangements between them and the government and data relating to profits from prior development activity is not available for public scrutiny*
- *The probity of allowing Multiplex to exceed the development guidelines outlined in the 'Preferred Option' which formed the basis of the 'tender' process, without others involved having been given the same opportunity, is doubtful. It should be noted here that the government's 'tender' arrangements were not through a formal tender process and that attempts to extend the range and scale of development to be allowed on the Luna park site were in train before the 'tender' process was started.*

### **Recommendation**

*The Inquiry needs to thoroughly investigate the financial arrangements between the developer and the government in relation to the Luna Park redevelopment.*

### **13. Excessive Secrecy**

In the previous section we addressed the secrecy surrounding the 'tender' process and the financial arrangements between the government and the developer/manager of Luna Park (Multiplex).

Much of the information surrounding the manipulation of the planning process and changes to the plans for the Luna Park site have been kept out of the public gaze.

There has not been an effective ongoing process of public consultation outlining the changes that have occurred and have been approved since the 'Preferred Option' was agreed – certainly not in a form or format that allowed the public to provide input, feedback and register objections in a way that could be used formally to change the nature or scope of proposed works.

#### **Recommendation**

*It is suggested that the Inquiry address the matter of excessive secrecy surrounding the redevelopment of Luna Park*

#### 14. Consideration of Community Impact

Whilst the wider Sydney and tourist community, as well as the local community, benefit from the retention of Luna Park as a family fun park, those in the immediate vicinity are significantly affected by overdevelopment on the site – particularly overdevelopment on Site C.

Wider community impacts include the loss of heritage values associated with damage to the fig trees and the proposed removal of the coral trees and the obstruction to the heritage cliff face resulting from the proposed five cinema complex.

Inappropriate development on the cliff top also impacts on the harbour vista. The proposed 60-metre office tower would be visible from a large proportion of the harbour and from the western approaches to the Harbour Bridge. It would be visible from the Opera House and from Circular Quay and other parts of the southern shore, interfering with the view of the Harbour Bridge from these locations.

Local residents and investors have relied on the 'Preferred Option' document for their investment decisions. This suggests a 7.5 metre two storey restaurant at site C as the only structure on both sites B and C. – a coloured marker on the corner of Dind and Northcliff streets indicates the height that the proposed restaurant would reach.

Overdevelopment of those sites (particularly of the scale currently proposed) would interfere with the amenity of the area (vehicle and pedestrian traffic, noise, loss of view etc) and significantly impact on the value of property in the immediate area and of developments currently either under construction or proposed. Views of the Harbour Bridge would, for example, be obscured all the way along the east side of Lavender Bay and impact on the proposed redevelopment of the Kirribilli Club and properties along Lavender Bay Road.

Our estimate of the financial impact on the local community suggests it would exceed \$80 million. It is surprising that SHFA has not conducted any financial modelling to estimate costs to the community of inappropriate development on Sites B and C.

Whilst the community is supportive of the continued use of Luna Park as a family fun park, this should not come at their expense.

#### Recommendations

- *The Inquiry should examine the need for and scale of further development of the Luna Park site to ensure an appropriate balance is reached between the interests of the local community and that of the wider public*
- *The Inquiry should examine any compensation arrangements appropriate for those whose property values are impacted through inappropriate development of the Luna Park site.*

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- *The inquiry should investigate whether the government is auditing compliance with the lease agreement to ensure that the developer is adhering to that agreement and that the government is not, at some time in the future, asked to compensate the developer for costs resulting from the developer's bad judgement.*

**Abbreviations**

|         |   |   |
|---------|---|---|
| DA      | - | Development Application   |
| DCP     | - | Development Control Plan  |
| DUAP    | - | Department of Urban Affairs and Planning  |
| POM     | - | Plan of Management  |
| PSF     | - | Protectors of Sydney Foreshore Inc  |
| NSC     | - | North Sydney Council  |
| NSLEP   | - | North Sydney Local Environment Plan   |
| S170    | - | Heritage register held by consent authority as required under the Heritage Act 1977 |
| SEE     | - | Statement of Environmental Effects  |
| SHFA    | - | Sydney Harbour Foreshore Authority  |
| The Act | - | Environmental Planning and Assessment Act 1979                                      |

**Appendix 1**



**Proposed Plans for the cliff top Sites B & C Lots (1259 and 1260) of the Luna Park Reserve: 1997 – 2004**

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**Why has the Government consistently pursued a prohibited commercial development on the cliff top sites B & C despite opposition from Parliament, North Sydney Council, the general public and legal advice that such development is not permissible. WHY?**

**May 2004**

## **Proposed Plans for the cliff top Sites B & C Lots (1259 and 1260) of the Luna Park Reserve: 1997 – 2004**

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## **Proposed plans for the cliff top Sites B & C (Lots 1259 and 1260) of the Luna Park Reserve: 1997 – 2004**

N.B. Information, which has formed opinions expressed in this document, has been obtained by perusing the files contained in the records of North Sydney Council relating to the re-zoning of Luna Park. Photocopies of generic documents have been obtained from the North Sydney Council Records Department but transcripts of third party documents have been made from hand-copied notes because photocopies are not provided to the general public.

### **Executive Summary**

#### **Overview**

On 30 January 2004, Multiplex announced the proposed development of a 14-storey office building with an adjacent car park on Luna Park Reserve cliff top Sites B & C (Lots 1259 and 1260). This announcement was followed by significant public protest. Local residents were outraged because, after the North Sydney Local Environmental Plan 1989 (NSLEP'89) relating to Luna Park had been amended in October 1998 (and that amended had subsequently been incorporated, unchanged, into the NSLEP2001), residents had a clear understanding that any development on these two sites would be of a low-rise nature. The North Sydney Council (NSC) strongly objected to the proposal because it did not comply with the existing planning controls for the site, contained in the NSLEP 2001. The wider community expressed their alarm at the Government's continuing trend to allow non-compliant development on Sydney Harbour's foreshore.

On 11 February 2004, the legal firm Deacons advised the Sydney Harbour Foreshore Authority (SHFA) that the proposed development was not permissible under the NSLEP 2001.

On 16 March 2004, the Minister for Infrastructure and Planning, the Hon Mr. Craig Knowles, claimed in Parliament that, currently, there were no planning guidelines for these two sites. Accordingly, he announced his intention to amend the relevant State planning instrument to accommodate commercial development on Sites B & C.

This document summarises the background to this issue.

In April 1997, the then Minister for Land and Water Conservation, Mr. Richard Amery, announced the Carr Government's intention to re-open Luna Park as a commercially viable fun park, which was to be developed and operated by the private sector. Since that time, resolution has been reached on a number of occasions about planning guidelines for future development for Sites B and C.

Site B was to be developed as a public park.

A low-rise development, no higher than four storeys, was to be built on Site C.

Hence, this has been the basis on which both the NSC, Sydney residents and investors have made planning, development and investment decisions over the past seven years.

It can be demonstrated however, that, during this period of time, the Carr Government has continually acted against the wishes and without the knowledge of Sydney residents and stakeholders in relation to future development on these sites and has pursued its own agenda in relation to future development on these cliff top sites.

#### ***Timeline 1997 – 2004***

The timeline for the significant events, which led to the apparent existing lack of planning controls for Sites B and C, since 1997, is detailed in Appendix A.

#### ***Appendix A***

##### ***The Government's Actions***

In 1997, after a series of much publicised workshops with relevant stakeholders and also after extensive consultation with the public, the Preferred Option for the future development of Luna Park was selected.

The Preferred Option for Sites B & C (Lots 1259 and 1260) indicated a Café/Restaurant/Kiosk/Commercial development on the corner of Northcliffe and Dind Streets.

The Preferred Option also stated a strong preference for any building on cliff top sites to be no higher than four storeys

However, since that time, the Government has clearly demonstrated its determination to pursue its own agenda for the authorisation of future commercial development on both Sites B & C.

##### ***This document shows:***

- (a) How, the Government publicly, placed great emphasis on the "consultative" process conducted in mid 1997, which led to the selection of the Preferred Option, for Luna Park's future development.
- (b) How the Government appeared to pursue their own agenda in relation to the scope of development of Sites B and C, despite their proclaimed emphasis on and regard for the wishes of the stakeholders, which were expressed in the Preferred Option in relation to the future development of these two sites.
- (c) How the Government appears to have misled Parliament during the Second Reading of the Luna Park Site Amendment Bill by tabling in Parliament a plan, which represented the Government's wishes and not those expressed in the Preferred Option. This plan identified all three of the cliff top sites for future commercial development and not just

Sites A and the corner of Northcliffe and Dind Streets as had been identified for that purpose in the Preferred Option.

- (d) How this apparent deception by the Government resulted in both the Luna Park Site Amendment Act 1997 and the Luna Park Plan of Management representing the Government's preference regarding the scope of development of Sites B & C, and not that expressed in the Preferred Option
- (e) How, in March 1998, the Department of Land and Water Conservation admitted the Government's deception relating to this matter in their Luna Park Re-zoning Submission, when they requested that North Sydney Council should rezone both Sites B & C for future commercial development.
- (f) How, during the Second Reading of the Bill, members of the Legislative Assembly and the Legislative Council recognised the potentially adverse impact on residents of development on Sites B & C, and how they warned against it.
- (g) How an addition was made to the Luna Park Site Amendment Act 1997 to protect the heritage-listed fig trees on Sites B & C.
- (h) How, on a number of occasions during the period 1997 to 2001, the Government had reiterated its intention to adhere to all planning controls for Sites B & C and to consider input from local residents.
- (i) How, despite this fact, in reality the Government has continued to totally ignore the wishes of Sydney residents regarding the scope of development on Sites B and C, and has intentionally left planning controls for these two Sites in abeyance.
- (j) How, in March 1998, the Government requested that the North Sydney Council should amend the NSLEP'89 in relation to Luna Park.
- (k) How, with regard to Sites B and C, the Government requested that Council authorise future additional development for commercial purposes on both Sites B & C, by including a special clause to that effect in the amended NSLEP.
- (l) How, when North Sydney Council refused to rezone Sites B & C, the then Minister for Land and Water Conservation, (Mr. Richard Amery), wrote a 4-page letter to the Mayor of North Sydney in early July 1998, expressing his disappointment at Council's decision and urging Council to re-consider its decision.
- (m) How, later in July 1998, the then Minister for Urban Affairs and Planning (Mr. Craig Knowles), wrote to the Mayor, informing her of his decision to withdraw delegated

authority from Council to amend the North Sydney planning guidelines relating to Luna Park.

- (n) How, on 6 October 1998, Mr. Knowles made a decision to waive the need for a SEPP 56 Master Plan for the Luna Park site.
- (o) How the then Luna Park Project Manager in the Department of Land and Water Conservation, Mr. Charles Micali and Ms. Sue Francis, Director of Planning, North Sydney Council were subsequently notified of Mr Knowles' decision on October 22 1998 and on October 23 1998 respectively.
- (p) How, on 23 October 1998, despite his Government's clearly demonstrated desire for a different outcome, the Minister for Urban Affairs and Planning, amended the NSLEP'89 in accordance with the North Sydney Council's wishes.
- (q) How this amendment (Amendment 54) of NSLEP'89 left these two sites B & C zoned Special Uses 5(d), Public Recreation, Public Entertainment and Public Amusement, along with the remainder of the Luna Park site.
- (r) How, at the time that the Amendment to the NSLEP'89 relating to Luna Park was announced, the Minister for Urban Affairs and Planning promised that any development would be sympathetic to the environmental and cultural aspects of the site.
- (s) How the developer for Luna Park, Metro Edgley (Multiplex) in their two public planning documents – the Preliminary Outline (July 1999) and the Master Plan (November 1999) - clearly stated that Site B would be a public park and Site C, a 2-storey restaurant.
- (t) How the Master Plan presented to North Sydney Council by Metro Edgley (Multiplex) in November 1999, noted that the Minister for Urban Affairs and Planning had waived the need for a SEPP No. 56 Master Plan.

Hence for the past 7 years (since 1997), North Sydney Council, Sydney residents and other stakeholders have had the clear expectation that future development for these sites would, most likely consist of a public park on site B and a 2-storey restaurant on Site C. Indeed there is a marker on the corner of Glen and Dind Streets indicating the height of the proposed restaurant. All development decisions and investment in the area over the past seven years have been based on these assumptions.

#### **Recent events**

On 30 January 2004, however, North Sydney Council and Sydney residents learnt through the media of Multiplex's proposal for a five-screen cinema complex in the amusement area of Luna Park and a 14-storey office building with an adjacent car park on Sites B & C (Lots 1259 and 1260) in the cliff top area.

On 11 February 2004, Deacons advised the Sydney Harbour Foreshore Authority that the proposed development from Multiplex was not permissible on Sites B & C under NSLEP 2001.

**16 March 2004:** Minister Knowles announces the establishment of an Independent Expert Panel to make recommendations planning controls for the Luna Park cliff top sites.

**2 April 2004:** Greens MLC and Planning Spokesperson Sylvia Hale called for a Public Inquiry into the management of Sydney Harbour Foreshore Authority (SHFA).

### **Question**

**WHY**, for the past seven years, has the Government pursued and continues to pursue, a non-compliant development on the cliff top sites B & C?

**WHY** does the Government do this, despite opposition from both Houses of Parliament, the North Sydney Council, the general public AND despite legal advice that such development is not permissible under existing planning guidelines?

**WHY?**

### **Public Interest Matter**

Perhaps the answer lies in the Lease Agreements between the Government and Metro Edgley (Multiplex). A local resident and the North Sydney Council have both obtained copies of the "Lease Agreements" from the Sydney Harbour Foreshore Authority (SHFA) under Freedom of Information. However the copies are not informative because the bulk of the information has been "blanked" from the copies provided by SHFA. The stated reason for this has been that the information, which was blanked out was "commercial in confidence".

Because the Luna Park Reserve is Crown land and because there are so many un-answered questions regarding all of these matters, it is of prime public interest and importance that complete and unfettered access be granted to an independent body, to the leasing and tender documents relating to the cliff top sites of Luna Park Reserve.

## **Proposed plans for the cliff top Sites B & C**

**(Lots 1259 and 1260) of the Luna Park Reserve: 1997 - 2004**

### **Detail**

#### **1 Preferred Option November 1997**

**- indicated a Café/Restaurant/Kiosk/Commercial on the corner of Northcliffe and Dind Street**

In April 1997, the Department of Land and Water Conservation (DLWC) as the land owners of Luna Park approached the Department of Urban affairs and Planning (DUAP) to assist in preparing urban design and land use options for the future use of Luna Park.

The Preferred Option indicated a Café/Restaurant/Kiosk/Commercial on the corner of Northcliffe and Dind Streets.

#### **Appendix B**

To enable the implementation of the Preferred Option, a number of changes to the Luna Park Site Act 1990 were required. Authorisation was required for a wider range of uses in the entire Luna Park site. Authorisation was also required for additional cliff top development for commercial purposes in order to ensure the long-term commercial viability of Luna Park.

Hence the Luna Park Site Amendment Act 1997 was enacted.

#### **2 Parliamentary Debate on The Luna Park Site Amendment Act December 1997**

- a) The Minister tabled a plan which misled Parliament regarding the scope of cliff top development**
- b) The Minister reiterated adherence to all planning controls and the continuance of input from local residents.**

##### **a) The Minister tabled a plan which misled Parliament regarding the scope of cliff top development**

In October and November 1997, the Luna Park Site Amendment Bill was debated in Parliamentary. Mr Yeadon, Minister for Land and Water Conservation introduced the second reading of the Bill. He spoke about the Preferred Option and tabled a plan which identified *both Sites B & C (Lots 1259 and 1260) for additional development for commercial purposes*. This plan misled Parliament regarding the scope of cliff top development for commercial purposes. It was different from the indicative design in the Preferred Option which indicated a Café/Restaurant/Kiosk/Commercial on the corner of Northcliffe and Dind Streets, and did not reflect the wishes of the stakeholders canvassed by DUAP and DLWC.

As a result of this deception, all three parcels of land on the cliff top were subsequently identified for commercial development in the Luna Park Site Amendment Act 1997. (The third parcel is Lot 1249 which fronts Glen Street).



- b) ***The Minister reiterated adherence to all planning controls and the continuance of input from local residents***

In response to debate in the Legislative Assembly expressing residents' concern about the cliff top development – privacy, noise and views (See paragraph 3 below), the Minister stated explicitly that all planning laws and frameworks would be adhered to and thus would ensure that local residents would continue to have input.

**Appendix C**

**3 Parliamentary Debate on The Luna Park Site Amendment Act December 1997**

- a) ***Both houses warned against the cliff top development***
- b) ***Development would only be permitted if it did not threaten or damage the fig trees***

**a) Both houses warned against the cliff top development**

The Legislative Assembly debated the Bill on 15 October 1997. Mr D. L. PAGE (Ballina) expressed the coalition's concern that the proposed cliff top development would have a negative impact on neighbouring residents. "Neighbouring residents are likely to experience loss of amenity in the form of lost harbour views, possible loss of property values, increased traffic congestion, parking opportunities, more pollution, and so on."

**Appendix D**

The Legislative Council debated the Bill on 18 November and supported the amendment to add protection for the fig trees. During the debate, the Hon. I. COHEN highlighted the adverse aesthetic impact on neighbouring offices, hotels and residents of development on Sites B & C and the potential for undue stress and loss of amenity for people affected. He recommended that a social impact statement be prepared for this aspect of the development. "The necessity for this part of the proposal to go ahead should be examined in view of the expected impacts on not only the heritage fig trees but also the residents of the surrounding area."

**Appendix E**

**b) Development would only be permitted if it did not threaten or damage the fig trees**

In addition the Legislative Council recommended an amendment to section 6C such that development was permitted only if it did not threaten or damage the heritage listed fig trees.

