



**Local Government Act 1995**

(Section 3.59)

**BUSINESS PLAN**

**PROPOSAL BY THE CITY OF GREATER GERALDTON**

**to**

**ENTER INTO A MAJOR LAND TRANSACTION**

**for**

**ACQUISITION OF LOT 9, VERITA ROAD, RUDDS GULLY, GERALDTON**

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## **Introduction**

This Business Plan has been prepared with respect to the intended proposal by the City of Greater Geraldton to enter into a major land transaction to purchase Lot 9 Verita Road, Rudds Gully, Geraldton.

The successful acquisition of this land would enable the City to fulfil its obligation to acquire land for the Southern Districts Sports Facility, establish the necessary road reserve for a Gazetted road, and at the same time present a unique opportunity to develop the remainder of the land for subdivision and eventual land sales, to generate funding for essential infrastructure and community facilities.

The acquisition of land by the City is not a decision taken lightly and before any final decision is made, the City seeks the input of its community as an integral part of its decision making process.

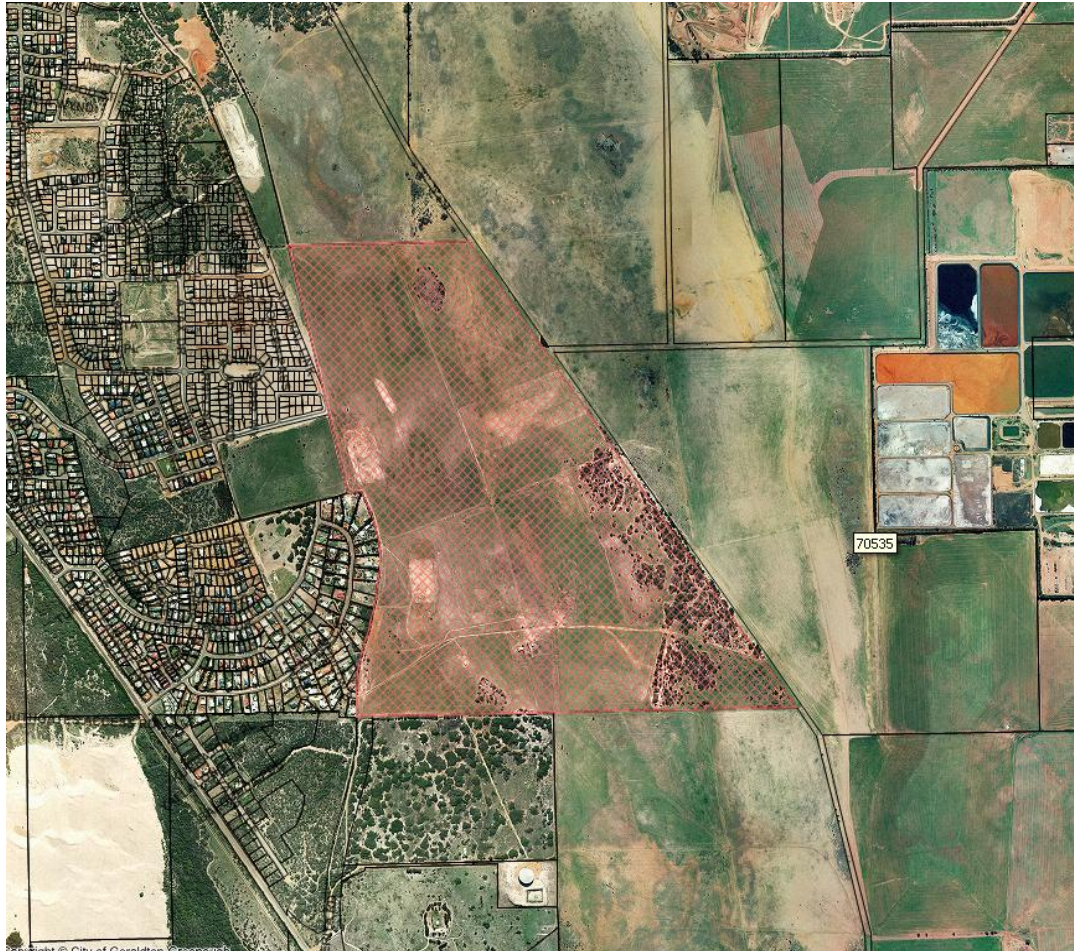
The following business plan has been developed so as to provide all members of the community with the opportunity to consider this proposal and provide input prior to Council making any formal decision.

