



AGENDA

FOR STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE MEETING TO BE HELD ON

**5 DECEMBER 2016 AT AT THE CONCLUSION OF PROGRAM REVIEW SUB
COMMITTEE**

IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY

MEMBERS

Cr G Caruso (Chairman)
Mayor G Aldridge (ex officio)
Cr E Gill
Cr D Proleta
Cr S Reardon
Cr G Reynolds (Deputy Chairman)
Cr B Vermeer
Cr J Woodman
Cr R Zahra

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager City Development, Mr T Sutcliffe
Manager Strategic Development Projects, Ms C Milton

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Strategic Property Development Sub Committee Meeting held on 13 September 2016.

Presentation of the Minutes of the Confidential Strategic Property Development Sub Committee Meeting held on 13 September 2016.

REPORTS

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OTHER BUSINESS**CONFIDENTIAL ITEMS****SPDSC3 Strategic Land Review Implementation Status Update**

Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on that grounds that:

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
 - *information the disclosure of which would, on balance, be contrary to the public interest.*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *non-disclosure of this matter would protect Council's commercial position as public disclosure may provide third parties with a commercial advantage*

*On that basis the public's interest is best served by not disclosing the **Strategic Land Review Implementation Status Update** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CLOSE



**MINUTES OF STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE
MEETING HELD IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY ON**

13 SEPTEMBER 2016

MEMBERS PRESENT

Cr G Caruso (Chairman)
Mayor G Aldridge (ex officio)
Cr E Gill
Cr D Proleta
Cr S Reardon
Cr G Reynolds (Deputy Chairman)
Cr B Vermeer
Cr R Zahra

STAFF

Chief Executive Officer, Mr J Harry
General Manager City Development, Mr T Sutcliffe
General Manager Business Excellence, Mr C Mansueto
Manager Strategic Development Projects, Ms C Milton
Strategic Development Project & Design Coordinator, Mr C Watchman
Administrative Coordinator Business Excellence, Mrs M Potter

The meeting commenced at 6.48 pm.

The Chairman welcomed the members, staff and the gallery to the meeting.

APOLOGIES

An apology was received from Cr J Woodman.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr R Zahra
Seconded Mayor G Aldridge

The Minutes of the Strategic Property Development Sub Committee Meeting held on 14 June 2016, be taken and read as confirmed.

CARRIED

Moved Cr R Zahra
Seconded Mayor G Aldridge

The Minutes of the Confidential Strategic Property Development Sub Committee Meeting held on 14 June 2016, be taken and read as confirmed.

CARRIED

REPORTS

SPDSC1 Tranche 1 Update Report

Cr G Caruso declared a perceived conflict of interest on the basis that his employer, SA Power Networks, provide a regulated rebate for the electrical infrastructure. Cr G Caruso advised he would remain in the meeting and vote in the best interests of the community.

Moved Mayor G Aldridge
Seconded Cr S Reardon

1. That the report is received and the update on the status of the Tranche 1 program be noted.
2. That the variances between the revised revenue and cost forecasts from the 2016/17 Endorsed Budget outlined in this agenda report (Item No. (SPDSC1, Strategic Property Development, 13/09/16 – Attachment 1) be endorsed and recommended to Council as a non-discretionary budget review as part of the 2016/17 1st Quarter Budget Review as follows:

15159 Walpole 1 – Greentree Walk
Revised project cost: \$6,508,969

19739 Ryans Road – Emerald Green
Revised project cost: \$5,555,820
Revised project revenue: \$13,448,216

18802 Diment Road – The Reserve
Revised project cost: \$7,118,472
Revised project revenue: \$8,675,568

CARRIED

*The majority of members present voted IN FAVOUR of the MOTION.
Cr G Caruso voted IN FAVOUR of the MOTION.*

SPDSC2 Strategic Land Review Implementation Plan Update

Moved Cr R Zahra
Seconded Mayor G Aldridge

1. The current status of the Strategic Land Review Implementation Plan, methodology and timing be noted.
2. That a further report be presented to the Strategic Property Development Sub-Committee to review and confirm the priority list of projects for next stage feasibility investigations.

CARRIED**SPDSC3 Tranche 2 - Update Report**

Cr G Caruso declared a perceived conflict of interest on the basis that his employer, SA Power Networks, provide a regulated rebate for the electrical infrastructure. Cr G Caruso advised he would remain in the meeting and vote in the best interests of the community.