Section 6C Additional authorised uses for cliff top area reads

"From the commencement of this section, the following uses are authorised uses for the cliff top area (in addition to the uses authorised by section 6B *but only if they do not threaten or damage any heritage listed fig trees in that area:*

- (a) hotels
- (b) shops
- (c) office accommodation
- (d) car parking
- (e) such other commercial uses as may be declared by the regulations to be authorised uses for the cliff top area"

**4 The Luna Park Site Amendment Act 1997 –**

- a) ***Flawed in relation to the cliff top development as it was based on the misleading plan tabled in Parliament by Mr Yeadon, Minister for Land and Water Conservation***
- b) ***Cliff top development permitted only if it did not threaten or damage the fig trees***
- c) ***The Act made it clear that the operation of the Environmental Planning and Assessment Act 1979 was not affected by enactment of the Luna Park Site Amendment Act 1997***

- a) ***Flawed in relation to the cliff top development as it was based on the misleading plan tabled in Parliament by Mr Yeadon, Minister for Land and Water Conservation***

The Luna Park Amendment Act 1997 in relation to the cliff top land is flawed as it is based on the misleading plan for the cliff top tabled in parliament by Mr Yeadon, Minister for Land and Water Conservation (Refer to Paragraph 2 above). The Luna Park Site Amendment Act 1997 does not reflect the Preferred Option in relation to the cliff top land.

- b) ***Cliff top development permitted only if it did not threaten or damage the fig trees***

The Luna Park Site Amendment Act 1997 permits the additional authorised uses for the cliff top areas but only if they do not threaten or damage any heritage listed fig trees in the area. (Section 6C of the Act).

- c) ***The Act made it clear that the operation of the Environmental Planning and Assessment Act 1979 was not affected by enactment of the Luna Park Site Amendment Act 1997***

Section 6F of the Act made it clear that the Act did not "...affect the operation of the Environmental Planning and Assessment Act 1979 or any instrument under that Act in its application to land comprising any part of the Luna Park site."

## **5 Luna Park Plan of Management March 1998**

**- Flawed in relation to the cliff top development as it was based on the misleading plan tabled in Parliament by Mr Yeadon, Minister for Land and Water Conservation**

The Luna Park Plan of Management was prepared by the NSW Government in 1998 to guide the future management of the Luna Park Reserve. The Plan of Management identified the Preferred Option for Luna Park's future use. The Plan of Management in relation to the cliff top development was flawed as it was based on the misleading plan tabled in Parliament by Mr Yeadon, Minister for Land and Water Conservation and not on the Preferred Option which indicated a Café/Restaurant/Kiosk/Commercial on the corner of Northcliffe and Dind Street.

### **Appendix B**

The Hon Richard Amery MP, Minister for Land and Water Conservation adopted the Luna Park Plan of Management under Section 114 of the Crown Lands Act 1989 on 12<sup>th</sup> March 1998. The Crown Lands Act 1989 states that, once adopted, it is the responsibility of the Minister to ensure that it is carried out.

The goals for the cliff top development defined in the Plan of Management are as follows:

- a) To help financially support the Luna Park Reserve Trust through the development of commercial facilities such as hotels, shops, office accommodation and car parking.
- b) To ensure all development proposals comply with planning requirements and reflect urban design framework so that the character of the area and views between the Harbour Bridge and the Park are maintained.
- c) To provide public access and viewing areas on the cliff top and potential links to the amusement area.
- d) To protect and manage the natural heritage of the areas including fig trees and cliff face.

The stated objective for cliff top development defined in the Plan of Management was as follows:

**"To make appropriate use of the cliff top sites as entries to Luna Park and for low rise commercial buildings which assist in ensuring viability but do not detract from the amenity of the area."**

The Design Guideline was as follows:

**"A new entrance to Luna Park including a lift from Glen Street is possible. Low rise commercial buildings are possible within the building envelopes shown in ..."**

**Appendix F** attached is from the Plan of Management and shows the building envelopes.

*(Note: This plan is probably the plan which the Minister tabled in Parliament as representing the Preferred Option and with which he misled Parliament. This plan does not represent the Preferred Option – refer paragraph 2 and the indicative design outcome of the Preferred Option.)*

## **6 Attempts to rezone the cliff top land by amending the North Sydney LEP**

### **6.1 Request for rezoning of cliff top land**

In March 1998, Mr Micali, Special Project Manager, Luna Park Task Force, Department of Land and Water Conservation requested North Sydney Council to rezone the cliff top land to facilitate commercial development. The rezoning submission has a number of interesting aspects including:

- a) *Request to identify sites B & C (Lots 1259 and 1260) by a specific clause in the NSLEP which would allow these sites to be developed for commercial purposes***

Specifically Mr Micali requested North Sydney Council to identify sites B & C (Lots 1259 and 1260) by a specific clause in the NSLEP which would allow these sites to be developed for commercial purposes.

- b) *Admission of the Government's deception***

Mr Micali also admitted the Government's deception when the Minister's tabled a plan purported to represent the Preferred Option in relation to the cliff top land and subsequently misled parliament – see paragraph 2 above.

- c) *Assurances about the 4 story height limit***

Mr Micali made assurances that any new commercial development on Sites B & C should be subject to a 4 storey height limit above Glen Street in line with the existing NSLEP 1989.

- d) *Assurances about the fig trees***

Mr Micali suggested that any commercial development on Sites B & C could be suitably designed so as to retain or at least minimise disturbance of the heritage listed fig trees.

#### **Appendix G**

### **6.2 North Sydney Council's response to the rezoning request**

North Sydney Council consulted local residents on the proposed rezoning. Residents were reasonably happy to rezone Site A (Lot 1249) in Glen Street but were vehemently opposed to rezoning Sites B & C (Lots 1259 and 1260).

On 1 June 1998, following consultation with local residents and discussion in Council, North Sydney Council resolved to rezone Site A on Glen Street but not Sites B & C. The Mayor subsequently advised Mr Richard Amery, Minister for Land and Water Conservation and Mr Craig Knowles, Minister for Urban Affairs and Planning of Council's decision.

#### *Appendix H.*

On 16 June 1998, Ms. Menday wrote to the Manager of the legal branch of the DUAP informing him that, at the meeting on 1 June 1998, Council resolved that the Minister be asked to make the re-zoning plan in accordance with the Council resolution. [NSC file reference P565/1/10, Part 2, PW (PES) (7450)]

Ms. Menday also included a lengthy Section 69 report in which she informed the DUAP legal branch Manager of Council's decision to reduce the area of land subject to the special clause to *only* the northern most area indicated as hatched on the map for gazettal.

On 3 July 1998, Ms Lois Gray, the Acting Manager, Sydney Region East of DUAP wrote to the General Manager of North Sydney Council for the attention of Ms. Menday. The letter informed Ms. Menday that it was now inappropriate for Council to amend the NSLEP'89 under delegated authority, "because the draft LEP was the subject of an unresolved objection by a public authority".

### **6.3 Government pressure on North Sydney Council**

After the Mayor wrote to the Ministers, it would appear that pressure from the highest levels of the Carr Government was brought to bear on Council. Two Government Ministers wrote to the Mayor, asking her to encourage Council to re-consider their decision not to identify both Lots 1259 and 1260 with the special clause.

Had Council concurred with this request, development for commercial purposes would then be allowed on all three of the cliff top sites and not just on the northern most one. The Government obviously wanted and appeared to be determined to ensure that this happened.

#### **a) Pressure from Mr Richard Amery**

On 9 July 1998, the Hon. Mr. Richard Amery, Minister for Land and Water Conservation wrote a four-page letter to the Mayor.

In that letter Mr. Amery:

- Expressed his concern that Council's decision may ultimately jeopardise the Government's initiative to re-open Luna Park as a commercially viable amusement park
- Expressed his extreme disappointment to learn that Council opposes commercial activity on the cliff top sites, particularly as independent advice to the Government indicates that this issue is crucial to the re-opening of Luna Park as a commercially viable operation.
- Put forward comments for Council's consideration grouped under the headings of commercial uses, loss of views, loss of value to adjoining properties, heritage listed fig trees and relations with surrounding community.

- Closed his letter in a somewhat threatening manner and asked Council to reconsider its decision to reject re-zoning of the two most southerly cliff top areas as outlined in the draft LEP.
- Told the Mayor that he had informed Minister Knowles of his objection to Council's decision.

#### *Appendix I*

#### **b) Withdrawal of delegated authority**

On 20 July 1998, The Hon. Mr. Craig Knowles, the then Minister for Urban Affairs and Planning, wrote to the Mayor.

He notified her of his decision to withdraw the delegated authority from Council to amend the North Sydney planning guidelines relating to Luna Park. Mr. Knowles also asked that Council forward more information regarding this draft LEP so that the Department could prepare a more comprehensive report.

#### *Appendix J*

### **7 Amendment to the North Sydney LEP**

A number of "interesting" developments occurred in the lead-up to the Government amending the North Sydney LEP.

#### **7.1 Waiver of the need for a Master Plan**

On 6 October, the then Minister for Urban Affairs agreed to waive the need for a Master Plan for the Luna Park site pursuant to Clause 14(2) of SEPP No. 56.

This decision was based on the view that the existing controls applying to the site, in particular the Luna Park Plan of management adopted by the then Minister for Land and Water Conservation in March 1998, provides sufficient basis for the achievement of the aims, objectives and guiding principles of SEPP No. 56.

#### **7.2 DWLC and NSC advised of Minister's decision to waive the need for a Master Plan**

On 22 and 23 October respectively, Mr Alan Davidson (Director, Sydney Region Central of DUAP) wrote to Mr Charles Micali from the Department of Land and Water Conservation (DLWC) and Ms Sue Francis from North Sydney Council (NSC) to inform them of the Minister's decision to waive the need for a Master Plan for Luna Park.

### **7.3 Amendment to the North Sydney LEP**

On 23 October 1998, Amendment 54 of the NSLEP'89 was announced in the NSW Government gazette. (Ref. NSW Government Gazette No.152, Folio 8458 and 8459)]

Amendment 54 only identified Site A (Lot 1249) at the northern end of the cliff top area for commercial development. Sites B & C remained zoned Special Uses 5(d) public recreation, entertainment and amusement. They were not identified for additional development for commercial purposes.

### **7.4 Announcement of the new LEP**

On 30 October 1998, an article announcing the new LEP for Luna Park appeared in the North Shore Times. The article said that the then "Planning Affairs Minister Craig Knowles approved the NSC's LEP and promised any re-development would be sympathetic to the environmental and cultural aspects of the site". "North Sydney Mayor thanked Mr Knowles for supporting the LEP and said it would help Luna Park become a better neighbour to nearby residents who have protested its impact on their residential amenity." The Mayor went on to say "Council is confident that, thanks to the Minister's decision, Luna Park will be a good neighbour."

### **7 Metro Edgley's Luna Park – Preliminary Outline \_ July 1999** **- detailed a split level restaurant and a public park for the two cliff top sites (Sites B & C)**

In 1999, The NSW Government appointed Metro Edgley Pty Ltd as the successful tenderer for Luna Park's future operation and signed the agreement with Metro Edgley to operate Luna Park. Metro Edgley published a preliminary outline entitled "Turning the lights back on" in which they stated in relation to sites B & C

- i) *"Public park (Site B) to be on the middle area adjoining the intersection of Glen and Dind Streets, providing a more appropriate setting for the Ghost Train Memorial and a passive recreation area which will give views of the Park below, the harbour and the city beyond, as well as being a drop off point for the entrance to the Grand Plaza.*
- ii) *Split level restaurant (Site C) on the area to the south adjoining Northcliffe Street. The fig trees on the site will be retained enhancing the restaurant's ambiance and appearance"*

### **Appendix K**

## **8 Metro Edgley's Luna Park - Master Plan – November 1999**

On 22 November 1999, Metro Edgley lodged their Luna Park Master Plan with NSC. It was prepared to guide the future use and development of Luna Park and it implemented Metro Edgley's vision and approach to Luna Park's development. Metro Edgley proposed that the Master Plan be used by Council as a prelude for the preparation of a site-specific Development Control Plan (DCP), which was to be used by the NSC and other regulatory authorities to assess development proposals for Luna Park.

In their Master Plan, Metro Edgley announced their intentions for the future development of sites B & C as follows:

**Public park (Site B)** "The cliff top will also provide a new park overlooking Luna Park. Public safety above the cliff line will be provided by 1.2 metre high balustrades. The cliff top park is an appropriate location for a memorial to the ghost train tragedy and lookout over Lavender Bay." (Master Plan, P. 38.)

**Split-level restaurant (Site C)** "A restaurant will occupy the site on the corner of Northcliffe Street and Dind Street set in a landscape dominated by the heritage fir trees. The restaurant will seat 120 in a split-level dining area with filtered views of Lavender Bay and the Harbour. Sheltered external decks will provide additional dining areas. (Master Plan, P 43.)

### **Appendix L**

In the Master Plan there are a number of references to the Policy Framework – refer to section 4.0. pages 24 – 33. This reviews the legislative framework of the State, Regional and local planning instruments and other legislation, which Luna Park's use and development is subject to.

The following points are of interest:

- On Pages 29- 33 of the Master Plan, the local planning instruments, Council codes and policies relevant to the site were listed.
- Page 32 of the Master Plan noted that the option to provide on-site car parking on the cliff top would require re-zoning of a section of Glen, Dind and Northcliffe streets to allow construction of the facility.
- Under the SEPP 56 description, it was noted that the Minister had waived the requirement for a SEPP 56 Master Plan.

## **9 Summary of Events in 2004**

**29 January 2004:** Metro Edgley (now 100% owned by Multiplex) announced their proposal for a 14-storey building on Site C and a car park on Site B

**4 February 2004:** Sydney Harbour Foreshore Authority (SHFA) put a 'stop the clock' of the DAs pending legal opinion.



**9 February 2004:** SHFA received legal advice from Deacons that the building is prohibited under the NSLEP.

**11 February 2004:** SHFA advised the developer to seek a section 89 from the Minister, which allows him to approve a DA for State significance and public interest reasons.

**March 2004:** Greens MLC and Planning Spokesperson Sylvia Hale called for the tabling in the Upper House of all SHFA documents relating to this proposal. Interesting points revealed in these documents include:

- SHFA conducted pre-DA discussions with Multiplex as far back as 25 July 2002 – at that date, the "proposed cylindrical building was considered too high". So the "consent authority" (which is also the Luna Park Reserve Trust) has been deeply implicated in "massaging" the scheme for a very long time.
- There appears to be considerable "slippage" in how Sites B & C, total area 1,069.9 sq m, became the current site, total area 2,627 sq m.

**16 March 2004:** Minister Knowles announces the establishment of an Independent Expert Panel to make recommendations planning controls for the Luna Park cliff top sites.

**2 April 2004:** Greens MLC and Planning Spokesperson Sylvia Hale called for a Public Inquiry into the management of Sydney Harbour Foreshore Authority (SHFA).

**29 April 2004:** First meeting of the Independent Expert Panel. Recommendations from the Panel will be exhibited for public comment.

## **11 In conclusion**

The Preferred Option identified in 1997 for Sites B & C indicated a Café/Restaurant/Kiosk/Commercial development on the corner of Northcliffe and Dind Streets.

Multiplex in their Master Plan (1999) – clearly stated their intention that Site B would be a public park and Site C a 2-storey split-level restaurant.

It appears that the Government misled Parliament in 1997 when it tabled a plan during the Second Reading of the Luna Park Site Amendment Bill which represented the Government's wishes and not those expressed in the Preferred Option. Since that time the Government has consistently tried to secure development for commercial purposes on Sites B & C. However, despite significant Government pressure, North Sydney Council following consultation with residents and discussion in Council refused to rezone Sites B & C.

For the past 7 years (since 1997) North Sydney Council and Sydney residents have expected that Sites B & C will house a public park and a 2-storey restaurant. Indeed there is a marker on the corner of Glen and Dind Streets indicating the height of the proposed restaurant.

On 29 January 2004, North Sydney Council and residents learnt through the media that Multiplex had announced a proposed development of a five-screen cinema and a 14-storey office building

with an adjacent car park on Sites B & C (Lots 1259 and 1260). The proposed development is not permissible under the NSLEP.

**WHY** has the Government pursued for seven years, and continues to pursue, a prohibited commercial development on the cliff top sites B & C despite opposition from both houses, North Sydney Council, the general public, etc AND legal advice that such development is not permissible? **WHY?**

Perhaps the answer lies in the Lease Agreements between the Government and Metro Edgley (Multiplex). A local resident and the North Sydney Council have both obtained copies of the "Lease Agreements" from the Sydney Harbour Foreshore Authority (SHFA) under Freedom of Information. However the copies are not informative because the bulk of the information has been "blanked" from the copies provided by SHFA. The stated reason for this has been that the information, which was blanked out was "commercial in confidence".

Because the Luna Park Reserve is Crown land and because there are so many un-answered questions regarding all of these matters, it is of prime public interest and importance that complete and unfettered access be granted to an independent body, to the leasing and tender documents relating to the cliff top sites of Luna Park Reserve.

## Appendix A

### Timeline of significant events 1997 – 2004

*September 1997:* The Preferred Option for Luna Park's development was selected following the extensive public consultative process between May and July 1997.

*October-November 1997:* The Luna Park Site Amendment Act 1997 (LPSAA'97) was debated. Amendments of the Luna Park Site Amendment Act 1990 (LPSA'90) were required in order to reflect the wishes expressed in the Preferred Option. Some of these amendments applied specifically to the cliff top area.

*December 17 1997:* The Luna Park Site Amendment Act 1997 was proclaimed.

*March 12 1998:* A new Luna Park Plan of Management (POM) was adopted, which reflected the Preferred Option and the amendments to the LPSA'90 in relation to Sites B and C.

