

LAND REDEVELOPMENT COMMITTEE

Date: 1 November 2021
Item 2.1: Forrestdale Business Park East Development Contribution Plan Amendment – Final Adoption
Submitted by: Matt Ryan

Information

Project Area: Forrestdale Project Area
Location: Forrestdale Business Park East (Precincts 7 and 7A)
Owner: Multiple Owners
Applicant: DevelopmentWA
Proposal: Forrestdale Business Park East Development Contribution Plan Amendment – Final Adoption

Purpose

To advise the Armadale Land Redevelopment Committee (Armadale LRC) of the outcome of consultation on the draft amendment of the Forrestdale Business Park East Development Contribution Plan (DCP) and request the Armadale LRC to approve the adoption of the amended DCP, in accordance with Clause 7.8 of Armadale Redevelopment Scheme 2.

Location Plan



Recommendation

That the Armadale Land Redevelopment Committee approves the adoption of the amended Forrestdale Business Park East Development Contribution Plan in accordance with Clause 7.8 of Armadale Redevelopment Scheme 2.

PLANNING ASSESSMENT

Background

Development of Forrestdale Business Park East (FBPE) has been facilitated through the early provision of major infrastructure to stimulate and facilitate development, including roads, drainage, landscaping, footpaths, utility services and other infrastructure for the betterment of the precinct. These works have been partially funded through the DCP.

The DCP was last reviewed and adopted by the Armadale LRC in October 2018.

On 22 October 2019, the Minister for Lands approved the initiation of the transferring of planning authority, known as normalisation, back to the Western Australian Planning Commission (WAPC) and the City of Armadale. Normalisation is anticipated to occur by the end of 2021. Clause 7.10(d) of the Armadale Redevelopment Scheme 2 (the Scheme) prescribes that at the time of normalisation all outstanding contributions become due and payable unless alternate arrangements for payment are made to the satisfaction of DevelopmentWA.

Previous Armadale Land Redevelopment Committee Consideration

On 2 November 2020, the Armadale LRC approved stakeholder and public consultation being undertaken for rescinding of the FBPE DCP. Following feedback that the proposed rescission was not the appropriate process, a revised amendment to the DCP was presented to the LRC at the 2 August 2021 meeting where it was approved for the purpose of stakeholder and public consultation in accordance with Clause 7.8 of the Scheme.

Forrestdale Business Park East Development Contribution Plan Amendment

Key components of the proposed amendment to the DCP, which was publicly advertised, are as follows:

- updated actual expenditure, paid development contributions and determination of indexes and escalation rates;
- reduced scope/costings for the Armadale Road and Alex Wood Drive intersection upgrade;
- the inclusion of partial refunds to landowners who have paid their DCP liability since the 2018 review (3 DCP transactions). The scope of the refunds is linked to, and calculated, based on the reviewed cost of delivering the Armadale Road/Alex Wood Drive intersection upgrade as detailed in this review in lieu of the estimate for the works that was included in the 2018 review; and
- removal from outstanding works of the delivery of footpaths and landscaping along Ranford Road, Alex Wood Drive and Remisko Drive as recent contribution payments have resulted in funds being available in the DCP to deliver these DCP works. The funds will be committed to the City of Armadale (the City) to complete these works, as per the City's request in its written submission submitted as part of the preliminary consultation process. The value of the works is included in expended costs.

The table below compares the current DCP line items (2018 DCP) to what was advertised (2021 DCP):

DCP Line Items	2018 DCP	2021 DCP
SUNK COST CALCULATION		
Actual Development Costs expended (aDC)	\$49,680,373.00	\$49,270,141.60
Paid Contributions to date (PC)	\$36,999,602.00	\$39,302,028.21
Outstanding Collection Amount (aDC - PC)	\$12,680,771.00	\$9,968,113.39
OUTSTANDING DCP WORKS		
Intersection Upgrade – Armadale Rd/Alex Wood Dr	\$1,598,876.00	\$1,003,598.68
Landscaping – Alex Wood Dr and Remisko Dr	\$829,894.00	\$0
Landscaping – Ranford Rd	\$117,134.00	\$0
Administration	\$586,000.00	\$0
2018 DCP Landowner Payment Refunds	\$0	\$38,796.23
Land Acquisition Values	\$341,090.00	\$257,840.00
Total Outstanding DCP Costs	\$3,472,994.00	\$1,300,234.91
DCP RATE CALCULATION		
Outstanding Collection Amount and Outstanding DCP Works	\$16,153,765.00	\$11,268,348.30
Outstanding Net Developable Area	380,483.1m ²	343,997.1m ²
DCP Rate per m²	\$42.46 per m²	\$32.76 per m²

Refer Appendix 1 – Forrestdale Business Park East Development Contribution Plan Amendment Report

Armadale Redevelopment Scheme 2

The timing for payment of the DCP liability is in accordance with Section 7.10 – Liability for Development Contribution of the Scheme. In the event of a Development Contribution Area being normalised, Section 7.10(1)(d) of Scheme 2 applies, which states:

“(1) An owner of land in a Development Contribution Area is required to make a Development Contribution in accordance with the applicable Development Contribution Plan. An owner’s liability to pay the owner’s Development Contribution to the Authority arises on the earlier of:

(d) the last day before the time the land is subtracted from the Redevelopment Area under section 31(1) (b) of the MRA Act, unless the Plan is transferred to the Local Government, or otherwise agreed by the Authority.”

Collection of outstanding DCP liabilities

In order to recoup the DCP funds that have been expended on delivering essential infrastructure for the Precinct and to fund the undelivered works, the remaining DCP cost of \$11,268,348.30 is to be apportioned across the private landholdings (total outstanding net developable area of 343,997m²) that have not yet triggered a DCP liability.