Moved Cr R Zahra
Seconded Mayor G Aldridge

1. That the report be received and the update on the project delivery status for Boardwalk at Greentree - Walpole Road Stage 3, Walpole Road Upgrade and balance Tranche 2 projects be noted.
2. That the variances between the revised revenue from the Council endorsed budget 16/17 including carry forward funds reflecting the multi-year project delivery timeline outlined in the agenda report be endorsed and recommended to Council as a non-discretionary budget review as part of the 2016/17 Budget Review 1, as follows:

20968 Walpole Road Stage 3 – Boardwalk at Greentree
Revised project revenue: \$15,083,136

CARRIED

*The majority of members present voted IN FAVOUR of the MOTION.
Cr G Caruso voted IN FAVOUR of the MOTION.*

OTHER BUSINESS

Nil

CONFIDENTIAL ITEMS

SPDSC4 Confidential Presentation - Strategic Land Review Draft Mapping Update

Moved Cr R Zahra
Seconded Mayor G Aldridge

Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on that grounds that:

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*

- it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and

- information the disclosure of which would, on balance, be contrary to the public interest.

2. *In weighing up the factors related to disclosure,*

- disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations

- the presentation contains sensitive information the disclosure of which may prejudice the commercial position of Council.

*On that basis the public's interest is best served by not disclosing the **Confidential Presentation - Strategic Land Review Draft Mapping Update** item and discussion at this point in time.*

3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

The meeting moved into confidence at 6.52pm.

SPDSC4 Confidential Presentation - Strategic Land Review Draft Mapping Update

Cr G Reynolds left the meeting at 7:08 pm and did not return.

Moved Cr B Vermeer
Seconded Mayor G Aldridge

1. The presentation be noted.

CARRIED

The meeting moved out of confidence and closed at 7.43pm.

CHAIRMAN.....

DATE.....

ITEM	SPDSC1
	STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE
DATE	05 December 2016
HEADING	Tranche 1 Status Update Report
AUTHOR	Chantal Milton, Manager Strategic Development Projects, City Development
CITY PLAN LINKS	1.4 Have well planned urban growth that stimulates investment and facilitates greater housing and employment choice. 3.2 Have interesting places where people want to be. 3.4 Be a proud, accessible and welcoming community.
SUMMARY	This regular status update report summarises the key performance indicators of project costs, sales revenue and gross margin on costs (excl. land cost) across the program of Tranche 1 projects.

RECOMMENDATION

1. That the report be received and the update on the status of the Tranche 1 program be noted.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Tranche 1 Program Sales & Financial Metrics

1. BACKGROUND

- 1.1 Council is undertaking residential subdivision development across a number of projects under Tranche 1.

Project Name	Current Project Stage
Walpole Road Stage 1 - "Greentree Walk"	Stage 5 – Completion of Settlements
Ryans Road – Trading as "Emerald Green"	Stage 3 – Project Delivery
Diment Road – Trading as "The Reserve"	Stage 4 – Completion of Sales
Walpole Road Stage 2 – "Riverwalk"	Stage 5 – Completion of Settlements

2. REPORT

PROGRAM SUMMARY – December 2016

Tranche 1 Summary	Program	Council Endorsed Budget BR1 16/17(1)	Previous Forecast September 2016	Current Forecast December 2016	Percentage Change from Endorsed Budget
Project Cost*		\$20,748,275	\$20,748,275	\$20,748,275	0.0%
Sales Revenue		\$35,686,295	\$35,686,295	\$35,686,295	0.0%
Commonwealth Grant Revenue	HAF	\$2,310,000	\$2,310,000	\$2,310,000	0.0%
Rebates Revenue		\$208,344	\$208,344	\$208,344	0.0%
Net Proceeds on Cost (excl. Land Cost)		\$17,456,364	\$17,456,364	\$17,456,364	0.0%

(1) *Council Endorsed Budget – includes land sales revenue, project costs to produce assets some of which we will retain ownership (footpaths, drainage) plus sales/marketing and holding costs and, as of Budget Review 3 15/16, the costs associated with the return of the HAF Grant.*

(2) *In respect to endorsed gross project revenue, this is a total project revenue not representing revenue for any one financial year.*

- 2.1 All remaining lots within Tranche 1 are now on the market, with likely completion of sales, subject to market performance, anticipated by first quarter of 2017. Riverwalk, Emerald Green and Greentree Walk are fully sold, awaiting final allotment settlements. Diment Road is the remaining projects with a total of 6 allotments left to sell.
- 2.2 These lots are proving challenging to sell as a result of the lot form and dimensions. The additional marketing budget allocated to Diment Road in Budget Review 1 2016/17 has made a significant difference with increased enquiry and sale of four allotments in the last three months.
- 2.3 Specific lot by lot strategies to complete sales have been developed in partnership with the relevant sales agent for The Reserve working with key builders which have been partially successful, combined with increased local marketing and a refreshed project website.
- 2.4 Final cost reconciliation will be completed at the completion of sales as open contracts, holding cost and cost of sales (commission and conveyancing fees) and any remaining contract contingency can be closed out and accurate costs can be reconciled. It is forecast that this process should be resolved by March 2017, subject to sales completion and will be reported for final adjustments required to close the Tranche 1 projects out.