*March 13 1998:* Proposals for Luna Park's development and operation were called for. Proponents were instructed to have regard to the objectives of the LPSA'90 (as amended) and the adopted POM when making their submissions.

*March 16 1998:* The Luna Park Re-zoning Submission at NSC was lodged at NSC by Mr. Charles Micali, the project manager for the Land and Water Conservation's Luna Park Task Force. The Submission was based on the amendments to the LPSA'90 and the Luna Park POM, both of which, in turn reflected the Preferred Option.

*June 1 1998:* NSC voted on the re-zoning submission. Council refused to comply with the Government's request regarding re-zoning Sites B and C for commercial development.

*June 5 and June 9 1998 respectively:* The Mayor of North Sydney notified the then Ministers for both Urban Affairs Planning (the Hon Mr. Craig Knowles) and Land and Water Conservation (The Hon Mr. Richard Amery) of Council's decision not to re-zone commercial, sites B and C.

*July 9 1998:* Mr. Amery wrote a four-page letter to the Mayor urging her to encourage Council to reconsider their decision.

*July 20 1998:* Mr. Knowles wrote to the Mayor informing her that he had withdrawn from Council their delegated authority to amend the NSLEP' 89 relating to Luna Park.

*October 6 1998:* The Minister for Urban Affairs and Planning, Mr. Craig Knowles agreed to waive the need for a Master Plan for the Luna Park site. This decision was based on the view that the existing controls applying to the site, in particular, the Luna Park POM adopted by the Minister for Land and Water Conservation on 12/3/98, provided sufficient basis for the achievement of the aims, objectives and guiding principles of SEPP No 56.

*October 15 1998:* North Sydney DCP No 33 – "Design Guidelines for development within the Foreshore" were adopted.

*October 22 and 23 1998 respectively:* Mr. Charles Micali and NSC were informed of Mr. Knowles' decision to waive the need for a Master Plan in separate letters from Alan Davidson, Director, Sydney Region Central of DUAP.

**October 23 1998:** NSLEP'89 amendment 54 was proclaimed.

**1 July 1999:** Metro Edgley Pty Ltd was announced as the developer and manager of Luna Park

**22 November 1999:** Metro Edgley submitted the Luna Park Master Plan to NSC as a request for the preparation of a new Development Control Plan (DCP).

**19 April 2000:** DA's 772/00, 773/00 and 774/00, each with the same Integrated Development Application for Luna Park but each with a different car parking option were lodged with NSC.

**3 December 2000:** The Government withdrew planning control for Luna Park from NSC.

**22 June 2001:** Metro Edgley lodged the Master Plan DA 154-06-01 (Stages 1 and 2) with the DUAP. Stage 1 of this DA was a proposal for a strata office building on Site A (Lot 1249) on the cliff top. No proposal was lodged to develop Sites B and C at that time.

**January 2002:** Stage 1 consent for DA 154-06-01 was granted.

**30 January 2004:** Metro Edgley (now 100% owned by Multiplex) announced their proposal for a 14-storey building on site C and a car park on site B

**4 February 2004:** Sydney Harbour Foreshore Authority (SHFA) put a 'stop the clock' of the DAs pending legal opinion.

**9 February 2004:** SHFA received legal advice that the building is prohibited under the NSLEP. from Deacons.

**11 February 2004:** SHFA advised the developer to seek a section 89 from the Minister, which allows him to approve a DA for State significance and public interest reasons.

**16 March 2004:** The Minister for Development, Infrastructure and Planning announced in Parliament that there are no planning controls for Sites B and C. He also announced his intention to rectify this by amending the SEPP 56.

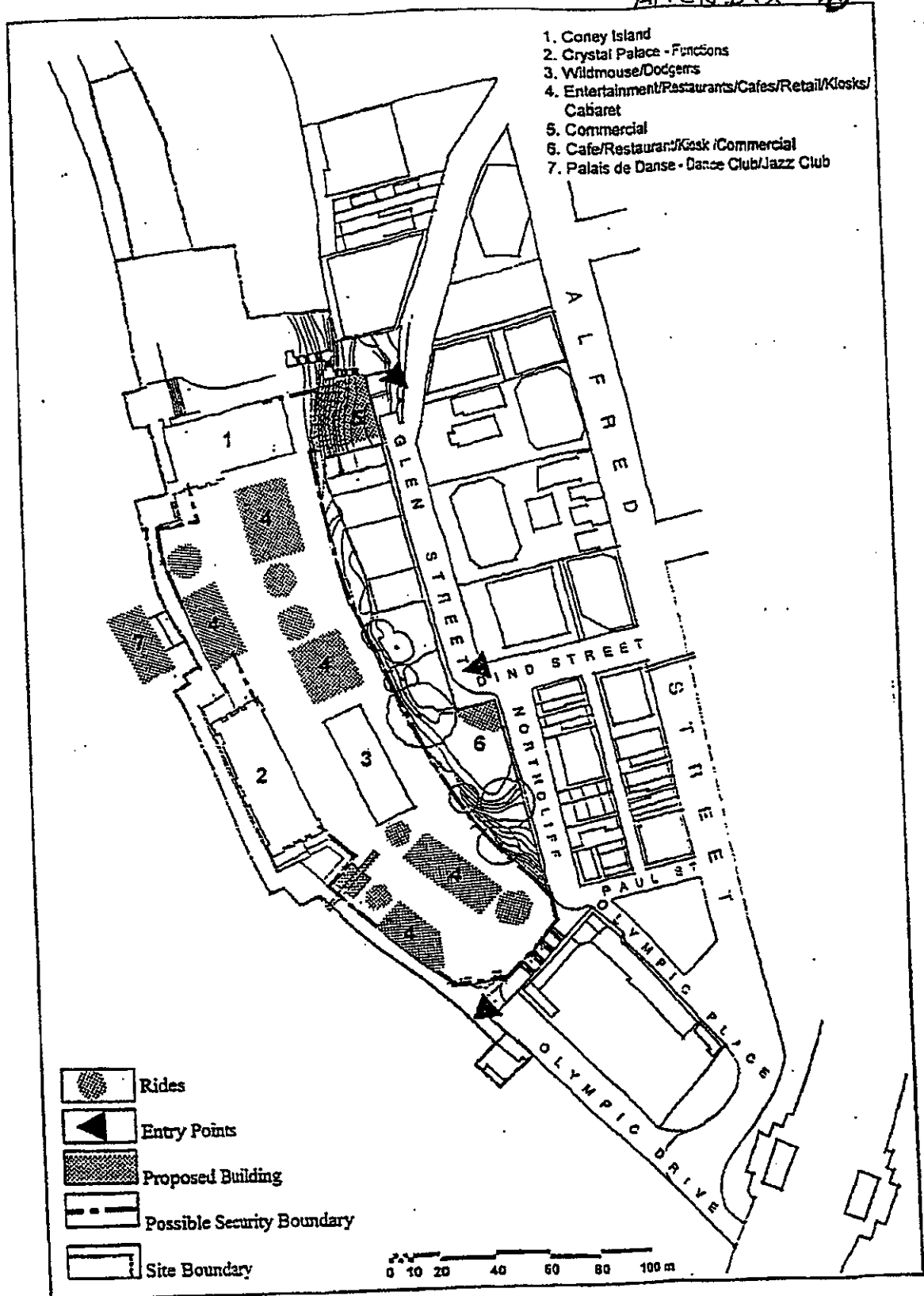
**11 March 2004:** Greens MLC and Planning Spokesperson Sylvia Hale called for the tabling in the Upper House of all SHFA documents relating to this proposal. Interesting points revealed in these documents include:

- SHFA conducted pre-DA discussions with Multiplex as far back as 25 July 2002 - at that date, the 'proposed cylindrical building was considered too high'. So the 'consent authority' (which is also the Luna Park Reserve Trust) has been deeply implicated in 'massaging' the scheme for a very long time.
- There appears to be considerable 'slippage' in how Sites B & C, total area 1069.9 sq m, became the current site, total area 2627 sq m;

**16 March 2004:** Minister Knowles announces the establishment of an Independent Expert Panel to make recommendations planning controls for the Luna Park cliff top sites.

***On 2 April 2004:*** Greens MLC and Planning Spokesperson Sylvia Hale called for a Public Inquiry into the management of Sydney Harbour Foreshore Authority (SHFA).

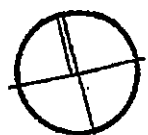
***29 April 2004:*** First meeting of the Independent Expert Panel. Recommendations from the Panel will be exhibited for public comment.



Luna Park

**PREFERRED OPTION**

URBAN DESIGN ADVISORY SERVICE



Extract from Hansard: Legislative Assembly 22 October 1997

*The Minister reiterated adherence to all planning controls and the continuance of input from local residents*

**LUNA PARK SITE AMENDMENT BILL**  
**Second Reading**

Debate resumed from an earlier hour.

**Mr YEADON** (Granville - Minister for Land and Water Conservation) [7.39 p.m.], in reply:...

... The plan of management adopted by the former Government recommended that consideration be given to commercial development of the land. Proposed section 6C merely declares the purposes permitted under the dedication of the site, that is, for public recreation. Residents are concerned about their privacy, the noise, and their views. Residents were invited to a meeting hosted by the administrator of the trust and my department held on 20 October. At that meeting they placed their concerns on the table. Residents can be assured that any development will be subject to all the standard planning, development applications and other requirements. The Luna Park site is subject to two regimes: firstly, dedication under the Act which restricts use of the site; and, secondly, the controls placed on the site under planning laws.

This bill affects only the first regime. The second regime, involving planning laws and frameworks, is not affected and will explicitly continue to apply. That is clearly enunciated in proposed section 6F. Nothing will happen unless the trust agrees and all planning laws are complied with. That will ensure that local residents will continue to have an input as this process is developed, because such a planning application would require a community consultation component. This will ensure that their voice continues to be heard throughout the course of the development of this proposal.

Extract from Hansard: The Legislative Assembly. October 1997

*The Legislative Assembly warn against the cliff top development*

**LUNA PARK SITE AMENDMENT BILL**  
**Second Reading**

Debate resumed from 15 October.

**Mr D. L. PAGE** (Ballina) [11.45 a.m.]: Luna Park is an important part of Sydney's history. No doubt many honourable members in this Chamber will have fond childhood memories of that park; perhaps even some adulthood memories. The smiling face at Luna Park has become a significant landmark on the harbour foreshore. It is important to preserve the face and other parts of the park which are subject to heritage protection as part of the city of Sydney's heritage. Luna Park opened in 1935 and has had a chequered path. In 1979 the amusement park was closed after the fatal ghost train fire and was reopened in 1981. In 1988 the park again was closed after the lessee claimed it was unprofitable to operate. In 1990 the Luna Park Site Act was introduced and the Luna Park Reserve Trust became responsible for the care, control and management of the site, subject, of course, to ministerial guidance.

In January 1995 the park reopened after an investment of \$25 million through government funds. A group of local residents took action in the Supreme Court against the trust on noise grounds which resulted in severe restrictions to the operating hours of the big dipper. In April 1996 the park was not trading profitably. The Carr Government closed the park and removed the operator, thereby absorbing debts of \$25 million. The State Government now had an overall investment of some \$50 million in the site. This history highlights the financial problems Luna Park experienced over many years. Part of the financial viability problems resulted from the relatively restrictive use of the site. Section 5 of the Luna Park Site Act dedicates the site for the purpose of public recreation, public amusement and public entertainment only.

This bill amends the Act to authorise a wider range of uses for the Luna Park site while preserving unrestricted public access to the boardwalk and foreshore area. It is anticipated that a wider range of use will make the park more attractive for a private operator and will result in the long-term financial viability and stability of its operations. Proposed section 6B provides for a range of commercial uses such as restaurants, private functions, exhibitions, conventions, markets, theatres and meetings aimed at ensuring the site's future viability. This will necessitate some restrictions in public access to commercial areas. Proposed section 6G allows the trust and lessee to control access to or within any part of the site except the boardwalk and foreshore area. While some access restrictions are a necessary trade-off for wider use of the park, it is essential that public access to the boardwalk and foreshore area be maintained, and this is specified in section 6G.



One issue of concern to the Opposition is the protection of heritage buildings on the site. Obviously with as wide a use as possible on the site there is a possibility that historically significant buildings may be perceived to be a nuisance for a proposed redevelopment. Whilst one assumes that the existing heritage orders would continue under the current planning laws and the protection already provided by North Sydney Council's local environment plan, I would feel more comfortable if it were more clearly spelled out that all existing heritage buildings, including the smiling face, would continue to be protected. The Minister's second reading speech does not refer to protecting heritage in any detail, so I ask the Minister in his reply to provide assurances in relation to heritage protection.

The most controversial aspect of the legislation is the section which deals with the cliff-top area fronting Glen and Northcliff streets. Under proposed section 6C of the bill authorised uses for the cliff-top area include hotels, shops, office accommodation, car parking and other commercial uses prescribed by the regulations. These are in addition to the entertainment uses authorised under proposed section 6B. Whilst the construction of hotels, shops, office accommodation and related car parking will no doubt help sustain the financial viability of the site, the coalition is concerned about the impact that these developments may have on neighbouring residents. Neighbouring residents are likely to experience loss of amenity in the form of lost harbour views, possible loss of property values, increased traffic congestion, parking opportunities, more pollution, and so on. This issue has been raised with me by the honourable member for North Shore who has taken a keen interest in this measure.

The Minister indicated in his second reaching speech that the normal planning laws would prevail in relation to any new developments. In this context I contacted North Sydney Council to see what its LEP provides for in relation to the cliff-top area. I am advised by North Sydney Council that there is a maximum height restriction of eight storeys for the cliff-top site. This means in all probability an eight-storey hotel will be built there with potentially similar size shopping and office accommodation. I am sure that this will be of concern to affected local residents. The coalition would therefore want to see the impact of these cliff-top developments closely monitored and carefully considered by the Government when the plan of management for the site is drawn up and put on public exhibition. I would also urge local residents to pay particular attention to the plan of management when it is released and to make their feelings and views known to the Government.

Whilst there may be a certain level of comfort drawn from the statement that the normal planning laws will prevail, legislation is currently before this House which will substantially change current planning laws, in particular the rights of residents to be consulted on certain types of development. I refer, of course, to the Environmental Planning and Assessment Act Amendment Bill which last week was second read by the Minister for Urban Affairs and Planning. Some concern has been expressed to the Opposition about heritage listed trees on the site. I propose to move an amendment to add to the end of section 6 the words "provided they do not threaten or damage heritage listed trees on the site". It should also be understood that, because we are talking about development of Crown land, the Government has the power, if it chooses to exercise it, to approve its own development on the site, irrespective of what might be contained in North Sydney Council's LEP. In future, a proposal could be put to government from the private sector which is not consistent with North Sydney council's LEP but because the whole proposal is attractive to the State Government it may decide to approve the development itself, bypassing North Sydney Council. I am not saying the Government would necessarily do this, but I point out that it does have the power to do it.

In summary, the bill provides an opportunity for Luna Park to operate again, albeit on a broader base of activities. The coalition welcomes the prospect of the park reopening, but expresses its concerns about the impact of proposed developments on the cliff top area and the detrimental impact this could have on neighbouring residents. We encourage local residents to study the plan of management closely when it is released for public exhibition, and the coalition will closely monitor those impacts. We welcome the fact that unrestricted public access to the boardwalk and foreshore area will be available at all times and that no more taxpayers' money will be spent on this project. We would like to be assured by the Minister that the trees, which currently enjoy heritage protection will continue to do so. Our major concern, however, is about the potential impact on neighbouring residents from extensive development on the cliff top site. The coalition will closely monitor these impacts on behalf of local residents.

Extract from Hansard: The Legislative Council, November 1997

*The Legislative Council warn against the cliff top development*

**LUNA PARK SITE AMENDMENT BILL**  
**Second Reading**

The Hon. J. W. SHAW (Attorney General, and Minister for Industrial Relations) [3.21 p.m.]: I move: That this bill be now read a second time.  
I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

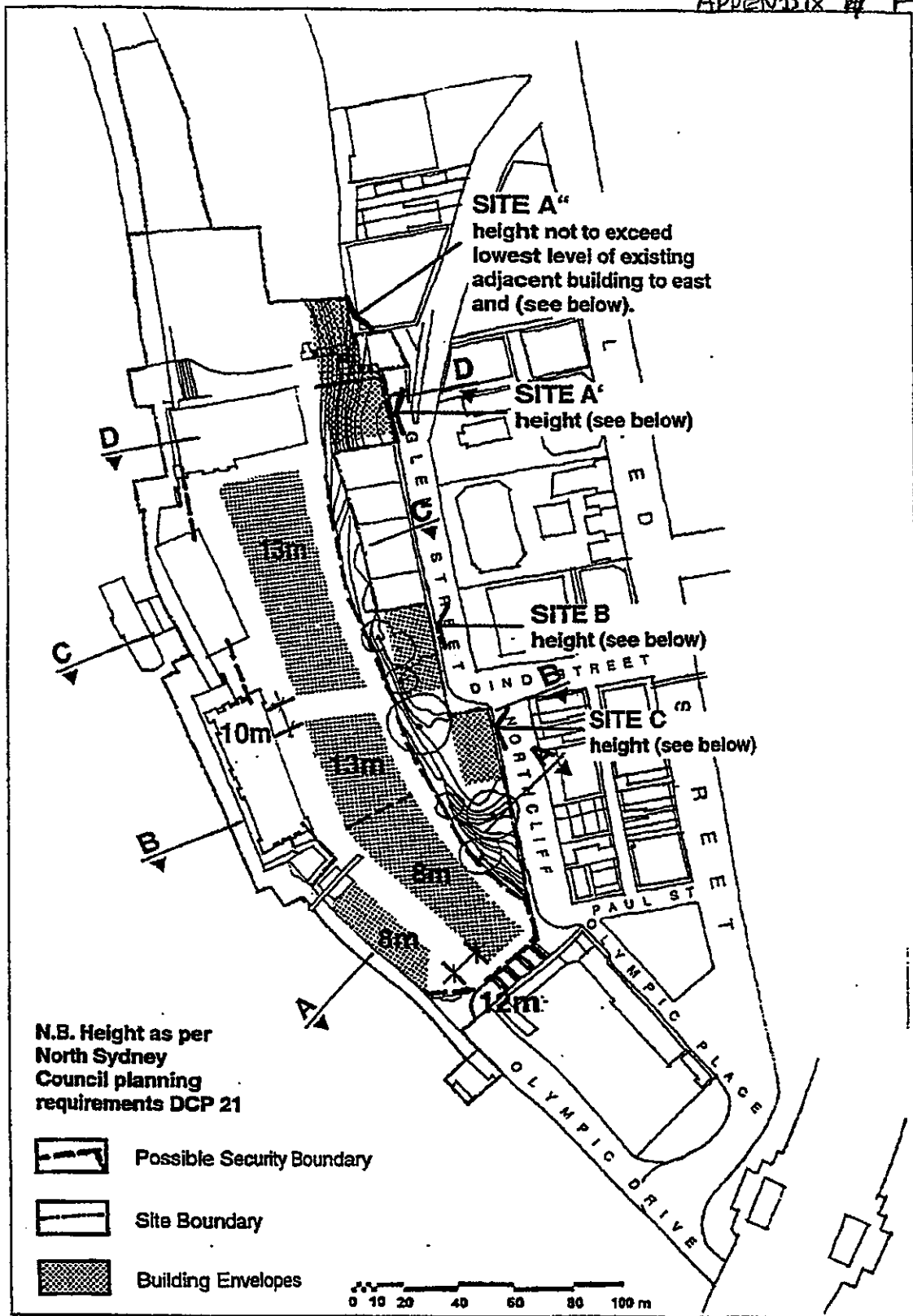
The object of the bill before the House is to provide the people of Sydney and its visitors with an opportunity to once again enjoy the spectacular Luna Park Site. The bill will achieve this by amending the Luna Park Site Act 1990 to allow the site to be used for a wider range of purposes.

