

Staff Resource Requirements:

The administration of the proposed two new Bluestone separate rates can be accommodated within existing resources.

The cumulative impact of administering a significant number of separate rates (and very substantial revenue over many years) is the basis for a proposed increase of resources in the rates unit of 0.4FTE as from 2015/16.

Environmental:

Not applicable.

Social:

Not applicable.

Risk Assessment:

Use of the separate rate as security for the purposes of the developer commitment via the Deed is considered to be relatively low risk given:

- A Wastewater Commitment Deed will be in place;
- Land Management Agreements will either be in place or be in the process of being in place;
- The developer will have requested the use of the mechanism; and
- The separate rate mechanism has worked well previously in similar situations.

Asset Management:

Not applicable.

Conclusion:

Use of the separate rate as security for the purposes of a developer commitment via a Wastewater Commitment Deed is supported and to proceed requires community consultation to now be undertaken.

Key Contact

Brian Clancey, General Manager Infrastructure & Projects

Sponsor of Project

Andrew Stuart, Chief Executive Officer

Attachments

1. Example for illustrative purposes only DOC/15/42082

Attachment to Item 11.2

Wastewater Infrastructure Separate Rates Security for Commitment Deeds

A. Currently

Single assessment/Certificate of Title for this parcel of land – assume the area of the land is say 10 hectares and was recently purchased by the developer for say \$2.5 million.

MDPA Separate Rate \$7,250 is Wastewater (Sewer) Infrastructure 100% postponed

B. Post the execution of a Wastewater Commitment Deed by a Developer and a request to use the separate rate mechanism as the means of providing security for the commitment.

Developer executes a Wastewater Commitment Deed and say they forecast 100 new residential lots from the division of the land and the price of the Council Sewer service is \$7,000 per lot.
ie total developer commitment of $100 \times \$7,000 = \$700,000$

MDPA Separate Rate \$700,000 is 100% postponed

The amount of security of \$700,000 would be well below the market value of the land.

11.3 **REPORT TITLE:** **BLUESTONE LAND – PROPOSED NEW
SEPARATE RATE**

DATE OF MEETING: **18 MAY 2015**

FILE NUMBER: **90/010/079**

Strategic Plan 2012-2017 Ref:

Urban Growth

Provide a sustainable and desirable place to live, work and play through growth management and urban renewal.

Purpose:

To seek authority to undertake community consultation on the proposed introduction of a new separate rate over Bluestone land as requested by the developer of this land CIC Australia.

Summary – Key Issues:

- CIC (the developer of Bluestone) has requested that the separate rate mechanism be used over specified parcels of Bluestone land for the purposes of providing the required security to Council;
- The required security relates to Bluestone commitments for indirect infrastructure payments; and
- Community consultation needs to be undertaken on the proposal.

Recommendation:

That Council:

1. Authorise community consultation being undertaken on the proposed declaration in 2015/16 of a new separate rate over specified land within the Bluestone development being the Bluestone Indirect Infrastructure Separate Rate, in accordance with the request of the developer CIC Australia as outlined in attachment 1;
 2. Delegate authority to the Chief Executive Officer or nominee to prepare and finalise a Consultation Report to overview the proposed new separate rate over Bluestone land for the purposes of the required community consultation process, with the Report to be in accordance with the content of this agenda item; and
 3. Note that following the community consultation process, the feedback received, if any, will be presented for consideration pre decision making at the Council meeting to be held on 6 July 2015.
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Background:

1. In 2014 Peet Mount Barker Pty Ltd purchased from Walker Corporation the remainder of the development known as Bluestone in Mount Barker.
2. The Bluestone development sits adjacent to but outside of the 2010 Ministerial DPA land.
3. CIC Australia (CIC) is the development manager of Bluestone for Peet Mount Barker Pty Ltd.
4. The sale and purchase included the execution of a Deed of Assignment of Developer Obligations in August 2014 by the vendor, purchaser and Council.
5. This was the subject of consideration at the Council meeting held on 21 July 2014.
6. The Deed of Assignment included provision for the security held by Council (insurance bonds from Walker Corporation) for remaining indirect infrastructure obligations attributable to the Bluestone development to be replaced by a new separate rate, subject to Council complying with the requirements of the Local Government Act including community consultation.
7. Understandably Walker Corporation is seeking the release by Council of these insurance bonds which have a total value of \$1.84 million.
8. CIC has now written to Council (attachment 1) seeking to use the separate rate mechanism over specified parcels of Bluestone land for the purposes of providing the required security to Council in relation to indirect infrastructure contributions arising from the assignment (in 2014) of the 2006 Infrastructure Agreement entered into by Council and the then developer of Bluestone.
9. The indirect infrastructure payment is triggered when the creation of a new allotment occurs within Bluestone and other sites that are also the subject of a 2006 Infrastructure Agreement.
10. The current amount payable per allotment for indirect infrastructure is \$4,527 excluding GST. Under the 2006 Infrastructure Agreement the amount is indexed and is adjusted accordingly.
11. The amount of security required from CIC for indirect infrastructure is approximately \$1.487 million.
12. This is based on the forecast number of new allotments being created in Bluestone post 30 June 2015 over the next four years or so and

modest increases in the amount payable per allotment based on recent trends of a little over 2%.