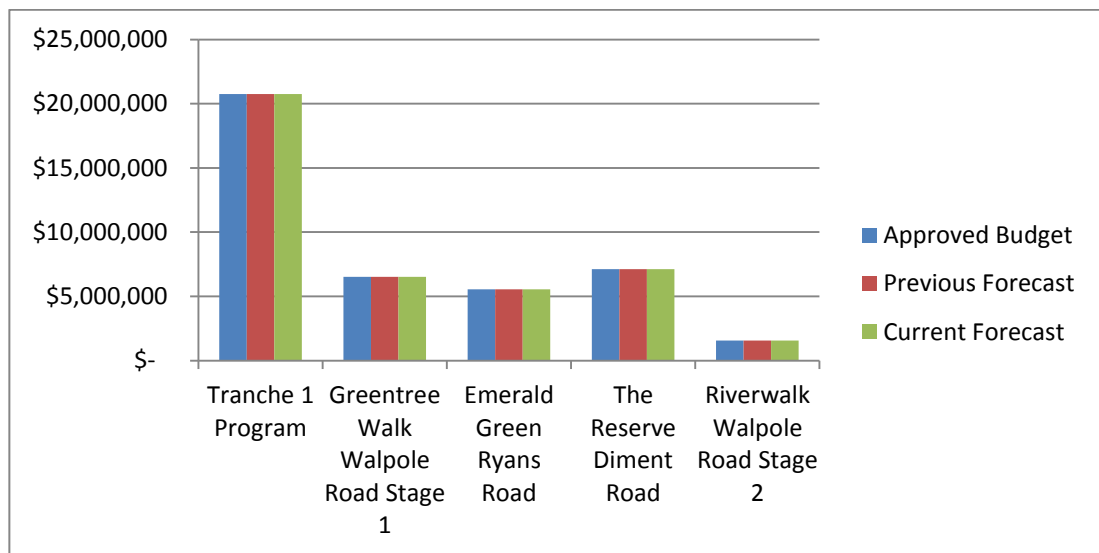
- 2.5 All landscape and civil construction is complete at Greentree Walk Walpole Road, Riverwalk Whites Road, and The Reserve Diment Road. Due to the indigenous discovery final reserve landscaping associated within the indigenous reserve and final streetscape and footpath installation are still to be completed in Emerald Green Ryans Road for Tranche 1 to reach the status of full delivery which is forecast to occur in the autumn planting season of 2017. Final landscape drawings have been completed and final engagement with Council’s Reconciliation Action Group and KNCHA representatives prior to procurement for a landscape contractor should occur in early December 2016.
- 2.6 Council’s Finance Division is working with tax advisors to prepare a formal request for the submission to the Australian Tax Department. In relation to the GST margin scheme. Subject to the outcome of the application there may be a further increase in the net proceeds, resulting in further program upside across all four Tranche 1 projects.

Assumptions:

- GST on revenue has been determined at the full rate pending resolution of the application of the margin scheme based on the advice received from our taxation advisors.