...

The Hon. I. COHEN [3.32 p.m.]: I support the Luna Park Site Amendment Bill. The New South Wales Greens support the Government's attempt to breathe life into the Luna Park site...

...Fig trees are the arboreal icons of Sydney, the Botanic Gardens, Taronga Zoo, Balmoral, Pyrmont Park and Wentworth Park. From numerous harbour side locations these dark green sentinels have watched our city develop. Not a few have been bulldozed in the rush for progress. A recent example is the trees lost from Moore Park for the folly of the Eastern Distributor. I strongly support the amendment foreshadowed by the Hon. R. S. L. Jones. Heritage listing has not protected trees against progress in every case, and the North Sydney local environment plan can be overridden. The project is a private development on Crown land and the Government has the power to act to approve the development of the site should it choose to do so.

A high-rise development on sites B and C also has implications in relation to the aesthetic impact on neighbouring offices, hotels and residents. If the Government can override the North Sydney environment plan, which restricts development to four storeys, and a financially attractive proposal is mooted, perhaps one which relieves the Government of some of the \$50 million debt it has incurred in trying to make the site viable, who can say what the decision will be? The lease of the cliff-top sites for further development, particularly the potential of building an eight-storey building which may contain parking, offices, restaurants, et cetera in front of existing residential apartments, may well cause undue stress and loss of amenity for people affected. A social impact statement should be prepared for this aspect of the development. The necessity for this part of the proposal to go ahead should be examined in view of the expected impacts on not only the heritage fig trees but also the residents of the surrounding area.



# Luna Park : Plan of Management

Figure E:

## BUILDING ENVELOPES

URBAN DESIGN ADVISORY SERVICE

**Request to North Sydney Council for Rezoning from  
The Department Of Land and Water Conservation: March 1998**

Extract from NSC Records Dept ref No P565/1/10 Pt.2 Doc No 6924.98, subject No 1270.1126.300.1570.location code 7435.

- i) Request to identify sites B & C (Lots 1259 and 1260) by a specific clause in the North Sydney LEP which would allow these sites to be developed for commercial purposes**
- ii) Admission of the governments' deception in relation to the Preferred Option for Sites B & C**
- iii) Assurances about the 4- storey height limit**
- iv) Assurances about the fig trees**

Below are extracts from the Luna Park Rezoning submission from Mr Micali, Special Project Manager, Luna Park Task Force, Department of Land and Water Conservation, March 1998.

- a) Request to identify sites B & C (Lots 1259 and 1260) by a specific clause in the North Sydney LEP which would allow these sites to be developed for commercial purposes**

"... Under the current zoning of the land [Special Uses 5(d) Public Recreation, Amusement and Entertainment], "commercial premises" (on the two southern most parcels of land on the cliff top part of Luna Park site) are a prohibited use. Therefore, in order to enable development for commercial purposes to be carried out on all three of the cliff top sites, it was considered appropriate that the three parcels of cliff top land shown by hatching in figure 3, be identified by a special clause in the NSLEP which allows these sites to be used for purposes generally as permitted under the existing Commercial 3(a) zone. It should be noted, however that the Luna Park Site Act which only allows these sites to be used for shops, hotels, office accommodation and car parking, prevails over the provisions in the NSLEP..."

- b) Admission of the governments' deception in relation to the Preferred Option for Sites B & C**

"... Under the preferred option, part of the cliff top land fronting the southern end of Glen Street and Northcliff Street was identified for future low rise development ... The leasing of this land for commercial purposes is seen as a valuable source of funding for the on-going operation and maintenance of the re-opened Luna Park..."

... The preferred option did *not* identify the land immediately to the south of the existing commercial buildings fronting Glen Street for future commercial development. However, it is considered the option for such development should be kept open, given the potential funding benefits of such development and the appropriateness of a commercial zoning in the context of the zoning of the surrounding land. *This land was, however, identified in the map tabled in Parliament when the Luna Park Site Act was amended last year...*"

**c)      *Assurances about the 4- storey height limit***

"...In addition to the re-zoning, the Luna Park Design and Land Use Guidelines suggested that, in accordance with the existing height provisions of the NSLEP 1989, any new commercial development on these parcels of land should be subject to a 4 story height limit above Glen Street. This height limit would minimise the bulk and scale of new developments and would contribute to the retention of both public and private views in the locality..."

**d)      *Assurances about the fig trees***

"...It is also noted that there are several fig trees on this land which are listed in the register of the National Trust. Whilst the heritage and landscape qualities of these trees are acknowledged, it is considered that any future commercial development on this land could be suitably designed (i.e. through an appropriate building footprint and compliance with the 4 story height limit) so as to retain or at least minimise the disturbance of these trees..."

Appendix H

**Transcript of Genia McCaffery's identical letters to Craig Knowles [5/6/98] and Richard Amery [9/6/98].**

*Ref. P565/1/10, AT717/1 GMcC (CS). (P565/1/10Pt2; AT717/1/GmcC (CS), NSC records Dept. location code (P565/1/10 Pt 2; PW (PES) (7450).*

***The Mayor of North Sydney advising the Government of Council's decision not to rezone Sites B & C***

"Dear Minister

**Draft Local Environmental Plan for Luna Park.**

On 1 June 1998 Council considered the rezoning of three parcels of cliff-top land which form part of the Luna Park Site. As you know it was proposed to rezone these parcels of land for commercial development to a height of four storeys.

The public exhibition period for this draft LEP produced a significant public response with some 39 submissions. These objections were a mix of residents, investors and local business.

The major concern of objectors was the proposed four storey commercial development on two of the three parcels of land which would have significant impact on current views enjoyed by properties on Northcliff and Glen Streets. Site inspections held at properties adjoining these two parcels of land confirm that view losses would be significant.

The future success of the new Luna Park will rely to a great degree on good relations with the surrounding community. Council was very concerned that those most affected by the proposed rezoning constitute the very community with which Luna Park will need to establish and develop close good relations.

As you know, I was closely involved with the most recent revival of Luna Park. I am acutely aware of the need to carefully manage relations with the adjoining community. To adopt a rezoning to revive the Park which would at the same time significantly impact on the value of the adjoining properties is, I believe, a recipe for disaster.

Council resolved to adopt the rezoning of the third and largest parcel of land, on Glen Street at the rear of Coney Island, as it had little or no impact on views from adjoining properties.

North Sydney Council remains firmly committed to reviving Luna Park. We respectfully believe our decision to reject the rezoning of the two parcels of land on Northcliff and the corner of Dind and Glen Streets will ensure the ongoing survival of the new Park.

Yours sincerely,

Genia McCaffery

Mayor"

**Transcript extract from Richard Amery's letter to Genia McCaffery, 9/7/98.**

(Ref. 0225296 (55685) NSC records Dept. P565/1/10 Pt. 2

**Mr Richard Amery objecting to North Sydney Council's decision not to rezone sites B & C**

"Thank you for your letter of explanation regarding the Council's decision to reject the re-zoning of the two most southerly cliff top areas of the Luna Park reserve..."

"...I appreciate the fact that you have taken the time to inform me of Council's position particularly as re-zoning of Luna Park is, at this stage, essentially a matter for my colleague, the Hon Craig Knowles, Minister for Urban Affairs and Planning. However, I am concerned that Council's decision may ultimately jeopardise the Government's initiative to re-open Luna Park as a commercially viable amusement park."

"...From your letter and subsequent newspaper statements, it would appear that Council's concerns are that subsequent development of the cliff top areas in question will:

significantly impact on current views enjoyed by some of the properties on the eastern side of Glen and Northcliffe Streets;

significantly impact on the value of the adjoining properties;

significantly impact on the heritage-listed trees; and

Strain relations between Luna Park and the surrounding community."

"...As you are aware, the decision to pursue a re-zoning of the cliff top areas was taken some time ago having regard to the views of all the relevant stakeholders including North Sydney Council. Over the past fourteen months several community and operator briefings were held along with various public exhibitions of the preferred use option and the plan of management."

"...To now learn that Council opposes commercial activity on the cliff top sites is extremely disappointing, particularly as independent advice to the Government indicates that this issue is crucial to the re-opening of Luna Park as a commercially viable operation."

"...I put forward the following comments for Council's consideration. It is convenient to group the comments under the following headings.

**"Commercial Uses."**

"...The Luna Park site now authorises limited commercial uses such as hotels, shops, office accommodation and car parking on the defined cliff top area of the Luna Park Reserve. In seeking to make these uses also permissible under the Special Uses zoning applying to Luna Park, I draw Council's attention to the key facts of this matter."

"...The two most southerly cliff top sites:

- are situated some ten to twelve metres above the traditional amusement park area;



- are not readily accessible through the amusement park area;
- are, to all intents and purposes, physically divorced from the amusement park area; and
- have been purposely designed to avoid the canopy of the adjoining heritage listed fig trees."

"...No doubt Council would agree that, apart from local residents, the wider community would not be aware that these cliff top areas comprise part of what is generally accepted as Luna Park. From a planning perspective, these cliff top sites are more compatible with the adjoining cliff top land than the amusement and, must be viewed in the same manner as the adjoining cliff top lands."

"...The North Sydney Local Environmental Plan provides that the adjoining cliff top land (fronting Glen, Dind and Northcliffe streets) is to be used for a mixture of commercial, retail and residential uses. Permissible uses under this zoning include those limited commercial uses that have been authorised by the amendments to the Luna Park Site Act."

"...Since the proposed re-zoning of the sites in question does not conflict with the land uses already permitted on the adjoining cliff top land, there appears no reason why the commercial uses authorised by the Luna Park Site Act should not also be permissible under the LEP."

#### Loss of Views.

"...The reason that residents who reside in properties situated on the eastern side of Glen and Northcliffe Streets enjoy magnificent views of Sydney Harbour is because the cliff top sites in question have never been developed."

"...The Luna Park site Act also authorises a range of entertainment related uses for the whole of the Luna Park Reserve. These uses include restaurants, cafes, functions, exhibitions, conventions, meetings and markets."

"...Under the current Special Uses zoning applying to Luna Park and more particularly to the cliff top areas in question, development for any of the above-mentioned authorised uses is already permissible with Council consent. This means having regard to the provisions of the Development Control Plan for Luna Park, multi-storey development on the cliff top sites (for say, a restaurant or convention centre) is presently possible. Consequently there is no guarantee that the views presently enjoyed by the residents in question will remain under the existing circumstances."

"...On this basis, for Council to suggest that the re-zoning should not proceed because the proposed commercial uses will significantly impact on views when existing permissible development already has such an impact is totally misleading. Therefore, I do not agree that loss of views is a legitimate reason for opposing limited commercial uses on the cliff top area of the Luna Park Reserve."

"...Apart from the above, Council would be aware that, in the recent Land and Environment Court decision (Clarke v South Sydney Council) relating to an appeal against a consent authority's decision to deny development consent for a building which would impact by affecting views, sunlight and open space, it was held that adjoining residents were not entitled to expect a continuation of views sunlight and open space if that would completely sterilise development of the land; but could expect that the impact of that development on their building would be ameliorated."

"...Ultimately, the type of development on the site, whether for commercial or special purposes [under zoning 5(d)], should be allowed to be tested against the parameters laid down by the court in respect of objections on the grounds of loss of view."

#### Loss of value to adjoining properties.

"...Loss of value is often put forward as a justifiable reason why development should not proceed. If the proposed development is completely incompatible with the existing adjoining development then there is an argument that loss of value may be experienced."

"...The proposal put to Council seeks permission for the Luna Park Reserve Trust to be able to develop the cliff top area of the Luna Park reserve in a similar, yet restricted, fashion to the adjoining freehold land."

"...Since incompatibility cannot be argued, I do not agree that loss of value is a legitimate reason to oppose limited commercial activity on the cliff top area of the Luna Park reserve."

#### Heritage listed fig trees.

"...Even though the heritage listed fig trees are adequately protected under the extensive heritage provisions of Council's Local Environmental Plan, the cliff top development sites were purposely designed to avoid the canopy of all of the heritage listed fig trees. Impact on these trees from adjoining development can only be properly assessed when a tangible proposal is submitted for consideration and expert evidence from a qualified arborist is available."

"...I have previously mentioned in this letter that the cliff top areas in question can be developed under the existing zoning, for say, a restaurant or convention centre. Therefore, as part of its investigation to determine whether consent should be granted, Council would be expected to require the developer to produce expert evidence to address the impact of the proposed development on the heritage listed fig trees."

"...On this basis, Council cannot assume that all future commercial development on cliff top sites will impact on the trees. This issue can only be properly considered by Council at the development application stage when the extent of the proposed development is known. Council's decision to oppose commercial activity on the cliff top area is, I believe, not in the spirit of the Environmental Planning and Assessment Act. In this regard, you will be aware that the Luna Park Site Act specifically provides for continued application of the planning legislation."

"...Therefore, I do not agree that the impact on the heritage listed fig trees is a legitimate reason for opposing *limited commercial uses on the cliff top area of the Luna Park reserve.*"

#### Relations with surrounding community.

"...I agree that Luna Park must demonstrate all the qualities of a good neighbour and be subject to the same laws as those neighbours. The fact that the LPRT has impressed upon prospective operators that their proposals must conform to all regulatory requirements is testimony to the Reserve Trust's intention. However, to suggest that the Reserve Trust should consider proposals that are only palatable to local residents even though they conform with all regulatory requirements are unacceptable."

"...Limited commercial activity on the cliff top areas of the Luna Park reserve is considered to be completely compatible with existing development on the adjoining cliff top lands. Only when the proposed development fails to meet the standards set by Council's various environmental planning instruments could it be conceded that the surrounding community has reason to be concerned."

"...As you are aware, every effort has been made to gauge public opinion on all aspects of the Luna Park project. The local community was initially invited to participate in the workshops that conceived the four design options. These options were subsequently placed on public exhibition and over four hundred submissions were received. Overwhelmingly, the community supported the diverse use option, which included commercial development of the cliff top areas. Finally, the public briefing sessions on the Draft Plan of Management, which encapsulated the diverse use option and included commercial development on the cliff top area further demonstrated strong community support to re-open and redevelop the whole of the Luna Park site."

"...Council should not lose sight of the Government's intention to re-open Luna Park as a commercially viable amusement park. The re-zoning application is part of the overall process."

"...In the circumstances, I request that Council reconsider its decision to reject re-zoning of the two most southerly cliff top areas as outlined in the draft LEP. I have also taken the opportunity to inform Minister Knowles of my objection to Council's decision."

Yours Sincerely

Richard Amery

Minister for Agriculture

Minister for Land and Water Conservation."

Appendix J

Craig Knowles withdrawing delegated authority from North Sydney Council: July 1998

*Transcript of Craig Knowles' letter to Genia McCaffery. 20/7/98.  
NSC Records Dept Ref. RML 75914. File P565/1/10.*

"Dear Councillor McCaffery,

I refer to your letter of 5 June outlining your Council's concerns over the draft LEP for Luna Park.

As you may be aware, the Department of Land and Water Conservation (DLWC) has made representations to the Department of Urban Affairs and Planning (DUAP) objecting to the removal of the two subject sites from the final LEP. I understand that DLWC has also advised Council of its concerns.

As the Draft LEP is the subject of an unresolved resolution by a public authority it is now inappropriate for council to exercise its delegated powers of the Director General's functions under Section 69 of the Act. The Department has therefore requested that Council forward the information regarding this draft LEP so that the Department can prepare a more comprehensive report on these issues.

I trust that in the meantime, Council will discuss the matter further with the DLWC in an attempt to resolve the matter as expeditiously as possible

Thank you for bringing the concerns of the Community and Council to my attention.

Yours sincerely

Craig Knowles

Minister for Urban Affairs and Planning

Minister for Housing."