**Tony Brun**  
**CHIEF EXECUTIVE OFFICER**

## Background

### Property Information

Lot 9, Verita Road, Rudds Gully, Geraldton



Lot 9 Verita Road, Rudds Gully is located on Diagram 30205 as contained in Certificate of Title Volume: 2076; Folio 506. The Land is owned by 119 Nicholson Road Pty Ltd and has a total size area 176.3414ha. The Site is located approximately 6km south of the Geraldton CBD, fronting the unmade Scott Road in the east and the future Verita Road reserve in the west adjoining the Seacrest Estate in Wandina. It lies approximately 1.5km due east from the coast and comprises gently sloping cleared pasture land.

The subject site has in excess of a 2km frontage to the unmade Scott Road reserve running down the eastern boundary and has a small frontage to the Verita Road reserve in the south west; currently an unsealed track. Once extended and constructed to its ultimate standard, Verita Road will link Brand Highway in the south to the Narngulu Southern Transport Corridor in the north. The transport corridor is to provide the main east west connection between the Narngulu Industrial Estate in the east and Geraldton city centre and port in the west.

Historically, the site has been utilised for pastoral and grazing purposes and is largely devoid of any native vegetation. The south east corner is scattered with parkland cleared stands of trees and is unlikely to have any remnant environmental value given the lack of a vegetation understory. The site contains no wetlands or other areas containing known significant environment values.

The Department of Indigenous Affairs aboriginal sites register has no record of the site being impacted upon by any sites of significance to aboriginal people.

## **Value of Land**

The land is valued at between \$5,000,000, and \$5,500,000.

## **Offer to Purchase**

The City of Greater Geraldton has expressed interest in the land and has made a conditional offer to purchase the land for the amount of \$4,500,000 plus GST. The conditions of the offer are subject to the requirements of Section 3.59 of the Local Government Act 1995.

## **Public Consultation Process**

Section 3.59 of the Local Government Act 1995 requires that the local government advertise its intent to enter into any Major Land Transaction, and through Statewide advertising, seek public submissions upon this intent.

Submissions received during this public consultation phase are required to be considered by the Council, at a future Council meeting, prior to any decision on this matter being made. Any person making a submission will have that submission formally considered by the Council.

# **Local Government Act 1995 Requirements**

## **Creation of a Business Plan**

### **Matters to be Included in a Business Plan**

In accordance with Section 3.59(2) and section 3.59(3) of the Local Government Act 1995, before it enters into a major land transaction, or enters into a land transaction that is preparatory to entry into a major land transaction, a local government is to prepare a business plan. The business plan is to include an overall assessment of the major land transaction and is to include details or –

- a) *Its expected effect on the provision of facilities and services by the local government;*
- b) *Its expected effect on other persons providing facilities and services in the district;*
- c) *Its expected financial effect on the local government;*

- d) *Its expected effect on matters referred to in the local government's forward plan;*
- e) *The ability of the local government to manage the performance of the transaction; and*
- f) *Any other matter prescribed for the purpose of this subsection.*

## **Advertising**

The Local Government Act 1995 requires the local government to –

- a) Give Statewide public notice stating that –
  - i. The local government proposes to commence the major trading undertaking or enter into the major land transaction described in the notice or into a land transaction that is preparatory to the major land transaction;
  - ii. A copy of the business plan may be inspected or obtained at any place specified in the notice; and
  - iii. Submissions about the proposed undertaking or transaction may be made to the local government before a day to be specified in the notice, being a day that is not less than 6 weeks after the notice is given; and
- b) Make a copy of the business plan available for public inspection in accordance with the notice.

After the last day of submissions, the local government is to consider any submissions made and may decide by Absolute Majority, to proceed with the transaction as proposed or so that it is not significantly different from what was proposed.

The notice to be used for this proposal is provided as Attachment No. 1.

Submissions on this business plan are to be forwarded to the Chief Executive Officer, City of Greater Geraldton PO Box 101, Geraldton WA 6531

Further enquiries should be directed to the Manager Land & Property Services on 9956 6661.

<p style="text-align: center;"><b>Expected Effect on The Provision of Facilities and Services Provided by The Local Government</b></p>
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Council at its meeting on the 14 April 2010 resolved pursuant to Section 3.58 of the Local Government Act 1995 (as amended) to:

1. *ADOPT the concept plan as presented by Greg Rowe and Associates for development of Reserve 30043 Olive Street, Mahomets Flats;*
2. *COMMITTS to directly link and undertake the rehabilitation and development of the Olive Street development and the proposed East Verita District Sports Precinct;*



3. *NOTE that any rezoning (scheme amendment) proposal will require to come before Council and be subject to further public consultation and ultimate consideration and approval by the Minister for Planning;*
4. *DELEGATE authority to the Chief Executive Officer to;*
  - a. *commence planning, rezoning and necessary subdivision applications; and*
  - b. *progress freehold sales following site development rezoning and subdivision approvals subject to the concurrent development of East Verita District Sports Precincts;*
5. *SUBJECT to the project progressing commits to naming the:*
  - a. *Olive Street public open space wetland in honour of fallen soldiers in accordance with the Deed of Grant by Leonard T Green;*
  - b. *East Verita sports precinct as the Leonard T Green District Sports Reserve;*
  - c. *Erect an appropriate memorial plaque to the late Leonard T Green, at Reserve 30043, once the wetlands reserve has been developed; and*
6. *REQUIRE a review of the proposed road access to the development from McAleer Drive and Willcock Drive to ensure appropriate open space and vistas through to the central wetland.*



Due to the large increase in population in the Wandina area, particularly of children, it is apparent that there is an urgent requirement to service the needs of these residents.