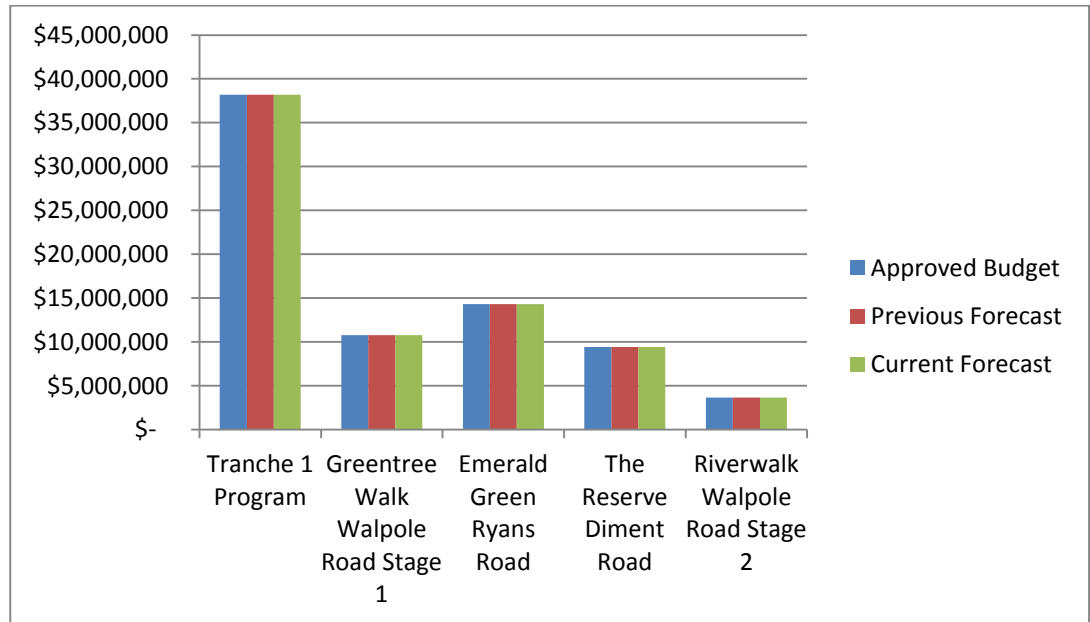
3. COSTS

- 3.1 The graph below illustrates the cost forecast to complete development against the current approved budget and previous forecast. Note that the costs exclude land value. There has been no change in program cost forecasts since the last update report in September with a final reconciliation to be undertaken at the completion of the projects and settlement on the final allotments.



4 REVENUE

4.1 Pricing within The Reserve, Diment Road project will continue to be monitored and adjusted for any contract cancellations, but further revenue uplift on the Tranche 1 projects is unlikely as all lots are now on the market and the focus has switched to sales conversion, subject to market conditions.

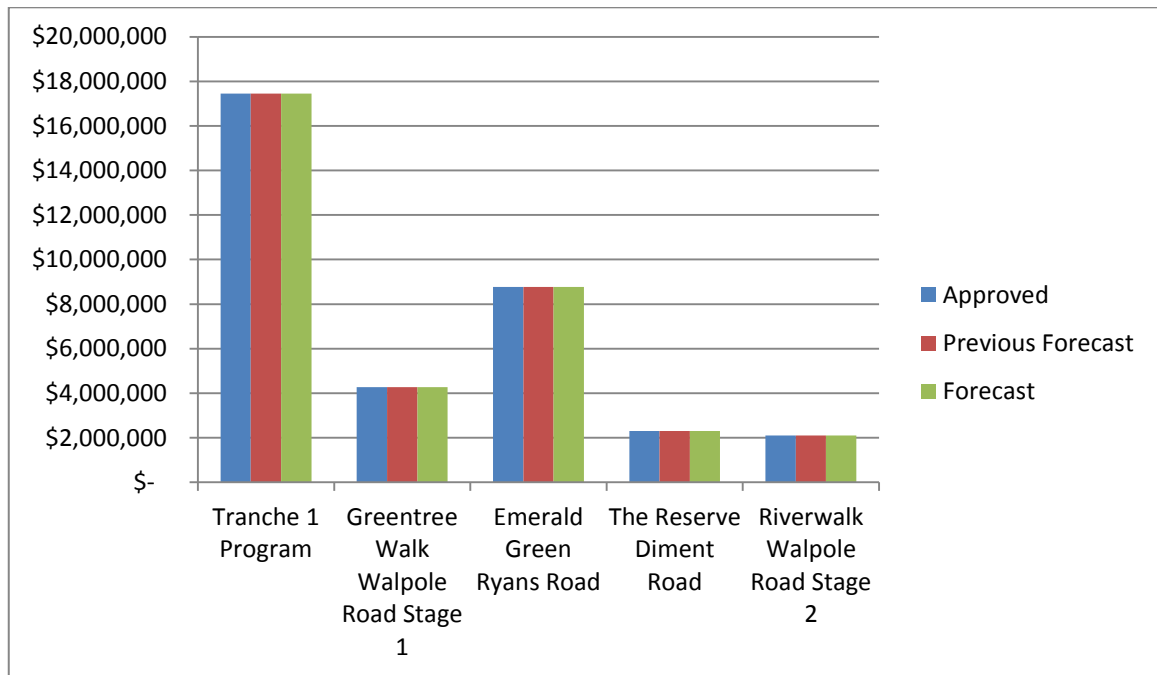


Risk Mitigation:

4.2 Staff along with the appointed project marketing and sales consultants hold weekly sales meetings and are responsible for the monthly review and proactive management of market sales prices, sale price increments per stage, and method of selling land in order to optimise income and sales rates.

