

Mr R Bouwer, Director Corporate Services, due to owning land in the area, disclosed at Item 2 of the Agenda "Declarations of Interest", a Financial Interest in the following item in accordance with Section 5.60 of the Local Government Act 1995.

13.5.3 REVIEW OF CONTRIBUTION RATES - CANNING VALE OUTLINE DEVELOPMENT PLAN - DEVELOPMENT CONTRIBUTION ARRANGEMENT

Author: S O'Sullivan
Reference: Canning Vale Outline Development Plan
Previous Ref: OCM 27 February 2007 (Resolutions 39 and 40)
OCM 6 December 2005 (Resolutions 584-587)
OCM 8 June 2004 (Resolutions 292 and 293)
OCM 11 February 2003 (Resolution 49)
OCM 18 December 2002 (Resolution 1036)
Appendix: 13.5.3A Canning Vale Outline Development Plan – Draft Revised Schedule of Common Infrastructure Works

PURPOSE OF REPORT

For Council to consider recommendations in respect to the land valuation basis and common infrastructure works (CIW) contribution rate associated with the Canning Vale Outline Development Plan (ODP) development contribution arrangement (DCA).

BACKGROUND

The City administers a DCA for the shared provision of infrastructure and land for public purposes in the Canning Vale ODP area. Part of the arrangement involves the collection of development contributions to be used for the acquisition of land for public open space (POS), which includes land for conservation, drainage and recreational purposes and the provision of the following CIW:

- Wetland protection works (fencing and boardwalks)
- Reconfiguration of existing 132kV powerlines traversing the Canning Vale ODP area
- Service relocation works involved in widening Nicholson and Warton Roads
- Traffic management devices (roundabouts and signals)
- Land for road widening (Nicholson and Warton Roads)
- Regional road works (Nicholson and Warton Roads and Garden Street)
- Shared use paths
- Drainage infrastructure
- Administration and studies

Town Planning Scheme No. 6 (TPS 6) requires that DCAs associated with ODPs be reviewed at least annually, which typically involves adjustment of contribution rates to account for changes in land values and construction costs. Council last reviewed the DCA for the Canning Vale ODP at its meeting on 27 February 2007 and resolved to set the land valuation basis at \$1,350,000/ha and the CIW contribution at \$44,541/ha. As 12 months have passed since the last review, it is necessary for Council to again review the land valuation basis and contribution rates.

DISCUSSION

DCA values and rates for the Canning Vale ODP area typically require adjustment in respect of:

- The basis for land valuation
- CIW contribution rates

The table below shows the history of adjustments made to values and rates over the life of the DCA.

HISTORY OF ADJUSTMENTS TO LAND VALUATION AND CONTRIBUTION RATES		
Date of Revision	Land Valuation Basis	Common Infrastructure Works (CIW)
	<i>Valuation rate/ha</i>	<i>\$ rate/ha</i>
Gazettal – 6/4/01	\$250,000/ha	\$27,563/ha
OCM – 18/12/02	\$350,000/ha	\$28,622/ha
OCM – 11/2/03	\$400,000/ha	\$29,532/ha
OCM – 8/6/04	\$500,000/ha	\$31,250/ha
OCM – 8/12/05	\$800,000/ha	\$40,663/ha
OCM – 27/02/07	\$1,350,000/ha	\$44,541/ha
Proposed – 2008	\$1,350,000/ha	\$47,032/ha

Land Valuation

To ensure that adequate funds are collected to acquire the land identified on the ODP for POS and other public purposes, it is necessary to set contribution rates based on a current broadacre land valuation. The land valuation is also used as a basis to determine the amount of compensation for the acquisition of land for public purposes, such as local open space and the widening of regional roads.

Previous adjustments have been adopted on the basis of valuation advice from Ray White Commercial Valuers (now known as Propell). Propell was again engaged to provide a valuation report based on current market conditions in the Canning Vale area.

Propell's latest valuation was undertaken in February 2008 and its report details that over the previous 12 months land values in the Canning Vale area have not increased. The report concludes that the typical broadacre value within the ODP area remains in the order of \$1,350,000/ha.

It is therefore recommended that Council maintain the land valuation basis of \$1,350,000/ha as adopted in February 2007 for the Canning Vale ODP DCA.

Common Infrastructure Works (CIW) Contribution Rate

Adjustments to the CIW contribution rate have previously been determined on the basis of increases to the general construction price index, changes to infrastructure unit cost rates and other inflationary indicators, in addition to factoring in the impact of changes to land values given that certain CIW include a land component.

A recent report released by the Australian Bureau of Statistics has observed that the general construction price index in Western Australia has increased 6.5% over the 12 months to December 2007.

It will therefore be recommended that a 6.5% increase be applied to the unit cost rates for CIW required in the Canning Vale ODP.

The draft revised Schedule of Works for the DCA, contained in Appendix 13.5.3A, reflects increases to CIW cost rates of 6.5%. Those CIW that involve a land component have not been adjusted given the land valuation basis has not changed. The resulting change to the CIW contribution rate is a recommended new rate of \$47,032/ha.

Schedule 12 of TPS 6 provides for landowners to object to the adopted contribution rate and land valuation basis.

CONCLUSION

It will be recommended that Council maintain a land valuation basis of \$1,350,000/ha and adopt a revised CIW contribution rate of \$47,032/ha for the purposes of the Canning Vale ODP DCA (an increase of \$2,491/ha from last year).

FINANCIAL IMPLICATIONS

Should Council accept that the land valuation basis be maintained at \$1,350,000/ha, there will be no change to the amount payable by developers for POS contributions or amount payable to landowners for POS compensation.

Revisions to the CIW contribution rate are necessary to ensure that infrastructure identified in the ODP is equitably provided, without placing a financial burden on the City and the wider community to deliver those works.

STAFF RECOMMENDATION (1 of 2) AND COUNCIL RESOLUTION

104 Moved Cr R Hoffman Seconded Cr C Fernandez

That Council adopt a revised contribution rate of \$47,032/ha for common infrastructure works and maintain the land valuation basis of \$1,350,000/ha for public open space contributions and the acquisition of other land necessary to satisfy the objectives of the Development Contribution Arrangement for the Canning Vale Outline Development Plan.

CARRIED 9/0

FOR: Cr D Griffiths, Cr B Wiffen, Cr S Iwanyk, Cr J Brown, Cr R Hoffman, Cr C Fernandez, Cr W Barrett, Cr R Mitchell, and Cr O Searle.

AGAINST: Nil.

STAFF RECOMMENDATION (2 of 2) AND COUNCIL RESOLUTION

105 Moved Cr R Hoffman Seconded Cr C Fernandez

That Council inform all landowners with outstanding contribution obligations within the Canning Vale Outline Development Plan area of Council's decision.

CARRIED 9/0

FOR: Cr D Griffiths, Cr B Wiffen, Cr S Iwanyk, Cr J Brown, Cr R Hoffman, Cr C Fernandez, Cr W Barrett, Cr R Mitchell, and Cr O Searle.

AGAINST: Nil.