# Turning the lights back on





**METRO EDGLEY**

# LUNA PARK

## 'Turning the lights back on'

### Preliminary Overview

The Metro Edgley proposal will re-establish Luna Park to its former glory as a traditional 1930s-style fun park with amusement rides, pleasant walkways, restaurants and cafes.

In addition it will provide Sydney with a unique entertainment and convention venue, set against the magnificent backdrop of Sydney Harbour.

The most distinctive feature of the proposal is the inclusion of an on-site circus, for acts based on human performances.

Two new buildings - the Luna Circus arena and the multi-purpose Luna Theatre - will be constructed.

There will be no entry fee to Luna Park, ensuring it becomes a place for the local community and tourists to meet and relax and be as welcoming to as many people as possible.

The Metro Edgley formula is based on strong business principles, with a broadening and strengthening of the commercial and entertainment activities. As recent history has shown, Luna Park's profitability, operating purely as a themed amusement park, is questionable.

Metro Edgley will expand Luna Park's existing attractions to build on its foundations as an icon for Sydney families and visitors. Importantly, there will be new modern facilities for a broad range of arts and entertainment, which will make it a key cultural destination.

## MAJOR FEATURES OF THE PROPOSAL INCLUDE

### Rides/Amusements

Metro Edgley's Luna Park focuses on Luna Park's historical character and personality. With such unique assets as the original rides and art deco structures it is pointless to try and compete in the high-tech amusements field, an already flooded market.

What sets Luna Park apart from these modern attractions is its 1930s rococo brashness, its reliance on vivid colours and frivolous decor to create a feeling of well being and 'good clean fun'.

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The best way to ensure that heritage items are protected and cherished is to continue to use and care for them.

The historical rides will be maintained, while remaining faithful to the Park's personality.

**Items to be retained or added include:**

- |                                      |                         |
|--------------------------------------|-------------------------|
| ▶ The Face and the Towers            | ▶ Ghost Train Memorial  |
| ▶ Crystal Palace                     | ▶ Children's Rides      |
| ▶ Coney Island                       | ▶ The Big Boys          |
| ▶ Cliff Face, Tunnel and the Chamber | ▶ Larry and Lizzie Luna |
| ▶ Rotor                              | ▶ Fig Trees             |
| ▶ Ferris Wheel                       | ▶ Sea Wall              |
| ▶ Tumble Bug                         | ▶ Tango Ride            |
| ▶ Wild Mouse                         | ▶ Carousel              |
| ▶ Palais de Danse                    | ▶ Gavioli Organ         |
| ▶ Timber Boardwalk                   | ▶ Milson's Point Wharf  |
| ▶ Lighthouse                         |                         |

The old Park's most contentious feature the **Big Dipper** will be removed.

**Future developments will include such favourites as the River Caves (before its demise the third most popular ride in the Park).**

## **New Entertainment/Function Buildings**

### *The Luna Circus*

The Circus building is designed to allow various configurations:

- ❖ A traditional 'Big Top'
- ❖ A theatre configuration
- ❖ An auditorium space

The circus is the 'hook' that makes the new Luna Park so different from other attractions and indeed different from previous incarnations of Luna Park.

The concept of circus also fits perfectly with a 1930s-style amusement park.

**The Luna Park Circus will be based on human performers, with no exotic animals, in the style of the international Cirque du Soleil and our own Circus Oz and The Flying Fruit Fly Circus.**

Top class magic shows (in the style of David Copperfield) could also be housed in the Luna Circus.

It is also hoped Luna Park will become the site of a 'circus school' where young performers 'learn the ropes'.

### *The Luna Theatre*

This **multi-purpose** venue will fill Sydney's need for a medium-sized theatre designed with the versatility to cope with both public entertainment and corporate functions.

The theatre's versatile layout will permit a variety of entertainment uses, such as jazz clubs, comedy acts, acoustic or 'unplugged' music shows, children's pantomime, cabaret, dance troupes and traditional theatre, as well as a wide range of corporate functions and events such as fashion parades, conferences and presentations.

### *Restaurants and Cafes*

Three new restaurant spaces will be created. Waterfront views across the Harbour to the Bridge and Opera House will help ensure their popularity and viability. The third restaurant building is planned for the cliff-top site on Northcliff Street.

### *The Midway and New Plazas*

With the removal of the strong presence of the Big Dipper and the existing cluttered and inappropriate structures, the Midway will be revitalised and revamped to reinforce its intended function as the 'spine' of Luna Park.

This will be achieved through the addition of a striking new structure, incorporating struts and ramps at different angles. This 'spine' will be functional and interactive - its ramps will be used for pedestrian access to buildings, as vantage points, as shade and shelter, while ladders, platforms and small stages will be used by street performers.

Three new plazas will provide much needed space and definition. These plazas will provide areas for seating and tables, flower beds and trees, shade and inclement weather cover, street theatre and markets, as well as 'softening' and opening up the current, hard, dark bitumen.

❖ The first plaza, to be known as the '**Ted Hopkins Plaza**', will be positioned beyond the Luna Park face and bordered by the new restaurants and existing rides.

❖ The second and larger '**Grand Plaza**' is opposite Crystal Palace, directly below the new entrance near the fig trees at the intersection of Glen and Dind Streets. This plaza will allow access/viewing of the historical tunnel in the cliff-face.

❖ The third plaza to be known as '**Arthur Barton Plaza**' will be between the Circus building and Coney Island, connecting the third entrance from Glen Street, behind Coney Island.

### *Cliff Top Area*

In relation to the three areas situated on the cliff top, Metro Edgley has combined a commercial aspect (to generate funds for the Park's long term viability) and the public's need for easy access (for viewing and linking to the amusement area).



With this in mind the following is planned:

- i. **Public park** to be on the middle area adjoining the intersection of Glen and Dind Streets, providing a more appropriate setting for the **Ghost Train Memorial** and a passive recreation area which will give views of the Park below, the Harbour and the city beyond, as well as being a drop-off point for the entrance to the Grand Plaza.
- ii. **Split level restaurant** on the area to the south adjoining Northcliff Street. The fig trees on the site will be retained enhancing the restaurant's ambiance and appearance.
- iii. **Hotel/Serviced Apartments** proposed on the area to the north (behind Coney Island) in Glen Street. With up to sixty units, it will extend down the escarpment behind Coney Island.

## **The Metro Edgley Team**

Metro Edgley Pty Ltd's Luna Park development team features the combined strengths of two Australian organisations prominent in the Australian entertainment scene - Metro Theatre and Edgley International Pty Ltd.

### ***The Metro Theatre***

In five years, the Metro Theatre on George has been transformed into a thriving multi-purpose venue hosting events ranging from corporate and community functions to live music shows and children's pantomimes. Spearheaded by General Manager, Peter Hearne and his management team, the Metro Theatre has become one of Sydney's most popular venues.

### ***Edgley International***

Over the years, Australia's flourishing entertainment business has produced many promoters, one or two great entrepreneurs, but only one dynasty in the mould of the old impresarios - The Edgley Family. Michael Edgley now ensures that the "Edgley Presents" banner remains prominent and recognisable in Australia and throughout the world. His International Moscow Circus - based on human performers - will be one of the many drawcards that he plans to bring to Luna Park.

**Godden Mackay Logan**

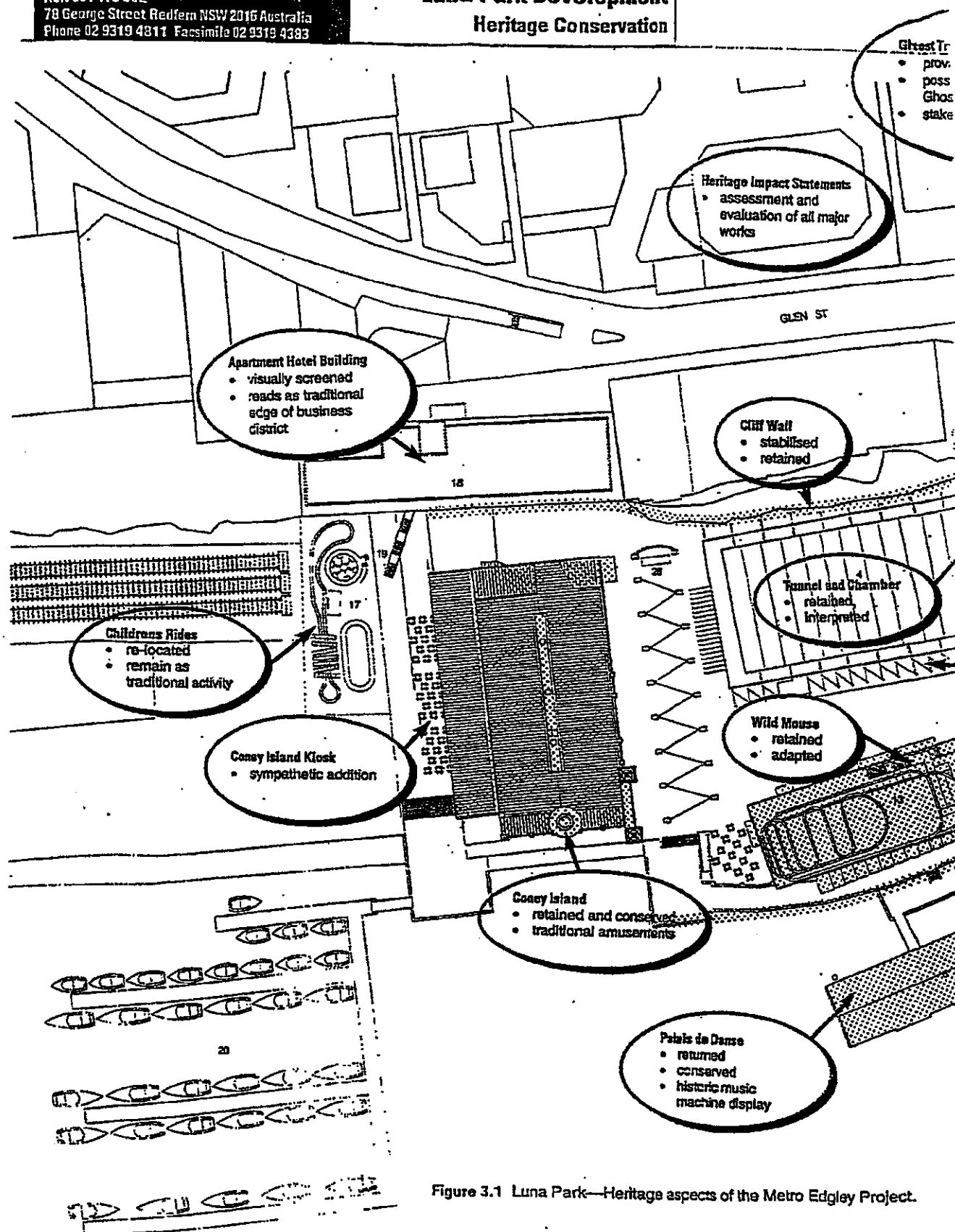
ACN 001 179 362

78 George Street Redfern NSW 2016 Australia

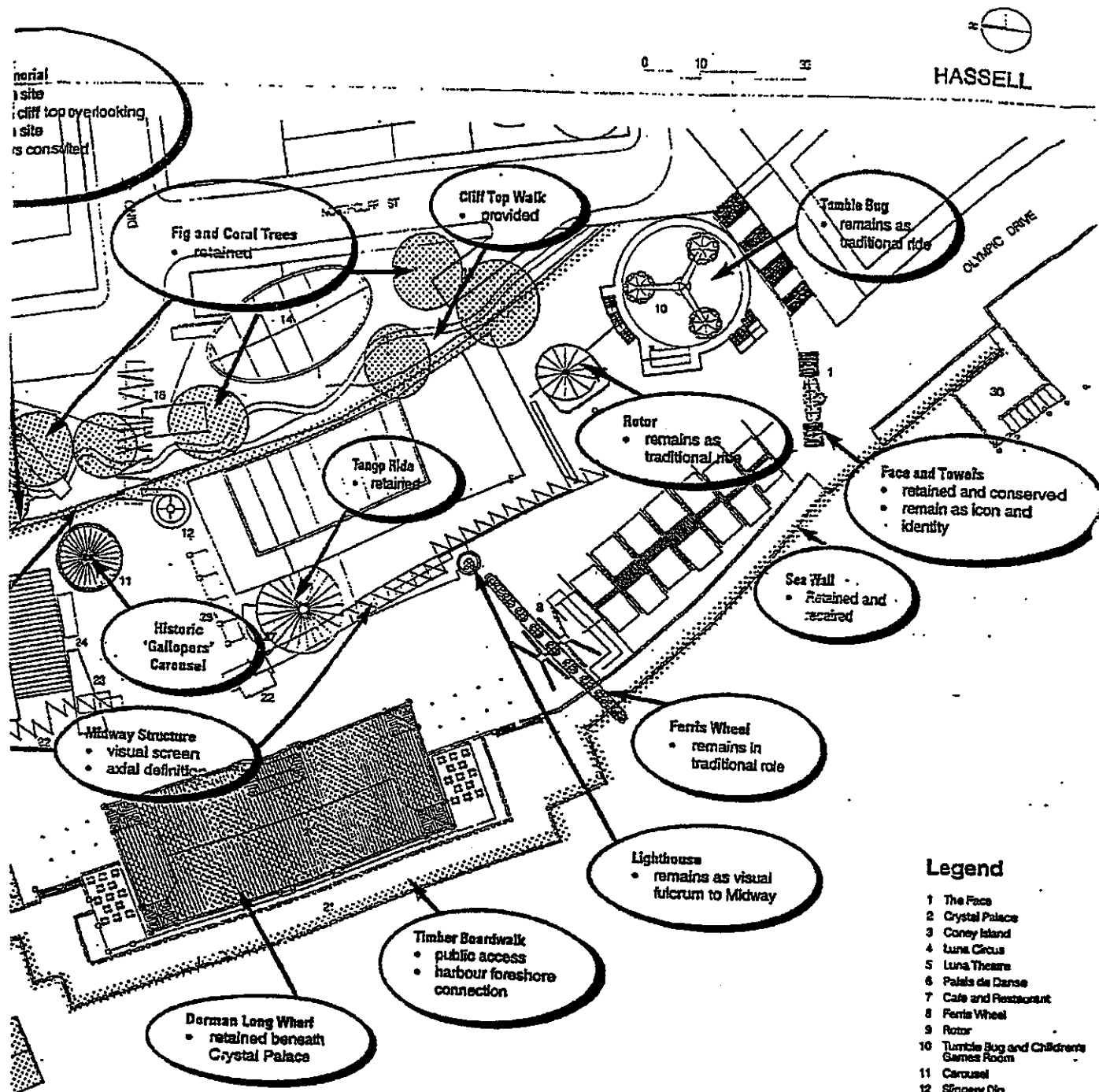
Phone 02 9319 4811 Facsimile 02 9319 4383

## Luna Park Development

## Heritage Conservation



**Figure 3.1 Luna Park—Heritage aspects of the Metro Edgley Project.**



## Legend

- 1 The Face
- 2 Crystal Palace
- 3 Coney Island
- 4 Luna Circus
- 5 Luna Theatre
- 6 Palais de Danse
- 7 Cafe and Restaurant
- 8 Ferris Wheel
- 9 Rotor
- 10 Tumble Bug and Children's Games Room
- 11 Carousel
- 12 Slippery Dip
- 13 Wildmouse and Dodgems
- 14 Restaurant
- 15 Car park Entry
- 16 Lifts to Luna Park and Car Park
- 17 Children's Rides
- 18 Apartment Hotel Building
- 19 Stair from Glen St to Luna Park
- 20 Casual Berthing Facility
- 21 Boardwalk
- 22 Midway Structures
- 23 Outdoor Performance Space
- 24 Entry to River Caves
- 25 Ghost Train Memorial
- 26 Punch and Judy Show
- 27 Tango Ride
- 28 Side Shows
- 29 Lighthouse
- 30 Ferry Wharf
- 31 Cliff Top Walk

**Appendix 2**

Estate Master for Excel 97+

**Financial Feasibility Model**

Designed by Hill PDA  
and Licensed to: Hill PDA

Project:

**Proposed Luna Park Office Development**

Address:  
Luna Park

Description or Option:

**Proposed 14 Storey Office Development - 99 Year Lease**

7454.16 GFA (sqm)  
7454.16 GFA (sqm)

Developer: TBA

Report Prepared by: Hill PDA  
Report Prepared for:

Date of Report: 13-5-2004

## Summary of Project Returns

### Project: Proposed Luna Park Office Development

**ESTATEMASTER**  
OF 2003

Proposed 14 Storey Office Development - 99 Year Lease

7454.16 GFA (sqm), 7454.16 GFA (sqm)

Estate Master for Excel 97+ Designed by Hill PDA and Licensed to: Hill PDA

| COSTS & REVENUES                                  | \$ Total          | \$ Per GFA (sqm) | \$ Per GFA (sqm) | % of Cost     | % of Revenue  |
|---|-------------------|------------------|------------------|---------------|---------------|
| <b>REVENUE</b>                                    |                   |                  |                  |               |               |
| Total Sales Revenue                               | 60,708,520        | 8,144            | 8,144            | 136.8%        | 110.8%        |
| Less Selling Costs                                | (1,517,663)       | (204)            | (204)            | -3.4%         | -2.8%         |
| <b>NET SALE PROCEEDS</b>                          | <b>59,188,857</b> | <b>7,940</b>     | <b>7,940</b>     | <b>133.4%</b> | <b>108.0%</b> |
| Rental Income                                     | -                 | -                | -                | 0.0%          | 0.0%          |
| Less Outgoings                                    | -                 | -                | -                | 0.0%          | 0.0%          |
| Less Letting Fees                                 | -                 | -                | -                | 0.0%          | 0.0%          |
| Less Incentives (rent free and fit out costs)     | -                 | -                | -                | 0.0%          | 0.0%          |
| <b>NET RENTAL INCOME</b>                          | <b>-</b>          | <b>-</b>         | <b>-</b>         | <b>0.0%</b>   | <b>0.0%</b>   |
| INTEREST RECEIVED                                 | -                 | -                | -                | 0.0%          | 0.0%          |
| <b>TOTAL PROJECT REVENUE (before GST paid)</b>    | <b>59,188,857</b> | <b>7,940</b>     | <b>7,940</b>     | <b>133.4%</b> | <b>108.0%</b> |
| Less GST paid                                     | (4,382,411)       | (588)            | (588)            | -9.9%         | -8.0%         |
| <b>TOTAL PROJECT REVENUE (after GST paid)</b>     | <b>54,806,446</b> | <b>7,352</b>     | <b>7,352</b>     | <b>123.5%</b> | <b>100.0%</b> |
| <b>COSTS</b>                                      |                   |                  |                  |               |               |
| Land Purchase Cost                                | 12,500,000        | 1,677            | 1,677            | 28.2%         | 22.8%         |
| Land Transaction Costs                            | 735,490           | 99               | 99               | 1.7%          | 1.3%          |
| Construction (incl. construct. contingency)       | 26,845,310        | 3,601            | 3,601            | 60.5%         | 49.0%         |
| Professional Fees                                 | 2,684,531         | 360              | 360              | 6.1%          | 4.9%          |
| Statutory Fees and Contributions                  | 715,914           | 96               | 96               | 1.6%          | 1.3%          |
| Project Contingency (Project Reserve)             | -                 | -                | -                | 0.0%          | 0.0%          |
| Land Holding Costs                                | 567,599           | 76               | 76               | 1.3%          | 1.0%          |
| Finance Charges (including line fees)             | 425,500           | 57               | 57               | 1.0%          | 0.8%          |
| Interest Expense                                  | 2,720,080         | 365              | 365              | 6.1%          | 5.0%          |
| Miscellaneous Costs                               | -                 | -                | -                | 0.0%          | 0.0%          |
| <b>TOTAL PROJECT COSTS (before GST reclaimed)</b> | <b>47,194,424</b> | <b>6,331</b>     | <b>6,331</b>     | <b>106.4%</b> | <b>86.1%</b>  |
| Less GST Credits Reclaimed                        | (2,829,572)       | (380)            | (380)            | -6.4%         | -5.2%         |
| <b>TOTAL PROJECT COSTS (after GST reclaimed)</b>  | <b>44,364,851</b> | <b>5,952</b>     | <b>5,952</b>     | <b>100.0%</b> | <b>80.9%</b>  |

### PERFORMANCE INDICATORS

|   |                   |   |
|---|-------------------|---|
| <b>Net Development Profit <sup>1</sup></b>                | <b>10,441,595</b> |   |
| Development Margin (or Profit/Risk Margin) <sup>3</sup>   | 22.76%            | on total development costs (including selling costs). |
| Residual Land Value (Target Margin) <sup>4</sup>          | 13,325,161        | (at 20% target development margin)                    |
| Maximum Debt Exposure                                     | 37,029,220        |   |
| Debt to Value Ratio                                       | 61.00%            |   |
| Date of Maximum Project Overdraft                         | Aug-2006          | (Month 27)  |
| Breakeven Date for Project Overdraft <sup>5</sup>         | Jan-2007          | (Month 32)  |
| Breakeven Date for Cumulative Cash Flow <sup>6</sup>      | Apr-2007          | (Month 35)  |
| <b>Net Present Value <sup>7</sup></b>                     | <b>44,769</b>     | (at 18% per ann. discount rate, nominal)              |
| Benefit Cost Ratio <sup>8</sup>                           | 1.0013            | (at 18% per ann. discount rate, nominal)              |
| <b>Project Internal Rate of Return (IRR) <sup>9</sup></b> | <b>18.08%</b>     | (per ann. nominal)                                    |
| Residual Land Value (based on NPV) <sup>10</sup>          | 12,543,279        |   |
| IRR on Equity <sup>11</sup>                               | 28.45%            | (\$7.5m Equity Contributed)                           |
| Equity : Debt Ratio:                                      | 20.25%            |   |
| Profit : Equity Ratio                                     | 139.22%           |   |

#### Footnotes:

1. Development Profit: is total revenue less total cost including interest paid and received
2. Note: No redistribution of Developer's Gross Profit to either Land Owner or Mezzanine Lender
3. Development Margin: is profit divided by total development costs (including selling costs).
4. Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.
5. Breakeven date for project overdraft: is the last date when total debt is repaid.
6. Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).
7. Net Present Value: is the project's cash flow stream discounted to present value.  
The cash flow stream includes financing costs except interest
8. Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs includes financing costs except interest
9. Internal Rate of Return: is the discount rate where the NPV above equals Zero.
10. Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.
11. IRR on Equity Invested: is the IRR of the equity cash flow including the return of equity and realisation of project profits.

# MAIN INPUTS

Page 1 of 4 Pages

Estate Master for Excel 97+ Designed by Hill PDA and Licensed to: Hill PDA

Version 2.4 June 2003

## Preliminary: Proposed 14 Storey Office Development - 99 Year Lease

|                             |   |           |  |
|-----------------------------|---|-----------|--|
| Description/Option/Scenario | Proposed 14 Storey Office Development - 99 Year Lease |           |  |
| Date of First Period:       | May-2004  |           |  |
| Cash Flow Real Period:      | Monthly   |           |  |
| Enter Project Size (a)      | 7,454   | GFA (sqm) |  |
| Enter Project Size (b)      | 7,454   | GFA (sqm) |  |



### Goods and Services Tax (Using Margin Scheme)

|  |            |   |
|--|------------|---|
| Goods and Services Tax Rate            | 10.00%     | Developer's GST Credits Reclaimed ONE Month Later |
| Value at 1-7-2000 or Acquisition Price | 12,500,000 |   |

### 1000 Land Purchase & Acquisition Costs

|      |                                       | \$ Amount     | \$ Amount                                       | Month Start | Month Span |   |
|------|---------------------------------------|---------------|---|-------------|------------|---|
| 1001 | Land Purchase Price                   | 12,500,000    |   |             |            |   |
| 1002 | Deposit in Trust Account <sup>1</sup> | % paid 10.00% | 1,250,000                                       | 0           | 1          | # No Input credit is available to the developer for land purchase because the margin scheme is selected |
| 1003 | Payment 1                             | % paid 0.00%  | -   | 0           | -          |   |
| 1004 | Payment 2                             | % paid 0.00%  | -   | 0           | -          |   |
| 1005 | Payment 3                             | % paid 0.00%  | -   | 0           | -          |   |
| 1006 | Payment 4                             | % paid 0.00%  | -   | 0           | -          |   |
| 1007 | Settlement (Balance)                  | 90.00%        | 11,250,000                                      | 0           | 1          |   |
| 1008 | Stamp duty                            | State of NSW  | 672,990   | 0           | 1          | (Assumes no GST credit for Stamp Duty)  |
| 1009 | Interest on Deposit in Trust Account  | 0.00%         | \$ Interest from deposit shared between parties |             |            |   |
| 1010 | Profit Share to Land Owner            | 0.00%         | \$ paid at project end                          |             |            |   |

| Other Acquisition Costs | % of Purchase Price |        | AND/OR LUMP SUM |       |      | Remarks | GST |
|-------------------------|---------------------|--------|-----------------|-------|------|---------|-----|
|                         | % paid <sup>1</sup> | Amount | Amount          | Start | Span |         |     |
| 1011                    | Legal and Valuation | 0.50%  | 62,500          | -     | 0    | -       | Y   |
| 1012                    |                     | 0.00%  | -               | -     | 0    | -       | Y   |
| 1013                    |                     | 0.00%  | -               | -     | 0    | -       | Y   |
| 1014                    |                     | 0.00%  | -               | -     | 0    | -       | Y   |
| 1015                    |                     | 0.00%  | -               | -     | 0    | -       | Y   |

|                    |        |
|--------------------|--------|
| Total Current Cost | 62,500 |
|                    | -      |
|                    | -      |
|                    | -      |
|                    | -      |

<sup>1</sup> % of Developer's purchase price spread evenly with land purchase payments.

### Escalation on Costs

|                                  | Escalation Rates per annum from Project Start Date |        |        |         |
|----------------------------------|--|--------|--------|---------|
|                                  | Year 1   | Year 2 | Year 3 | Year 4+ |
| Professional Fees                | 0.00%  | 0.00%  | 0.00%  | 0.00%   |
| Construction Costs               | 0.00%  | 0.00%  | 0.00%  | 0.00%   |
| Statutory Fees and Contributions | 0.00%  | 0.00%  | 0.00%  | 0.00%   |
| Miscellaneous Costs              | 0.00%  | 0.00%  | 0.00%  | 0.00%   |
| Land Holding Costs               | 0.00%  | 0.00%  | 0.00%  | 0.00%   |
| Selling Costs                    | 0.00%  | 0.00%  | 0.00%  | 0.00%   |

2000 Project Contingency (Reserve) 0.00% as percentage of construction, professional fees, contributions & misc. costs

### 3000 Professional Fees

| Code  | Description            | % of Construct. | AND / OR<br>No. Units               | Base<br>Rate / Unit | Month<br>Start | Month<br>Span | Escalate<br>(E,R,N) |  | GST | Remarks | Total Current<br>Cost <sup>1</sup> | Total Escalated<br>Cost |
|---|------------------------|-----------------|-------------------------------------|---------------------|----------------|---------------|---------------------|--|-----|---------|------------------------------------|-------------------------|
| 3001  | Pre DA                 | 4.00%           | -                                   | -                   | 1              | 12            | E                   |  | Y   |         | 1,073,612                          | 1,073,612               |
| 3002  | Post DA                | 6.00%           | -                                   | -                   | C              | -             | E                   |  | Y   |         | 1,610,719                          | 1,610,719               |
| 3003  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3004  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3005  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3006  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3007  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3008  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3009  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3010  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3011  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3012  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3013  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3014  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3015  | -                      | 0.00%           | -                                   | -                   | 0              | -             | -                   |  | Y   |         | -                                  | -                       |
| 3099  | Development Management | 0.00%           | of Project Costs (excluding land) * |                     |                | 0             | -                   |  | Y   |         | -                                  | -                       |
| <sup>1</sup> Current Cost (Before Escalation and Rise & Fall) |                        |                 |                                     |                     |                |               |                     |  |     |         | -                                  | -                       |
| <sup>2</sup> Project Costs exclude finance costs.             |                        |                 |                                     |                     |                |               |                     |  |     |         | -                                  | -                       |
| Manual Input (refer to Manual Input Sheet)                    |                        |                 |                                     |                     |                |               |                     |  |     |         | -                                  | -                       |
| TOTAL   |                        |                 |                                     |                     |                |               |                     |  |     |         | 2,684,531                          | 2,684,531               |

**4000 Construction Costs**

| Code  | Description              | Units                       | Base Rate / Units | Month Start | Month Span | Escalate (E,R,N)* | Span (S or E) |  | GST | Remarks | Total Current Cost | Total Escalated Cost |
|---|--------------------------|-----------------------------|-------------------|-------------|------------|-------------------|---------------|--|-----|---------|--------------------|----------------------|
| 4001  | Motor cycle spaces       | 3                           | 10,000            | 13          | 15         | E                 | E             |  | Y   |         | 30,000             | 30,000               |
| 4002  | Basement Carparking      | 41                          | 40,000            | 13          | 15         | E                 | E             |  | Y   |         | 1,640,000          | 1,640,000            |
| 4003  | Commercial               | 7,454                       | 2,800             | 13          | 15         | E                 | E             |  | Y   |         | 20,871,648         | 20,871,648           |
| 4004  | Balconies                | 736                         | 1,000             | 13          | 15         | E                 | E             |  | Y   |         | 736,320            | 736,320              |
| 4005  | Landscaping              | 1                           | 500,000           | 13          | 15         | E                 | E             |  | Y   |         | 500,000            | 500,000              |
| 4006  | Basement                 | 958                         | 1,250             | 13          | 15         | E                 | E             |  | Y   |         | 1,194,413          | 1,194,413            |
| 4007  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4008  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4009  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4010  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4011  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4012  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4013  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4014  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4015  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4016  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4017  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4018  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4019  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| 4020  | .                        | -                           | -                 | 0           | -          | -                 | -             |  | Y   |         | -                  | -                    |
| Manual Input (refer to Manual Input Sheet)  |                          |                             |                   |             |            |                   |               |  |     |         |                    | -                    |
| 4099  | Construction Contingency | 7.50% of Construction Costs |                   |             |            |                   |               |  |     |         | 1,872,929          | 1,872,929            |
| * Escalation (n = no escalation, e = escalation to start period, r = escalation to start period and through span) |                          |                             |                   |             |            |                   |               |  |     |         |                    | -                    |
| TOTAL   |                          |                             |                   |             |            |                   |               |  |     |         | 28,845,310         | 28,845,310           |

**5000 Statutory Fees and Contributions**

| Code                                       | Description              | Units | Base Rate / Units | Month Start | Month Span | Escalate (E,R,N) |  | GST | Remarks | Total Current Cost | Total Escalated Cost |
|--|--------------------------|-------|-------------------|-------------|------------|------------------|--|-----|---------|--------------------|----------------------|
| 5001                                       | DA Fee                   | 1     | 36,624            | 5           | 1          | E                |  | N   |         | 36,624             | 36,624               |
| 5002                                       | CC Fee                   | 1     | 15,290            | 11          | 1          | E                |  | Y   |         | 15,290             | 15,290               |
| 5003                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5004                                       | Section 94 Contributions | 1     | 664,000           | 27          | 1          | E                |  | N   |         | 664,000            | 664,000              |
| 5005                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5006                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5007                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5008                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5009                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5010                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5011                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5012                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5013                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5014                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 5015                                       | -                        | -     | -                 | 0           | -          | -                |  | Y   |         | -                  | -                    |
| Manual Input (refer to Manual Input Sheet) |                          |       |                   |             |            |                  |  |     |         |                    | -                    |
| TOTAL                                      |                          |       |                   |             |            |                  |  |     |         | 715,914            | 715,914              |



# MAIN INPUTS

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| 6000 Miscellaneous Costs                   |             |                |                    |                  |             |            |                  |  |     |         |                    |                      |
|--|-------------|----------------|--------------------|------------------|-------------|------------|------------------|--|-----|---------|--------------------|----------------------|
| Code                                       | Description | % of Construct | AND / OR No. Units | Base Rate / Unit | Month Start | Month Span | Escalate (E,R,N) |  | GST | Remarks | Total Current Cost | Total Escalated Cost |
| 6001                                       |             | 0.00%          | -                  | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6002                                       |             | 0.00%          | -                  | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6003                                       |             | 0.00%          | -                  | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6004                                       |             | 0.00%          | -                  | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6005                                       |             | 0.00%          | -                  | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6006                                       |             | 0.00%          | -                  | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6007                                       |             | 0.00%          | -                  | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6008                                       |             | 0.00%          | -                  | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6009                                       |             | 0.00%          | -                  | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6010                                       |             | 0.00%          | -                  | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| Manual Input (refer to Manual Input Sheet) |             |                |                    |                  |             |            |                  |  |     |         | -                  | -                    |
| TOTAL                                      |             |                |                    |                  |             |            |                  |  |     |         | -                  | -                    |

| 7000 Land Holding Costs                    |                 |           |                   |                           |             |                         |                  |  |     |         |                           |                      |
|--|-----------------|-----------|-------------------|---------------------------|-------------|-------------------------|------------------|--|-----|---------|---------------------------|----------------------|
| Code                                       | Description     | No. Units | Base Rate An/term | Term (Y,Q,M) <sup>1</sup> | Month Start | Month Span <sup>2</sup> | Escalate (E,R,N) |  | GST | Remarks | Total Current Annual Cost | Total Escalated Cost |
| 7001                                       | Land Tax        | 1         | 154,086           | Y                         | 1           | DS                      | R                |  | N   |         | 154,086                   | 475,099              |
| 7002                                       | Rates and Water | 1         | 30,000            | Y                         | 1           | DS                      | R                |  | N   |         | 30,000                    | 92,500               |
| 7003                                       |                 | -         | -                 | Y                         | 0           | -                       | -                |  | Y   |         | -                         | -                    |
| 7004                                       |                 | -         | -                 | Y                         | 0           | -                       | -                |  | Y   |         | -                         | -                    |
| 7005                                       |                 | -         | -                 | Y                         | 0           | -                       | -                |  | Y   |         | -                         | -                    |
| 7006                                       |                 | -         | -                 | Y                         | 0           | -                       | -                |  | Y   |         | -                         | -                    |
| 7007                                       |                 | -         | -                 | Y                         | 0           | -                       | -                |  | Y   |         | -                         | -                    |
| 7008                                       |                 | -         | -                 | Y                         | 0           | -                       | -                |  | Y   |         | -                         | -                    |
| 7009                                       |                 | -         | -                 | Y                         | 0           | -                       | -                |  | Y   |         | -                         | -                    |
| 7010                                       |                 | -         | -                 | Y                         | 0           | -                       | -                |  | Y   |         | -                         | -                    |
| 7011                                       |                 | -         | -                 | Y                         | 0           | -                       | -                |  | Y   |         | -                         | -                    |
| 7012                                       |                 | -         | -                 | Y                         | 0           | -                       | -                |  | Y   |         | -                         | -                    |
| Manual Input (refer to Manual Input Sheet) |                 |           |                   |                           |             |                         |                  |  |     |         | -                         | -                    |
| TOTAL                                      |                 |           |                   |                           |             |                         |                  |  |     |         | 184,086                   | 557,599              |