5. NET PROCEEDS ON COST (EXCLUDING LAND COST)

5.1 The graph below illustrates that the forecast gross margin for the Tranche 1 program is reporting no change from the previous forecast in September.



5.2 Full project reconciliations will be completed as part of the project close-out at which point all contingencies and cost at point of sale assumptions can be resolved. That may result in further increases in net proceeds across the Tranche 1 program from final payment of SAPN rebates and a positive result on the GST Margin Scheme Applications to be submitted to the ATO.

6. CONCLUSION

- 6.1 The nature of Strategic Development Projects means that projects extend over multiple financial years including both expenditure and income with forecasting updated regularly to respond to actual project costs and market conditions.
- 6.2 This report outlines a strategy focused on closing out the Tranche 1 projects to enable a transition to the Tranche 2 opportunities and management of ongoing holding costs.

CO-ORDINATION

Officer: EXECUTIVE GROUP
Date: 29.11.16

Project Financial Sales Metrics

Attachment 1 - Tranche 1 Sales & Cost Metrics

Program Summary	Council Approved Budget 2016/17 Budget Review 1 (3)	Previous Forecast September 2016	Current Forecast December 2016	Percentage Change
Project Cost	\$20,748,275	\$20,748,275	\$20,748,275	0.0%
Sales Revenue	\$35,686,295	\$35,686,295	\$35,686,295	0.0%
Commonwealth HAF Grant Revenue	\$2,310,000	\$2,310,000	\$2,310,000	0.0%
Rebates Revenue	\$208,344	\$208,344	\$208,344	0.0%
Net Proceeds on Cost (excl. Land Cost)	\$17,456,364	\$17,456,364	\$17,456,364	0.0%

Greentree Walk - Walpole Rd Stage 1	Council Approved Budget 2016/17 Budget Review 1 (3)	Previous Forecast Sep-16	Current Forecast Dec-16	Percentage Change
Project Cost	\$6,508,969	\$6,508,969	\$6,508,969	0.0%
Sales Revenue	\$10,008,875	\$10,008,875	\$10,008,875	0.0%
Commonwealth HAF Grant Revenue	\$670,000	\$670,000	\$670,000	0.0%
Rebates Revenue	\$103,384	\$103,384	\$103,384	0.0%
Net Proceeds on Cost (excl. Land Cost)	\$4,273,290	\$4,273,290	\$4,273,290	0.0%

Emerald Green - Ryans Rd	Council Approved Budget 2016/17 Budget Review 1 (3)	Previous Forecast Sep-16	Current Forecast Dec-16	Percentage Change
Project Cost	\$5,555,820	\$5,555,820	\$5,555,820	0.0%
Sales Revenue	\$13,448,216	\$13,448,216	\$13,448,216	0.0%
Commonwealth HAF Grant Revenue	\$768,000	\$768,000	\$768,000	0.0%
Rebate Revenue	\$104,960	\$104,960	\$104,960	0.0%
Net Proceeds on Cost (excl. Land Cost)	\$8,765,356	\$8,765,356	\$8,765,356	0.0%

The Reserve - Diment Rd	Council Approved Budget 2016/17 Budget Review 1 (3)	Previous Forecast Sep-16	Current Forecast Dec-16	Percentage Change
Project Cost	\$7,118,472	\$7,118,472	\$7,118,472	0.0%
Sales Revenue	\$8,675,568	\$8,675,568	\$8,675,568	0.0%
Commonwealth HAF Grant Revenue	\$752,000	\$752,000	\$752,000	0.0%
Rebates Revenue	\$0	\$0	\$0	0.0%
Net Proceeds on Cost (excl. Land Cost)	\$2,309,096	\$2,309,096	\$2,309,096	0.0%

Riverwalk - Walpole Rd Stage 2	Council Approved Budget 2016/17 Budget Review 1 (3)	Previous Forecast Sep-16	Current Forecast Dec-16	Percentage Change
Project Cost	\$1,565,014	\$1,565,014	\$1,565,014	0.0%
Sales Revenue	\$3,553,636	\$3,553,636	\$3,553,636	0.0%
Commonwealth HAF Grant Revenue	\$120,000	\$120,000	\$120,000	0.0%
Rebates Revenue	\$0	\$0	\$0	0.0%
Net Proceeds on Cost (excl. Land Cost)	\$2,108,622	\$2,108,622	\$2,108,622	0.0%

Assumptions:

1. GST on Revenue assumed at 1/11 (not applying the Margin Scheme) until final decision is made
2. HAF Grant rebated in full to purchase, presented as revenue and project cost net nil affect to proceeds as a result of BR3 14/15
3. Council Approved Budget Review 1 2016/17 assumes carry forward reflecting the multi-year nature of these projects

ITEM	SPDSC2
	STRATEGIC PROPERTY DEVELOPMENT SUB COMMITTEE
DATE	05 December 2016
HEADING	Tranche 2 Status Update Report
AUTHOR	Chantal Milton, Manager Strategic Development Projects, City Development
CITY PLAN LINKS	1.4 Have well planned urban growth that stimulates investment and facilitates greater housing and employment choice.
SUMMARY	This report summarises the current status of the Tranche 2 Strategic Development Projects project including construction delivery and sales on Boardwalk at Greentree (Walpole Road Stage 3) and the Walpole Road Upgrade project. Updates are provided on status of Business Case reviews on balance of projects.

RECOMMENDATION

1. That the report be received and the update on the project delivery status for Boardwalk at Greentree, Walpole Road Stage 3, Walpole Road Upgrade and balance Tranche 2 projects be noted.
2. That funding for the Project Manager – Strategic Development Projects role be extended until December 2019 capitalised from the Strategic Development Projects budget be included for consideration at the Second Quarter Budget Review 2016/17.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 Council is undertaking a number of residential subdivision opportunities identified as Tranche 2, scheduled to follow on from the Tranche 1 program currently in the stage of final sales delivery.

1.2 The Tranche 2 projects and status are:

Item SPDSC2

Project Name	Scope of Project	Project Status
Walpole Rd Stage 3 (Boardwalk at Greentree)	Project civil construction complete and landscape construction substantially advanced, sales commenced and first project settlements occurred in late August 2016.	Stage 4 – Project Sales
Hoyle Green	Residential development within surplus reserve. Stage 1 Feasibility complete. <i>Priority Level 3 Anticipated Business Case to be presented early 2017</i>	Stage 2 Business Case
Lake Windemere	Residential development along north-eastern edge of reserve (including former community centre site). Stage 1 Feasibility complete. <i>Priority Level 2 Anticipated Business Case to be presented early 2017</i>	Stage 2 Business Case
Shoalhaven South Stage 1	Residential development within surplus land. Stage 1 Feasibility complete. <i>Priority Level 3 Anticipated Business Case to be presented early 2017</i>	Stage 2 Business Case
Walpole Rd Infrastructure Upgrade	Upgrade between Walpole Road Stage 1 (Greentree Walk) project and Walpole Road Stage 3, also servicing future private development projects fronting Walpole Road.	Stage 4 - Project and defects complete, project close out currently underway

2. CONSULTATION / COMMUNICATION

2.1 Internal

2.1.1 Internal consultation has occurred with the Executive Group and relevant divisions of Council and will continue throughout the refinement of the Tranche 2 business cases and through detailed design and delivery, to review and test the input and feedback from engaged external consultants.

2.1.2 Elected Members will continue to be advised of the status of the projects through reports to the Sub-Committee, and at the time of public consultation on individual projects Elected Members will be advised and Ward Councillors provided with a briefing.

2.2 External

2.2.1 As endorsed by Strategic Property Development Sub-Committee on 13 May 2014, the Tranche 2 Business Case community consultation strategy will be specific to each individual project. A detailed engagement plan will be prepared for each project as part of the business case for approval.

- 2.2.2 At Boardwalk at Greentree a final community newsletter was distributed in early October, to provide information relating to the completion of civil and landscape construction and opening to the public of the new playground and trail networks. A copy of the “Lowie’s Loop” Children’s Exploratory Trail Story and Colouring Book was also provided along with an invitation to attend the project completion celebration event held on Sunday 9 October 2016.

3. REPORT

BOARDWALK AT GREENTREE – STATUS UPDATE

- 3.1 Boardwalk at Greentree has had a significant amount of progress achieved since the last update report, with completion of civil and landscape construction complete and over half of the project sold. The first home commenced construction in early November and settlements commenced in late August, and as of 20 November 2016, the project had achieved settlements with a net value of \$4.63 million.
- 3.2 The status of revenue and costs for the whole of life project for Boardwalk at Greentree is summarised in the attached table.