The objective of the development of sporting facilities in the southern suburbs is to accommodate the growing demand for broad acre open space for which juniors of all different sporting disciplines are able to make use.

Lot 9 Verita Road is currently zoned 'Rural' under the City of Greater Geraldton Town Planning Scheme No. 5 (TPS 5). The subject site will need rezoning via an amendment to TPS 5 to realize the potential for residential and light industry/mixed business type use identified in regional strategy land use planning for the area.

The Rudds Gully District Structure Plan (DSP) relates to the area bounded by Brand Highway and the Verita Road reserve to the west, Rudds Gully Road to the south and rural land and the Narngulu Industrial Estate buffer to the east.

The DSP identifies portion of Lot 9 in the south west as a future residential area. It also identifies that a primary school is to be located within the subject site catering to the educational needs of the new northern Urban catchment in the region and a 3.5ha site will need to be set aside pending acquisition by the Department of Education & Training.

In considering future development and subdivision, the City will undertake extensive consultant studies dealing with noise, traffic, environmental and drainage matters taking into consideration a well-planned local road network and proposed connector roads that will take into consideration Verita and Scott Roads and the Narngulu Industrial Estate connection.

### **Expected Effect on Other Persons Providing Facilities and Services in The District**

The proposal is not likely to affect other persons providing facilities and services in the area as the adjoining Wandina area is a rapidly developing residential area and is seen by the City as a logical progression for subdivision.

The City is responsible for provision of Sporting and other Community facilities.

### **Expected Financial Effect on The Local Government**

As part of the City's due diligence responsibilities, should this proposal proceed, as part of the normal project procedures followed by the City, detailed project feasibility assessments will be undertaken for specific sub-division and development design options, including detailed construction cost estimates for each design option. Decisions on sub-division design, to (first) deliver the land areas required for sporting facilities, other public facilities, public open space and road reserves, and (second) deliver sub-divided land for residential and other appropriate development, will aim to balance social, environmental and economic outcomes, and – through land sales - optimise financial returns on investment, to generate funds for other City infrastructure and community facility projects.

For the purposes of this business case, which (under the process required by section 3.59 of the Act) must be prepared prior to expenditure of City funds on detailed design and costing estimates, an indicative development cash flow, for the residential and industrial/commercial portions of Pt Lot 9 Verita Road, indicates project viability. Assumptions for the indicative cash flow for the proposal are as follows:

Key inputs for residential costs and returns are:

- \$90,000 incl. GST per lot Construction costs;
- \$16,565 incl. GST per lot for Headworks charges, consultant and other fees;



- \$125,000 plus GST sale price average;
- 270 lot yield at 550-600 sqm average size;
- 8 lot sales/month over 4 stages; and
- 15% internal rate return.

Key inputs for the light industrial/service, commercial/mixed business costs are:

- \$75/sqm plus GST for development costs plus additional for headworks, consultants and other fees;
- \$200/sqm plus GST sale price for 600,000sqm of saleable service commercial/mixed business land;
- \$100/sqm plus GST sale price for 468,000sqm of saleable light industry land;
- 8 lot sales/month over 4 stages; and
- 15% internal rate of return.

Given the above, the residential cash flow estimates that the residual land value of the southern portion of Lot 9 is approximately \$6,729,000 based on development sales totalling \$33,750,000 and once all development costs and a 15 % profit margin are excluded.

For the Industrial/commercial cash flow, the residual land value of the northern larger portion of Lot 9 is estimated to be around \$33,134,000 based on development sales totalling \$166,800,000 and once all development costs and a 15% profit margin are excluded.

## Expected Effect on Matters Referred to in The Local Government's Current Forward Plan

Section 5.56 of the Local Government Act 1995 requires that a local government is to plan for the future of the district.

In accordance with this provision, the City of Greater Geraldton has developed a *Plan for the Future* that reflects the vision and aspirations of the Geraldton community and sets out a comprehensive set of goals and strategies determined by the Council.