<sup>1</sup> Y=yearly, Q=quarterly, M=monthly  
<sup>2</sup> DS = diminish holding costs proportionally with leasing DS = diminish holding costs proportionally with sales

| Sales & Rentals Escalation Rates  |      |  |        |        |         |  |
|-----------------------------------|------|--|--------|--------|---------|--|
| End Sale Values and Rental Income |      | Escalation Rates per annum from Project Start Date |        |        |         |  |
| Category                          | Code | Year 1   | Year 2 | Year 3 | Year 4+ |  |
| Residential                       | RS   | 0.00%  | 0.00%  | 0.00%  | 0.00%   |  |
| Retail                            | RT   | 0.00%  | 0.00%  | 0.00%  | 0.00%   |  |
| Commercial                        | C    | 0.00%  | 0.00%  | 0.00%  | 0.00%   |  |
| Other                             | O    | 0.00%  | 0.00%  | 0.00%  | 0.00%   |  |

| 8000 Selling Costs                                  |                                |                  |                                   |                                    |                      |         |
|---|--------------------------------|------------------|-----------------------------------|------------------------------------|----------------------|---------|
| 8001  | Sales Commission (by Category) | Sales Commission | % of Comm. Pre-sales <sup>1</sup> | Deposits (% of Price) <sup>2</sup> | Reference / Comments | GST     |
|   | Residential (RS)               | 0.00%            | 0.00%                             | 0.00%                              |                      | Y       |
|   | Retail (RT)                    | 0.00%            | 0.00%                             | 0.00%                              |                      | Y       |
|   | Commercial (C)                 | 1.50%            | 50.00%                            | 10.00%                             |                      | Y       |
|   | Other (O)                      | 0.00%            | 0.00%                             | 0.00%                              |                      | Y       |
| TOTAL COMMISSION                                    |                                |                  |                                   |                                    |                      | 910,598 |
| Interest Rate on Deposits Invested in Trust Account |                                |                  |                                   |                                    |                      | 0.00%   |
| % of Interest retained by Developer upon settlement |                                |                  |                                   |                                    |                      | 0.00%   |

| Code                                       | Other Costs          | % of Sales at Settlement | AND / OR Units | Rate/Unit | Escalate (E,R,N) | Month Start | Month Span | GST |  | Total Current Cost | Total Escalated Cost |
|--|----------------------|--------------------------|----------------|-----------|------------------|-------------|------------|-----|--|--------------------|----------------------|
| 8002                                       | Legals and marketing | 1.00%                    | -              | -         | -                | 0           | -          | Y   |  | 607,065            | 607,065              |
| 8003                                       |                      | 0.00%                    | -              | -         | -                | 0           | -          | Y   |  | -                  | -                    |
| 8004                                       |                      | 0.00%                    | -              | -         | -                | 0           | -          | Y   |  | -                  | -                    |
| 8005                                       |                      | 0.00%                    | -              | -         | -                | 0           | -          | Y   |  | -                  | -                    |
| 8006                                       |                      | 0.00%                    | -              | -         | -                | 0           | -          | Y   |  | -                  | -                    |
| 8007                                       |                      | 0.00%                    | -              | -         | -                | 0           | -          | Y   |  | -                  | -                    |
| 8008                                       |                      | 0.00%                    | -              | -         | -                | 0           | -          | Y   |  | -                  | -                    |
| 8009                                       |                      | 0.00%                    | -              | -         | -                | 0           | -          | Y   |  | -                  | -                    |
| 8010                                       |                      | 0.00%                    | -              | -         | -                | 0           | -          | Y   |  | -                  | -                    |
| 8011                                       |                      | 0.00%                    | -              | -         | -                | 0           | -          | Y   |  | -                  | -                    |
| 8012                                       |                      | 0.00%                    | -              | -         | -                | 0           | -          | Y   |  | -                  | -                    |
| Manual Input (refer to Manual Input Sheet) |                      |                          |                |           |                  |             |            |     |  |                    | -                    |
| TOTAL OTHER SELLING COSTS                  |                      |                          |                |           |                  |             |            |     |  |                    | 607,065              |

<sup>1</sup> Percentage of Sales Commission paid at exchange date for pre-sales  
<sup>2</sup> Percentage of price deposited on exchange (for pre-sales)

| 9000 Sales  |                               |                           |           |                       |                    |               |                |               |     |  |                                     |                                    |
|---|-------------------------------|---------------------------|-----------|-----------------------|--------------------|---------------|----------------|---------------|-----|--|-------------------------------------|------------------------------------|
| Code  | Description                   | Category/<br>RS,RT<br>C,O | No. Units | Current<br>Sale Price | Pre-Sale Exchanges |               | Settlements    |               | GST |  | Total Sales<br>Before<br>Escalation | Total Sales<br>After<br>Escalation |
|   |                               |                           |           |                       | Month<br>Start     | Month<br>Span | Month<br>Start | Month<br>Span |     |  |                                     |                                    |
| 9001  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9002  | Commercial Offices - Pre Sell | C                         | 3,195     | 9,500                 | 12                 | 12            | 28             | 1             | Y   |  | 30,353,260                          | 30,353,260                         |
| 9003  | Commercial Offices            | C                         | 3,195     | 9,500                 | 0                  | -             | 28             | 12            | Y   |  | 30,353,260                          | 30,353,260                         |
| 9004  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9005  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9006  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9007  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9008  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9009  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9010  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9011  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9012  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9013  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9014  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9015  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9016  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9017  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9018  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9019  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9020  |                               | -                         | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| Total Capitalized Sales (Refer to Tenants Sheets) |                               |                           |           |                       |                    |               |                |               |     |  | -                                   | -                                  |
| Total Sales from Manual Input Sheet               |                               |                           |           |                       |                    |               |                |               |     |  | -                                   | -                                  |
| TOTAL   |                               |                           |           |                       |                    |               |                |               |     |  | 60,706,520                          | 60,706,520                         |

| 10000 Financing                 |   |           |  |
|---------------------------------|---|-----------|--|
| <b>EQUITY</b>                   |   |           |  |
| 10001                           | Upfront Developer's Equity Contribution | 7,500,000 | Total Equity Contributed = \$ 7,500,000                |
| 10002                           | Interest received on Surplus Cash       | 0.00%     | per annum received in arrears                          |
| <b>MEZZANINE DEBT FINANCING</b> |   |           |  |
| 10003                           | Initial Maximum Amount (\$)             | 0         | Progressively drawn down when required.                |
| 10004                           | Interest Rate per annum Nominal         | 0.00%     | Max exposure with capitalised interest = \$            |
| 10005                           | Line Fees (per annum)                   | -         | Fixed during period of debt                            |
| 10006                           | Profit Split to Mezzanine Lender        | 0.00%     | paid during period of debt in arrears                  |
|                                 |   |           | \$ paid at project end                                 |
| <b>SENIOR DEBT FINANCING</b>    |   |           |  |
| 10007                           | Interest Rate per annum Nominal         | 7.25%     | Max exposure with capitalised interest = \$ 37,029,220 |
| 10008                           | Line Fees (per annum)                   | 55,500    | paid during period of debt in arrears                  |
| <b>OTHER FINANCING COSTS</b>    |   |           |  |
| 10009                           | Stamp Duty on Mortgage                  | Amount    | Month Start Month Span Reference GST                   |
| 10010                           | Senior Loan Establishment Costs         | 148,000   | 1 1 N  |
| 10011                           |   | 129,500   | 1 1 N  |
| 10012                           |   | -         | 0 - Y  |
| 10013                           |   | -         | 0 - Y  |
| 10014                           |   | -         | 0 - Y  |
| 10015                           |   | -         | 0 - Y  |
| 10016                           |   | -         | 0 - Y  |
| 10017                           |   | -         | 0 - Y  |
| 10018                           |   | -         | 0 - Y  |

| Project Performance Hurdle Rates   |        |  |  |
|------------------------------------|--------|--|--|
| Project Discount Rate (target IRR) | 18.00% | per annum Nominal, on cash flow that includes financing costs but excludes interest. |  |
| Nominate an estimate of IRR        | 0.00%  | per ann.   |  |
| Developer's Target Dev. Margin     | 20.00% | on total development costs (including selling costs).                                |  |

Program draws down equity first. Thereafter mezzanine debt is drawn down to maximum amount followed by senior debt (line of credit). Project revenue first re-pays senior debt, then mezzanine debt, then equity (unless manually overridden in the cash flow table).

Estate Master for Excel 97+

## **Financial Feasibility Model**

Designed by Hill PDA  
and Licensed to: Hill PDA

Project:  
**Proposed Luna Park Office Development**

Address:  
Luna Park

**Description or Option:**

**Milsons Landing Site**

4614 NLA (sqm)  
4614 NLA (sqm)

Developer: TBA

Report Prepared by: Hill PDA  
Report Prepared for:

Date of Report: 13-5-2004

## Summary of Project Returns

### Project: Proposed Luna Park Office Development



Milsons Landing Site

4614 NLA (sqm), 4614 NLA (sqm)

Estate Master for Excel 97+ Designed by Hill PDA and Licensed to: Hill PDA

| COSTS & REVENUES                                  | \$ Total          | \$ Per NLA (sqm) | \$ Per NLA (sqm) | % of Cost     | % of Revenue  |
|---|-------------------|------------------|------------------|---------------|---------------|
| <b>REVENUE</b>                                    |                   |                  |                  |               |               |
| Total Sales Revenue                               | 33,220,800        | 7,200            | 7,200            | 133.0%        | 110.3%        |
| Less Selling Costs                                | (830,520)         | (180)            | (180)            | -3.3%         | -2.8%         |
| <b>NET SALE PROCEEDS</b>                          | <b>32,390,280</b> | <b>7,020</b>     | <b>7,020</b>     | <b>129.7%</b> | <b>107.6%</b> |
| Rental Income                                     | -                 | -                | -                | 0.0%          | 0.0%          |
| Less Outgoings                                    | -                 | -                | -                | 0.0%          | 0.0%          |
| Less Letting Fees                                 | -                 | -                | -                | 0.0%          | 0.0%          |
| Less Incentives (rent free and fit out costs)     | -                 | -                | -                | 0.0%          | 0.0%          |
| <b>NET RENTAL INCOME</b>                          | <b>-</b>          | <b>-</b>         | <b>-</b>         | <b>0.0%</b>   | <b>0.0%</b>   |
| <b>INTEREST RECEIVED</b>                          | <b>-</b>          | <b>-</b>         | <b>-</b>         | <b>0.0%</b>   | <b>0.0%</b>   |
| <b>TOTAL PROJECT REVENUE (before GST paid)</b>    | <b>32,390,280</b> | <b>7,020</b>     | <b>7,020</b>     | <b>129.7%</b> | <b>107.6%</b> |
| Less GST paid                                     | (2,274,618)       | (493)            | (493)            | -9.1%         | -7.6%         |
| <b>TOTAL PROJECT REVENUE (after GST paid)</b>     | <b>30,115,662</b> | <b>6,527</b>     | <b>6,527</b>     | <b>120.5%</b> | <b>100.0%</b> |
| <b>COSTS</b>                                      |                   |                  |                  |               |               |
| Land Purchase Cost                                | 8,200,000         | 1,777            | 1,777            | 32.8%         | 27.2%         |
| Land Transaction Costs                            | 477,490           | 103              | 103              | 1.9%          | 1.6%          |
| Construction (incl. construct. contingency)       | 13,966,906        | 3,027            | 3,027            | 55.9%         | 46.4%         |
| Professional Fees                                 | 1,396,691         | 303              | 303              | 5.6%          | 4.6%          |
| Statutory Fees and Contributions                  | 515,076           | 112              | 112              | 2.1%          | 1.7%          |
| Project Contingency (Project Reserve)             | -                 | -                | -                | 0.0%          | 0.0%          |
| Land Holding Costs                                | 288,683           | 63               | 63               | 1.2%          | 1.0%          |
| Finance Charges (including line fees)             | 201,875           | 44               | 44               | 0.8%          | 0.7%          |
| Interest Expense                                  | 1,412,538         | 306              | 306              | 5.7%          | 4.7%          |
| Miscellaneous Costs                               | -                 | -                | -                | 0.0%          | 0.0%          |
| <b>TOTAL PROJECT COSTS (before GST reclaimed)</b> | <b>26,459,259</b> | <b>5,735</b>     | <b>5,735</b>     | <b>105.9%</b> | <b>87.9%</b>  |
| Less GST Credits Reclaimed                        | (1,476,969)       | (320)            | (320)            | -5.9%         | -4.9%         |
| <b>TOTAL PROJECT COSTS (after GST reclaimed)</b>  | <b>24,982,290</b> | <b>5,414</b>     | <b>5,414</b>     | <b>100.0%</b> | <b>83.0%</b>  |

### PERFORMANCE INDICATORS

|   |            |   |
|---|------------|---|
| Net Development Profit <sup>1</sup>                     | 5,133,372  |   |
| Development Margin (or Profit/Risk Margin) <sup>3</sup> | 19.89%     | on total development costs (including selling costs). |
| Residual Land Value (Target Margin) <sup>4</sup>        | 8,179,576  | (at 20% target development margin)                    |
| Maximum Debt Exposure                                   | 20,140,529 |   |
| Debt to Value Ratio                                     | 60.63%     |   |
| Date of Maximum Project Overdraft                       | May-2004   | (Month 24)  |
| Breakeven Date for Project Overdraft <sup>5</sup>       | Jun-2004   | (Month 25)  |
| Breakeven Date for Cumulative Cash Flow <sup>6</sup>    | Jul-2004   | (Month 26)  |
| Net Present Value <sup>7</sup>                          | 240,453    | (at 18% per ann. discount rate, nominal)              |
| Benefit Cost Ratio <sup>8</sup>                         | 1.0118     | (at 18% per ann. discount rate, nominal)              |
| Project Internal Rate of Return (IRR) <sup>9</sup>      | 18.88%     | (per ann. nominal)                                    |
| Residual Land Value (based on NPV) <sup>10</sup>        | 8,435,200  |   |
| IRR on Equity <sup>11</sup>                             | 30.66%     | (\$5m Equity Contributed)                             |
| Equity : Debt Ratio:                                    | 24.83%     |   |
| Profit : Equity Ratio                                   | 102.67%    |   |

#### Footnotes:

1. Development Profit: Is total revenue less total cost including interest paid and received
2. Note: No redistribution of Developer's Gross Profit to either Land Owner or Mezzanine Lender
3. Development Margin: Is profit divided by total development costs (including selling costs).
4. Residual Land Value: Is the maximum purchase price for the land whilst achieving the target development margin.
5. Breakeven date for project overdraft: Is the last date when total debt is repaid.
6. Breakeven date for Cumulative Cash Flow: Is the last date when total debt and equity is repaid (ie when profit is realised).
7. Net Present Value: Is the project's cash flow stream discounted to present value.  
The cash flow stream includes financing costs except interest
8. Benefit:Cost Ratio: Is the ratio of discounted incomes to discounted costs includes financing costs except interest
9. Internal Rate of Return: Is the discount rate where the NPV above equals Zero.
10. Residual Land Value (based on NPV): Is the purchase price for the land to achieve a zero NPV.
11. IRR on Equity Invested: Is the IRR of the equity cash flow including the return of equity and realisation of project profits.

# MAIN INPUTS

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Estate Master for Excel 97+ Designed by Hill PDA and Licensed to Hill PDA

Version 2.4 June 2003

## Preliminary: Milsons Landing Site

|                             |                      |
|-----------------------------|----------------------|
| Description/Option/Scenario | Milsons Landing Site |
| Date of First Period:       | May-2002             |
| Cash Flow Rest Period:      | Monthly              |
| Enter Project Size (a)      | 4,614 NLA (sqm)      |
| Enter Project Size (b)      | 4,614 NLA (sqm)      |



## Goods and Services Tax (Using Margin Scheme)

|  |           |
|--|-----------|
| Goods and Services Tax Rate            | 10.00%    |
| Value at 1-7-2000 or Acquisition Price | 8,200,000 |

Developer's GST Credit Reclaimed ONE Month Later

## 1000 Land Purchase & Acquisition Costs

|      |                                      | \$ Amount |   | Month | Month |
|------|--------------------------------------|-----------|---|-------|-------|
|      |                                      |           |   | Start | Span  |
| 1001 | Land Purchase Price                  | 8,200,000 |   |       |       |
| 1002 | Deposit in Trust Account *           | % paid    | 10.00%  | 0     | 1     |
| 1003 | Payment 1                            | % paid    | 0.00%   | 0     | -     |
| 1004 | Payment 2                            | % paid    | 0.00%   | 0     | -     |
| 1005 | Payment 3                            | % paid    | 0.00%   | 0     | -     |
| 1006 | Payment 4                            | % paid    | 0.00%   | 0     | -     |
| 1007 | Settlement (Balance)                 | 90.00%    | 7,380,000                                       | 0     | 1     |
| 1008 | Stamp duty                           | State of  | NSW   | 0     | 1     |
| 1009 | Interest on Deposit in Trust Account | 0.00%     | \$ Interest from deposit shared between parties |       |       |
| 1010 | Profit Share to Land Owner           | 0.00%     | \$ paid at project end                          |       |       |

\* No Input credit is available to the developer for land purchase because the margin scheme is selected

(Assumes no GST credit for Stamp Duty)

|      |                     | % of Purchase Price | AND/OR LUMP SUM |       |      | Remarks | GST |
|------|---------------------|---------------------|-----------------|-------|------|---------|-----|
|      |                     | % paid              | Amount          | Start | Span |         |     |
| 1011 | Legal and Valuation | 0.50%               | 41,000          | 0     | -    |         | Y   |
| 1012 |                     | 0.00%               | -               | 0     | -    |         | Y   |
| 1013 |                     | 0.00%               | -               | 0     | -    |         | Y   |
| 1014 |                     | 0.00%               | -               | 0     | -    |         | Y   |
| 1015 |                     | 0.00%               | -               | 0     | -    |         | Y   |

|                    |        |
|--------------------|--------|
| Total Current Cost | 41,000 |
|                    | -      |
|                    | -      |
|                    | -      |
|                    | -      |
|                    | -      |

\* % of Developer's purchase price spread evenly with land purchase payments.