Boardwalk at Greentree Project Summary	Council Endorsed Budget BR1 16/17(1)	Current Forecast December 2016	Percentage Change from Endorsed Budget
Project Cost*	\$9,627,357	\$9,627,357	0.0%
Sales Revenue	\$15,083,136	\$15,083,136	0.0%
Commonwealth HAF Grant Revenue	\$710,000	\$710,000	0.0%
Rebates Revenue	-	-	0.0%
Net Proceeds on Cost (excl. Land Cost & MOSS Payback)	\$6,165,780	\$6,165,780	0%

- (1) *Council Endorsed Budget – includes land sales revenue, project costs to produce assets some of which we will retain ownership (footpaths, drainage) plus sales/marketing and holding costs and, costs associated with the return of the HAF Grant.*
- (2) *In respect to endorsed gross project revenue, this is a total project revenue not representing revenue for any one financial year.*

3.3 Civil Construction

- 3.3.1 Civil construction is complete with Practical Completion received on the 21st of September 2016, with the project now in a 12 month defect liability period. A reconciliation of the contingency budgets is currently being completed with savings expected to be returned to Council as part of a future budget review as the civil construction contingency was not

fully required.

3.4 Landscape Construction

- 3.4.1 The landscape contractor commenced in April 2016 with the landscaping crews following behind the civil program through a coordinated program of works. The majority of landscape works were completed in the first week of October for the completion event, with Practical Completion reached on 6 October.
- 3.4.2 Landscape within Boardwalk at Greentree, included the construction of an irrigated picnic reserve adjacent the wetlands, new play space, boardwalk and trail crossings in addition to the subdivision streetscape.
- 3.4.3 Two creek crossings were installed to complete the trail network however due to the extent of winter rains and the regular inundation of the wetlands the main boardwalk platform has not yet been able to be installed. With the late spring rains occurring across October, it is now anticipated that the final platform will be installed in January when the water level in the wetland drops.
- 3.4.4 A community competition was held through the projects Facebook page, and a local resident named the trail mascot Lowie, the Paralowie Duck. Lowie's Loop children's trail was launched as part of the project completion event, and a complementary colouring in book was developed with Community Development and the OPAL staff to encourage exploration of the trail and the nature play environment that surrounds the Boardwalk project. Across October and November 2016, the Lowie colouring book has been the centre of children's events in all Council libraries and rolled out through the OPAL team to local primary schools, with good feedback received.

3.5 Sales/Marketing

- 3.5.1 Sales at Boardwalk at Greentree have continued to be solid building on the strong launch, noting that sales are starting to slow with the completion of sales of the traditional allotments, and the project transitioning to a focus on built form product such as Jewel Living, Town Cottages and Park front Townhouses. In total 53 allotments have been sold on the project as of 20th of November.
- 3.5.2 Bank valuations on the adopted land pricing, which is setting a new price per m2 benchmark for land value within Paralowie have been accepted by the lending institutions, assisted by the construction team facilitating access to the site during completion of construction. Over the last eight weeks, settlements have commenced on the project with 30 allotments settled worth a net value to Council of \$4.63 million.
- 3.5.3 Defence Housing Australia (DHA) has committed to four park front Town Homes at Boardwalk. While Paralowie is not normally a target suburb for DHA, the quality of the development and location on the Green Trail Network and Little Para River convinced DHA to invest in this project. This is a strong partnership that may provide further opportunities on future Strategic Development Projects.

- 3.5.4 The main project marketing campaign continues to have a stronger digital focus than that used on the Tranche 1 projects. This decision reflects the increased maturity and market recognition of the Salisbury Living brand. A collection of project videos including contractors, designers and purchasers were filmed for use on Facebook and the project website. This campaign focused around authenticity using local contractors and buyers to sell the project which has resonated well with our buyer profile. Further construction and Boardwalk opening event video and photography was filmed to populate our Facebook, YouTube and other social media channels.
- 3.5.5 House & Land Packages including single and double fronted cottages being packaged with Rossdale Homes out of the Builder EOI were released to the market in August. The balance of lots remaining on the project will be predominantly sold through packages with the majority of traditional allotments already sold.
- 3.6 Rivergum Homes – Affordable Housing Builder Agreement
- 3.6.1 The Affordable Housing products, Jewel Living was released to market in June with the starting price point \$229,990 house and land, and have been well received in the market. The first two stages are predominantly sold and Rivergum commenced construction on Stage 1 in late November. Four allotments still remained to sell within this construction stage, but for construction efficiency and so as not to delay construction for purchasers of lots already settled, an addendum to the Development Deed was negotiated to allow Rivergum to commence construction on site prior to sale of the balance of the allotments, under terms typical of standard license to occupy arrangement. The commencement of construction at Jewel Living is expected to increase enquiry and interest in the product.
- 3.7 Revised Project Forecast
- 3.7.1 Pricing of remaining land at Boardwalk at Greentree will continue to be monitored and adjusted for any new land placed to market, and contract cancellations to secure further revenue uplift, subject to market conditions.
- 3.7.2 A SA Power Network rebate payable at final completion of the project has been confirmed with a value of \$270,020. This rebate is not currently within the net proceeds forecast and will be reported as revenue uplift when the funds are received in early 2017 off setting costs paid upfront for delivery of electrical infrastructure as part of the project budgets. Reporting the rebate revenue as part of the project close-out once the funds are officially received is consistent with the approach adopted on the Tranche 1 projects.
- 3.7.3 Further improvement to revenue is possible as a result of a standard GST Margin Scheme claim to the Australian Tax Office, given the advice received that the concessional margin scheme cannot be applied to the Strategic Development Projects as reported in the Tranche 1 Update report. Current forecasts for this project continue to assume a full GST payment on land sales as a conservative position. A revised valuation to