13. Revenue from the indirect infrastructure contributions from developers is to be applied by Council for the purposes specified in the 2006 Infrastructure Agreements.
14. Examples of expenditure of this revenue to date include the upgrading of Bald Hills Road and extensions to the linear trail network.
15. The CIC letter also references security for remaining direct infrastructure obligations arising from the 2006 Infrastructure Agreement and 2014 Assignment Deed.
16. There are two such matters remaining being the construction of a roundabout at both of the following locations:
 - Wellington Road/Albert Road
 - Wellington Road/Victoria Road
17. As there is already a separate rate mechanism in place for this purpose, this does not constitute a proposed new separate rate or require community consultation and the necessary adjustments of the amounts and land parcels as per the CIC request can occur at officer level in accordance with the Separate Rate – Developer Contributions, Payment, Rebate, Postponement Policy.

Discussion:

18. The request from CIC to use the separate rate mechanism for this purpose is considered to be a fair and reasonable one and is supported.
19. The proposed new separate rate would only impact land held by Peet Mt Barker Pty Ltd.
20. The amounts of security allocated to the specific land parcels would be as follows:

Certificate of Title	Lot No.	Area (hectares)	Indirect Infrastructure Amount (\$)
6153/759	1010	8.667	527,000
5406/172	14	6.849	480,000
6138/469	7111	10.32	480,000

21. The total security amounts (as above plus the direct infrastructure) equate to between \$142,000 and \$163,000 per hectare and as such is very acceptable relative to the current market value of the specified land parcels.
22. These amounts are shown on the attached location plan (attachment 2).
23. For the purposes of the required community consultation process regarding the proposed new separate rate over Bluestone land, Council officers will prepare a Consultation Report to overview what is proposed to be in accordance with the content of this agenda item.

Community Engagement:

Community consultation as required by the Local Government Act	This process will include a letter to the owners of the three specified land parcels (Peet Mount Barker Pty Ltd) plus a public notice and inclusion in the draft 2015/16 Council Annual Business Plan
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Policy:

A supporting policy will be developed for the purposes of the administration of the proposed new Bluestone separate rate.

Budget:

No impact in 2014/15.

The proposed separate rate will provide security for future revenue from the developer of Bluestone.

Statutory/Legal:

- Separate rate as per the Local Government Act.
- Infrastructure Agreement executed in 2006.
- Deed of Assignment executed in 2014.

Staff Resource Requirements:

The administration of the proposed new Bluestone separate rate can be accommodated within existing resources.

The cumulative impact of administering a significant number of separate rates (and very substantial revenue over many years) is the basis for a proposed increase of resources in the rates unit of 0.4FTE as from 2015/16.

Environmental:

Not applicable.

Social:

Not applicable.

Risk Assessment:

Use of the separate rate as security for this purpose is considered to be relatively low risk given:

- Council has the 2006 Infrastructure Agreement and 2014 Assignment Deed in place for indirect infrastructure; and
- The separate rate mechanism has worked well previously in similar situations.

Asset Management:

Not applicable.

Conclusion:

The proposed use of the separate rate mechanism from 2015/16 as requested by CIC is supported and to proceed requires community consultation to now be undertaken.

Key Contact

Brian Clancey, General Manager Infrastructure & Projects

Sponsor of Project

Andrew Stuart, Chief Executive Officer

Attachments

1. Letter from CIC dated 14 May 2015 DOC/15/42889
2. Location plan showing the separate rate amounts DOC/15/42246

Attachment 1 to Item 11.3



14 May 2015

Brian Clancey
General Manager Infrastructure and Projects
District Council of Mount Barker
6 Dutton Road, Mount Barker
South Australia 5251

Dear Brian,

Separate Rate and Infrastructure Works

Through the sale process of the Bluestone project from Walker Corporation to Peet Mount Barker Pty Ltd the Walker Corporation infrastructure bonds with Council was agreed between Walker Corporation and Peet Mount Barker to remain in place until June 2015. We understand that this bond was in place to provide security against the future provision of the payment of the indirect infrastructure fees.

Moving forward CIC seeks to simplify the security arrangements over the land and establish a separate rate to cover all remaining works associated with both the Bluestone and Wistow land. In order to quantify the value of the separate rate the relevant deeds have been reviewed:

The Council/Bluestone Deed

Relates to 408 Bluestone allotments.

- Indirect Infrastructure \$4,527/lot (to be indexed over time) ex GST.
 - o 4a2 – 39 lots Currently Invoiced
 - o 4c – 59 lots – To be titled May 2015
 - o Balance of Bluestone - 310 lots
- Direct Infrastructure – 3 Intersections
 - o Flaxley Hurling –DPTI Bond in place Separate Rate Value \$0
 - o Wellington/Albert – Construction Estimate Separate Rate Value \$1,200,000
 - o Wellington/Victoria – Construction Estimate Separate Rate Value \$1,200,000