## Escalation on Costs

|                                  | Escalation Rates per annum from Project Start Date |        |        |         |
|----------------------------------|--|--------|--------|---------|
|                                  | Year 1   | Year 2 | Year 3 | Year 4+ |
| Professional Fees                | 0.00%  | 0.00%  | 0.00%  | 0.00%   |
| Construction Costs               | 0.00%  | 0.00%  | 0.00%  | 0.00%   |
| Statutory Fees and Contributions | 0.00%  | 0.00%  | 0.00%  | 0.00%   |
| Miscellaneous Costs              | 0.00%  | 0.00%  | 0.00%  | 0.00%   |
| Land Holding Costs               | 0.00%  | 0.00%  | 0.00%  | 0.00%   |
| Selling Costs                    | 0.00%  | 0.00%  | 0.00%  | 0.00%   |

2000 Project Contingency (Reserve) 0.00% as percentage of construction, professional fees, contributions & misc. costs

## 3000 Professional Fees

| Code  | Description            | % of Construct. | AND/OR No. Units                               | Base Rate / Unit | Month Start | Month Span | Escalate (E,R,N) | GST | Remarks | Total Current Cost <sup>1</sup> | Total Escalated Cost |
|---|------------------------|-----------------|--|------------------|-------------|------------|------------------|-----|---------|---------------------------------|----------------------|
| 3001  | Pre DA                 | 4.00%           | -  | -                | 1           | 9          | E                | Y   |         | 558,678                         | 558,678              |
| 3002  | Post DA                | 6.00%           | -  | -                | C           | -          | E                | Y   |         | 838,014                         | 838,014              |
| 3003  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3004  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3005  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3006  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3007  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3008  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3009  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3010  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3011  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3012  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3013  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3014  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3015  |                        | 0.00%           | -  | -                | 0           | -          | -                | Y   |         | -                               | -                    |
| 3090  | Development Management | 0.00%           | of Project Costs (excluding land) <sup>2</sup> |                  | 0           | -          |                  | Y   |         | -                               | -                    |
| <sup>1</sup> Current Cost (Before Escalation and Rise & Fall) |                        |                 |  |                  |             |            |                  |     |         | -                               | -                    |
| <sup>2</sup> Project Costs exclude finance costs.             |                        |                 |  |                  |             |            |                  |     |         | -                               | -                    |
| Manual Input (refer to Manual Input Sheet)                    |                        |                 |  |                  |             |            |                  |     |         | -                               | -                    |
| TOTAL   |                        |                 |  |                  |             |            |                  |     |         | 1,396,691                       | 1,396,691            |

**4000 Construction Costs**

| Code   | Description              | Units | Base Rate / Units           | Month Start | Month Span | Escalate (E,R,N) <sup>1</sup> | Span (\$ or E) |  | GST | Remarks | Total Current Cost | Total Escalated Cost |
|--|--------------------------|-------|-----------------------------|-------------|------------|-------------------------------|----------------|--|-----|---------|--------------------|----------------------|
| 4001   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4002   | Basement Carparking      | 46    | 28,000                      | 10          | 15         | E                             | E              |  | Y   |         | 1,288,000          | 1,288,000            |
| 4003   | Commercial               | 6,428 | 2,000                       | 10          | 15         | E                             | E              |  | Y   |         | 10,856,471         | 10,856,471           |
| 4004   | Balconies                | 810   | 800                         | 10          | 15         | E                             | E              |  | Y   |         | 648,000            | 648,000              |
| 4005   | Landscaping              | 1     | 200,000                     | 10          | 15         | E                             | E              |  | Y   |         | 200,000            | 200,000              |
| 4006   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4007   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4008   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4009   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4010   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4011   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4012   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4013   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4014   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4015   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4016   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4017   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4018   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4019   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| 4020   |                          | -     | -                           | 0           | -          | -                             | -              |  | Y   |         | -                  | -                    |
| Manual Input (refer to Manual Input Sheet)   |                          |       |                             |             |            |                               |                |  |     |         |                    | -                    |
| 4099   | Construction Contingency |       | 7.50% of Construction Costs |             |            |                               |                |  |     |         | 974,435            | 974,435              |
| <sup>1</sup> Escalation (n = no escalation, s = escalation to start period, r = escalation to start period and through span) |                          |       |                             |             |            |                               |                |  |     |         | <b>TOTAL</b>       | <b>13,968,908</b>    |

**5000 Statutory Fees and Contributions**

| Code                                       | Description              | Units | Base<br>Rate / Units | Month<br>Start | Month<br>Span | Escalate<br>(E,R,N) |  | GST | Remarks | Total Current<br>Cost | Total Escalated<br>Cost |   |
|--|--------------------------|-------|----------------------|----------------|---------------|---------------------|--|-----|---------|-----------------------|-------------------------|---|
| 5001                                       | DA Fee                   | 1     | 23,534               | 5              | 1             | E                   |  | N   |         | 23,534                | 23,534                  |   |
| 5002                                       | CG Fee                   | 1     | 11,542               | 8              | 1             | E                   |  | Y   |         | 11,542                | 11,542                  |   |
| 5003                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5004                                       | Section 94 Contributions | 1     | 480,000              | 24             | 1             | E                   |  | N   |         | 480,000               | 480,000                 |   |
| 5005                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5006                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5007                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5008                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5009                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5010                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5011                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5012                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5013                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5014                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| 5015                                       | .                        | -     | -                    | 0              | -             | -                   |  | Y   |         | -                     | -                       |   |
| Manual Input (refer to Manual Input Sheet) |                          |       |                      |                |               |                     |  |     |         |                       | -                       | - |
| TOTAL                                      |                          |       |                      |                |               |                     |  |     |         | 515,076               | 515,076                 |   |

# MAIN INPUTS

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| 6000 Miscellaneous Costs                   |             |                |                  |                  |             |            |                  |  |     |         |                    |                      |
|--|-------------|----------------|------------------|------------------|-------------|------------|------------------|--|-----|---------|--------------------|----------------------|
| Code                                       | Description | % of Construct | AND/OR No. Units | Base Rate / Unit | Month Start | Month Span | Escalate (E,R,N) |  | GST | Remarks | Total Current Cost | Total Escalated Cost |
| 6001                                       |             | 0.00%          | -                | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6002                                       |             | 0.00%          | -                | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6003                                       |             | 0.00%          | -                | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6004                                       |             | 0.00%          | -                | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6005                                       |             | 0.00%          | -                | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6006                                       |             | 0.00%          | -                | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6007                                       |             | 0.00%          | -                | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6008                                       |             | 0.00%          | -                | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6009                                       |             | 0.00%          | -                | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| 6010                                       |             | 0.00%          | -                | -                | 0           | -          | -                |  | Y   |         | -                  | -                    |
| Manual Input (refer to Manual Input Sheet) |             |                |                  |                  |             |            |                  |  |     |         | -                  | -                    |
| TOTAL                                      |             |                |                  |                  |             |            |                  |  |     |         | -                  | -                    |

| 7000 Land Holding Costs                    |                 |           |                      |               |             |             |                  |  |     |         |                           |                      |
|--|-----------------|-----------|----------------------|---------------|-------------|-------------|------------------|--|-----|---------|---------------------------|----------------------|
| Code                                       | Description     | No. Units | Base Rate Unit/terms | Term (Y,Q,M)* | Month Start | Month Span* | Escalate (E,R,N) |  | GST | Remarks | Total Current Annual Cost | Total Escalated Cost |
| 7001                                       | Land Tax        | 1         | 99,261               | Y             | 1           | DS          | R                |  | N   |         | 99,261                    | 221,683              |
| 7002                                       | Rates and Water | 1         | 30,000               | Y             | 1           | DS          | R                |  | N   |         | 30,000                    | 67,000               |
| 7003                                       |                 | -         | -                    | Y             | 0           | -           | -                |  | Y   |         | -                         | -                    |
| 7004                                       |                 | -         | -                    | Y             | 0           | -           | -                |  | Y   |         | -                         | -                    |
| 7005                                       |                 | -         | -                    | Y             | 0           | -           | -                |  | Y   |         | -                         | -                    |
| 7006                                       |                 | -         | -                    | Y             | 0           | -           | -                |  | Y   |         | -                         | -                    |
| 7007                                       |                 | -         | -                    | Y             | 0           | -           | -                |  | Y   |         | -                         | -                    |
| 7008                                       |                 | -         | -                    | Y             | 0           | -           | -                |  | Y   |         | -                         | -                    |
| 7009                                       |                 | -         | -                    | Y             | 0           | -           | -                |  | Y   |         | -                         | -                    |
| 7010                                       |                 | -         | -                    | Y             | 0           | -           | -                |  | Y   |         | -                         | -                    |
| 7011                                       |                 | -         | -                    | Y             | 0           | -           | -                |  | Y   |         | -                         | -                    |
| 7012                                       |                 | -         | -                    | Y             | 0           | -           | -                |  | Y   |         | -                         | -                    |
| Manual Input (refer to Manual Input Sheet) |                 |           |                      |               |             |             |                  |  |     |         | -                         | -                    |
| TOTAL                                      |                 |           |                      |               |             |             |                  |  |     |         | 129,261                   | 288,683              |

\* Y=yearly, Q=quarterly, M=monthly  
 \* DR = diminish holding costs proportionally with leasing DS = diminish holding costs proportionally with sales

| Sales & Rentals Escalation Rates  |      |  |        |        |         |  |
|-----------------------------------|------|--|--------|--------|---------|--|
| End Sale Values and Rental Income |      | Escalation Rates per annum from Project Start Date |        |        |         |  |
| Category                          | Code | Year 1   | Year 2 | Year 3 | Year 4+ |  |
| Residential                       | RS   | 0.00%  | 0.00%  | 0.00%  | 0.00%   |  |
| Retail                            | RT   | 0.00%  | 0.00%  | 0.00%  | 0.00%   |  |
| Commercial                        | C    | 0.00%  | 0.00%  | 0.00%  | 0.00%   |  |
| Other                             | O    | 0.00%  | 0.00%  | 0.00%  | 0.00%   |  |

| 8000 Selling Costs                                  |                                |                  |                       |                        |                      |     |                    |                      |
|---|--------------------------------|------------------|-----------------------|------------------------|----------------------|-----|--------------------|----------------------|
| 8001  | Sales Commission (by Category) | Sales Commission | % of Comm. Pre-sales* | Deposits (% of Price)* | Reference / Comments | GST | Total Current Cost | Total Escalated Cost |
|   | Residential (RS)               | 0.00%            | 0.00%                 | 0.00%                  |                      | Y   | -                  | -                    |
|   | Retail (RT)                    | 0.00%            | 0.00%                 | 0.00%                  |                      | Y   | -                  | -                    |
|   | Commercial (C)                 | 1.50%            | 50.00%                | 10.00%                 |                      | Y   | 498,312            | 498,312              |
|   | Other (O)                      | 0.00%            | 0.00%                 | 0.00%                  |                      | Y   | -                  | -                    |
| TOTAL COMMISSION                                    |                                |                  |                       |                        |                      |     | 498,312            | 498,312              |
| Interest Rate on Deposits Invested in Trust Account |                                |                  |                       |                        |                      |     | 0.00%              |                      |
| % of Interest retained by Developer upon settlement |                                |                  |                       |                        |                      |     | 0.00%              |                      |

| Code                                       | Other Costs          | % of Sales at Settlement | AND / OR Units Rate/Unit | Escalate (E,R,N) | Month Start | Month Span | GST     | Total Current Cost | Total Escalated Cost |
|--|----------------------|--------------------------|--------------------------|------------------|-------------|------------|---------|--------------------|----------------------|
| 8002                                       | Legals and marketing | 1.00%                    | -                        | -                | 0           | -          | Y       | 332,208            | 332,208              |
| 8003                                       |                      | 0.00%                    | -                        | -                | 0           | -          | Y       | -                  | -                    |
| 8004                                       |                      | 0.00%                    | -                        | -                | 0           | -          | Y       | -                  | -                    |
| 8005                                       |                      | 0.00%                    | -                        | -                | 0           | -          | Y       | -                  | -                    |
| 8006                                       |                      | 0.00%                    | -                        | -                | 0           | -          | Y       | -                  | -                    |
| 8007                                       |                      | 0.00%                    | -                        | -                | 0           | -          | Y       | -                  | -                    |
| 8008                                       |                      | 0.00%                    | -                        | -                | 0           | -          | Y       | -                  | -                    |
| 8009                                       |                      | 0.00%                    | -                        | -                | 0           | -          | Y       | -                  | -                    |
| 8010                                       |                      | 0.00%                    | -                        | -                | 0           | -          | Y       | -                  | -                    |
| 8011                                       |                      | 0.00%                    | -                        | -                | 0           | -          | Y       | -                  | -                    |
| 8012                                       |                      | 0.00%                    | -                        | -                | 0           | -          | Y       | -                  | -                    |
| Manual Input (refer to Manual Input Sheet) |                      |                          |                          |                  |             |            | -       | -                  |                      |
| TOTAL OTHER SELLING COSTS                  |                      |                          |                          |                  |             |            | 332,208 | 332,208            |                      |

\* Percentage of Sales Commission paid at exchange date for pre-sales  
 \* Percentage of price deposited on exchange (for pre-sales)

# MAIN INPUTS

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| 9900 Sales  |                               |                          |           |                       |                    |               |                |               |     |  |                                     |                                    |
|---|-------------------------------|--------------------------|-----------|-----------------------|--------------------|---------------|----------------|---------------|-----|--|-------------------------------------|------------------------------------|
| Code  | Description                   | Category<br>RS,RT<br>C,O | No. Units | Current<br>Sale Price | Pre-Sale Exchanges |               | Settlements    |               | GST |  | Total Sales<br>Before<br>Escalation | Total Sales<br>After<br>Escalation |
|   |                               |                          |           |                       | Month<br>Start     | Month<br>Span | Month<br>Start | Month<br>Span |     |  |                                     |                                    |
| 9901  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9902  | Commercial Offices - Pre Sell | C                        | 2,999     | 7,200                 | 10                 | 12            | 25             | 1             | Y   |  | 21,593,520                          | 21,593,520                         |
| 9903  | Commercial Offices            | C                        | 1,615     | 7,200                 | 0                  | -             | 25             | 3             | Y   |  | 11,627,280                          | 11,627,280                         |
| 9904  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9905  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9906  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9907  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9908  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9909  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9910  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9911  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9912  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9913  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9914  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9915  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9916  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9917  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9918  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9919  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| 9920  |                               |                          | -         | -                     | 0                  | -             | 0              | -             | Y   |  | -                                   | -                                  |
| Total Capitalized Sales (Refer to Tenants Sheets) |                               |                          |           |                       |                    |               |                |               |     |  | -                                   | -                                  |
| Total Sales from Manual Input Sheet               |                               |                          |           |                       |                    |               |                |               |     |  | -                                   | -                                  |
| TOTAL   |                               |                          |           |                       |                    |               |                |               |     |  | 33,220,800                          | 33,220,800                         |

| 10000 Financing          |   |                |  |
|--------------------------|---|----------------|--|
| EQUITY                   |   |                |  |
| 10001                    | Upfront Developer's Equity Contribution | 5,000,000      | Total Equity Contributed = \$ 5,000,000  |
| 10002                    | Interest received on Surplus Cash       | 0.00%          | per annum received in arrears  |
| MEZZANINE DEBT FINANCING |   |                |  |
| 10003                    | Initial Maximum Amount (\$)             | 0              | Progressively drawn down when required.<br>Max exposure with capitalised interest = \$ |
| 10004                    | Interest Rate per annum Nominal         | 0.00%          | Fixed during period of debt  |
| 10005                    | Line Fees (per annum)                   | -              | paid during period of debt in arrears  |
| 10006                    | Profit Split to Mezzanine Lender        | 0.00%          | \$ paid at project end   |
| SENIOR DEBT FINANCING    |   |                |  |
| 10007                    | Interest Rate per annum Nominal         | 7.25%          | Max exposure with capitalised interest = \$ 20,140,529                                 |
| 10008                    | Line Fees (per annum)                   | 28,500         | paid during period of debt in arrears  |
| OTHER FINANCING COSTS    |   |                |  |
|                          | Amount                                  | Month<br>Start | Month<br>Span  |
| 10009                    | Stamp Duty on Mortgage                  | 78,000         | 1 1  |
| 10010                    | Senior Loan Establishment Costs         | 66,500         | 1 1  |
| 10011                    |   | -              | 0 -  |
| 10012                    |   | -              | 0 -  |
| 10013                    |   | -              | 0 -  |
| 10014                    |   | -              | 0 -  |
| 10015                    |   | -              | 0 -  |
| 10016                    |   | -              | 0 -  |
| 10017                    |   | -              | 0 -  |
| 10018                    |   | -              | 0 -  |

| Project Performance Hurdle Rates   |        |  |  |
|------------------------------------|--------|--|--|
| Project Discount Rate (target IRR) | 16.00% | per annum Nominal, on cash flow that includes financing costs but excludes interest. |  |
| Nominate an estimate of IRR        | 0.00%  | per ann.   |  |
| Developer's Target Dev. Margin     | 20.00% | on total development costs (including selling costs).                                |  |

Program draws down equity first. Thereafter mezzanine debt is drawn down to maximum amount followed by senior debt (line of credit). Project revenue first re-pays senior debt, then mezzanine debt, then equity (unless manually overridden in the cash flow table).