enable calculation of the GST Margin Scheme is expected to be completed at the end of November, to value the land as of date of acquisition by Council (1 July 2000), after which a formal approach will be made to the Australian Tax Office.

3.8 MOSS Payback

3.8.1 A forecast MOSS payback amount of \$1.08 million has been identified using an independent valuations and calculations in respect to the percentage of contribution State Government made to the original land purchase at Walpole Road. This is considerate of the proposal that \$558k of the landscape works being delivered at Boardwalk serve a broader purpose as part of the Green Trail Network provide a key nodal point of interest to the trail and connecting the Paralowie community to the Little Para River, meeting many of the original funding objectives.

3.8.2 From the last advice received from DPTI on 30 November 2016 it is understood that Council's MOSS payback position has been approved by the Minister for Planning along with an agreement for the balance payback figure of \$529k, to be used to fund the Mawson Lakes Pedestrian and Cycle Access Project. This decision will be formalised by DPTI staff into an Open Space deed for execution.

4. **WALPOLE ROAD UPGRADE – STATUS UPDATE**

4.1 Civil Construction is complete for the full road reconstruction of Walpole Road between Greentree Boulevard and Melvina Road. Landscaping was deferred from November until the autumn planting season to improve survival rates of planting.

4.2 The only outstanding expenditure on the Walpole Road Upgrade will be the 12 months maintenance program for landscaping and completion of a project close-out report. Project cost reconciliation is currently being completed and it is expected that there will be some expenditure savings against the project which has come in under the allocated contingencies. Works required to enable use of Greentree Boulevard as a detour during the construction of the Kings/Bolivar/Port Wakefield Roads intersection upgrade by DPTI will be reinstated, at DPTI's cost.

4.3 The project has reached Final Completion for civil works on 9 November 2016 and final security to the contractor has been released. A SAPN rebate of \$5159 is also due at Final Completion in November that will be returned as additional revenue returned through the project budget close-out in early 2017.

5. **BALANCE TRANCHE 2 – STATUS UPDATE**

5.1 There are three other projects within the identified Tranche 2 project list, that have had community land revocations completed and are waiting on the completion of the project Business Case to confirm the required delivery approach, project budget and revenue forecasts. The three projects are of a smaller scale than Boardwalk at Greentree and include Lake Windemere, Hoyle Green & Shoalhaven.

5.2 The required budgets to complete the Business Cases have been allocated, and these will be progressed by the end of the year, once the resource commitment currently focused towards delivery of Boardwalk at Greentree and feasibilities of residential development at Salisbury Oval can be refocused.

- 5.3 Work has commenced on the Business Cases, to test the original feasibilities. Lake Windemere is the most advanced with investigations being finalized into the civil costing and review of the approved “Option 5”. From a project continuity perspective, the timing for launch of a Lake Windemere project should flow from the completion of sales of the nearby Tranche 1 project, The Reserve at Diment Road, Salisbury North which is anticipated based on current sales rates to be sold out mid 2017, with 6 allotments remaining. Other private developments are also proposed within this area and the impact/timing of their release on our delivery approach will be considered as part of the Business Case to inform timing of project launch.
- 5.4 The staff resourcing of the strategic development project business unit is capitalised and assigned across the Tranche 1 and 2 program reflective of the hours spent on each individual project. Due to the future pipeline of Tranche 2 and 3 projects the Project Manager – Strategic Development Projects role needs to be extended to a three year term until the end of 2019. As this role is funded from the existing Strategic Development Projects there is no additional expenditure requirements. However Council approval is required to continue this capitalized resource until December 2019, at a cost per annum of \$109k.

CO-ORDINATION

Officer: EXECUTIVE GROUP

Date: 29.11.16