This proposed project will contribute directly towards achieving the following goals set out in *Plan for the Future*:

### Key Result Area: Opportunities for Lifestyle

Goal: To become a City which provides for the needs of its community to grow and develop. By 2020, the City will develop new - and revitalise existing - urban communities founded on the principles of sustainable development, to cater for expected population growth. It will primarily be powered by renewable energy sources.

#### Outcomes

- 1.1 A sustainable, built urban and rural environment.

#### Strategy

- 1.1.1 Develop and implement a strategic planning framework.

#### Outcomes

1.2 Infrastructure which provides a foundation for the community's needs.

### **Strategy**

1.2.2 Develop a functional network of roads, paths and drainage.

1.2.3 Develop and manage a social infrastructure that develops in line with population increase.

1.2.4 Provide accessible active and passive recreational spaces.

## **Key Result Area: Opportunities for Creativity**

Goal: To become a City which values its creative knowledge and economy as an essential element in broadening its capacity. By 2020, the community will reflect its evolution through an enlightened society which acknowledges and reflects Yamaji custodianship, respects cultural diversity, protects its historical significance, and creates and supports innovative, contemporary public art and buildings that reflect the diversity and ingenuity of the community.

### **Outcomes**

2.1 A community that embraces and celebrates diversity.

### **Strategy**

2.1.1 Create vibrant and diverse neighbourhoods that meet local and regional needs.

## **Key Result Area: Opportunities for Prosperity**

Goal: To become a City which builds on its natural advantages and infrastructure to create sustainable and diverse employment opportunities. The City will provide opportunities for entrepreneurship and capacity building. It will facilitate productive employment for existing community members, new and potential migrants to the region, and have a specific focus on enabling indigenous employment opportunities. By 2020, the City will be connected to the national rail network enabling connection of the Geraldton and Oakajee Ports to the remainder of Australia. In doing so it will fulfil its potential as a logistics hub of national significance: an import and export facility for bulk commodities, general goods and containers. Its natural advantages and base as a renewable energy hub and centre of excellence will see it recognised as Australia's western portal to Asia, the Indian Sub-Continent, the Middle East and Africa.

### **Outcomes**

3.1 Geraldton as the major logistics hub of WA.

### **Strategy**

3.1.2 Facilitate the connectivity between Oakajee, Narngulu and Geraldton.

### **Outcomes**

3.4 Geraldton as a major industry and technology centre.

### **Strategy**

3.4.1 Develop Oakajee and Narngulu industry precincts.

3.4.4 Facilitate and support the development of primary industries.

The *Plan for the Future* may be sourced via the City of Greater Geraldton website [www.cgq.wa.gov.au](http://www.cgq.wa.gov.au)

## **Ability of The Local Government to Manage The Undertaking**

The management of this disposal is within the resources and capacity of the City.

The funding of the development itself will not have an effect on the cash flows of the City as it is planned to pay acquisition costs and development costs utilising appropriate loan funds. As indicated in this plan the development of the Southern Districts Sports Facility will occur concurrently with the freehold sales of the Olive Street development, and net sale proceeds from that development will fund development of the sporting facilities.

The City has successfully undertaken a number of land development projects in past years, including the following:

- 2009/10 - Completion of the Drummond Cove land subdivision and land sales;
- 2010/11 – Proposed Olive Street scheme amendment and new subdivision;
- 2010/11 – Proposed Boyd Street scheme amendment and new subdivision.

## **Any Other Matter Prescribed for the Purpose of this Subsection**

Not applicable.

## **Overall Assessment of the Proposal**

Anticipated financial effects, noted in the indicative assessment above, applying a relatively conservative approach, with sub-division development to progress across four stages, will deliver a significant positive cash flow, generating funds for investment by the City in essential infrastructure and community facilities.

In addition to the generation of funds, this proposed project will deliver the land necessary for sporting facilities on the south side of the City, already seen as increasingly necessary to meet the needs of the existing population, and deemed essential to meet the forecast population growth of the City.

## APPENDICES

### Attachment No.1 – Notice of Major Land Transaction

#### **Public Notice of Major Land Transaction**

In accordance with Section 3.59 of the Local Government Act 1995, the City of Greater Geraldton advises that it intends to consider the acquisition of Lot 9, Verita Road, Rudds Gully, Geraldton. A business plan has been prepared and is available for inspection by members of the public.

Copies of the business plan can be obtained from the City of Greater Geraldton, Cathedral Avenue or by contacting Brian Robartson on 9956 6661. Alternatively the document can be obtained from the City's website at [www.cgg.wa.gov.au](http://www.cgg.wa.gov.au)

Persons wishing to make a submission in regards to this business plan are required to address their submissions to the Chief Executive Officer, City of Greater Geraldton PO Box 101, Geraldton WA 6531 by 4.00pm Wednesday 31 August 2011.

Tony Brun

**CHIEF EXECUTIVE OFFICER**