It is proposed that affected landowners will have the option to either pay the DCP liability or to enter into a commercial agreement with the Authority to defer the liability to pay until the time that the land is subdivided or developed, whichever occurs first. Suitable legal

agreements, to the satisfaction of the Authority, would be entered into with affected landowners where DCP liability that has not yet been triggered. Legal agreements will enable staged payments of DCP contributions in the event of a staged subdivision or development approval. This approach is proposed in recognition that normalisation triggers payment of DCP liabilities earlier than the sunset date currently in the DCP of 1 October 2028.

Consultation

In accordance with Clause 7.8 of the Scheme, the DCP Amendment was advertised to all affected landowners, the City of Armadale (the City), the Department of Planning, Lands and Heritage (the Department) and Main Roads Western Australia (MRWA) for 28 days from 12 August 2021 to 9 September 2021. Public notices were also provided in the Armadale Examiner and on the DevelopmentWA website. Comments received are considered below.

City of Armadale

The City indicated its support for the validity period of the DCP expiring on the date of normalisation with funds to be collected to reimburse DevelopmentWA as well as provided to MRWA and the City to fund remaining works identified within the DCP. The City also advised that it supports a lump sum payment being made that will enable the City to allocate funds to the respective line items within the DCP.

The City also sought additional landscaping costs for Ranford Road, however these works are not currently detailed within the DCP and therefore not to be funded by landowners. Consistent with the principles of the State Planning Policy 3, it is acknowledged that if all DCP works are completed and any surplus funds remain, it would be appropriate for the City to use these for additional infrastructure works that are to the benefit of FBPE.

The City also advised that its acceptance of the funding is contingent on final Council approval, and should Council not approve transfer of the funding, DevelopmentWA may need to undertake the works. In this event, DevelopmentWA would retain the funds and be able to complete the works and transfer management to the City.

Department of Planning, Lands and Heritage

The Department advised that it had no comments to make on the DCP Amendment.

Main Roads Western Australia

MRWA provided in-principle support for the proposed design and cost apportionment for upgrading of the Armadale Road and Alex Wood Drive during the first round of consultation, noting the scope of works had been reduced to focus on road changes that are directly related to FBPE rather than regional road upgrades. MRWA raised the prospect of the cost of these works changing by the time they are undertaken. It is acknowledged that as the DCP would expire at normalisation, any funds sourced from landowners would be fixed and other sources of funds would need to be obtained by Government.

Joint Landowner Submission

One submission on behalf of two landowners was received during the consultation period, which was supportive of the DCP amendment in principle, however raised objections related to:

- the inclusion of the Armadale Road / Alex Wood Drive intersection upgrade;
- the proportion of sunk costs related to the upgrade of Ranford Road that was borne by landowners; and
- inconsistencies with State Planning Policy 3.6 Infrastructure Contributions (SPP 3.6).

Refer Appendix 2 – Summary of Stakeholder and Public Comments and Consideration.

Delegation

Under DevelopmentWA's Delegation Schedule, the Armadale LRC is delegated to approve DCP Amendments within the Armadale Redevelopment Area.

Conclusion

The Amendment of the Forrestdale Business Park East Development Contribution Plan has been prepared in accordance with the provisions of the Scheme and is required to facilitate normalisation of the Precinct in 2021. The feedback from submissions has been considered but is not recommended to make further revisions to the provisions of the DCP from what was advertised.

It is recommended that the Armadale LRC approve the adoption of the amended Forrestdale Business Park East Development Contribution Plan in accordance with Clause 7.8 of the Scheme.

Appendices

Appendix 1 – Forrestdale Business Park East Development Contribution Plan Amendment Report

Appendix 2 – Summary of Stakeholder and Public Comments and Consideration

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AMENDMENT OF THE FORRESTDALE BUSINESS PARK EAST DEVELOPMENT CONTRIBUTION PLAN

Precincts 7 and 7A

November 2021

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Document Control	
Adoption Date:	1 October 2018

Amendment Date:	Nature of Amendment:
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EXECUTIVE SUMMARY

Development within Forrestdale Business Park East Precincts 7 and 7A (FBPE) commenced in 2006 and is well established, with approximately 50% of the Precinct area complete. FBPE has experienced a steady development rate and is now home to a number of diverse businesses meeting the project objective for employment generation within the City of Armadale.

The success of FBPE is attributed to landowner development enabled by the planning framework, environmental approvals and provision of key infrastructure - funded, wholly or in part by the Development Contribution Plan (DCP).

The DCP has delivered \$49,270,141.60 in planning, environmental and infrastructure works with \$1,042,394.91 of development costs remaining, based on estimates prepared in July 2021. The DCP has received contributions of \$39,302,028.21, resulting in total outstanding contributions of \$11,268,348.30. There is an Outstanding Net Developable Area of 343,997m².

The validity period of the DCP expires on the date of normalisation of the Precinct, to enable normalisation of FBPE to occur by the end of 2021, while providing a mechanism to capture remaining DCP liabilities post normalisation to enable delivery of outstanding DCP works and repayment of the DCP debt to Treasury.

1. INTRODUCTION

This report and its attachments have been prepared in accordance with the Scheme and where appropriate aligns with the provisions of State Planning Policy 3.6 – Infrastructure Contributions (SPP 3.6) to set out in detail the calculation of the Cost Contribution for each Owner in FBPE.

Effective redevelopment of each of the Authority's Redevelopment Areas requires the cost efficient provision of shared infrastructure, such as utilities and roads.

The Authority's role in FBPE is to plan, promote and coordinate the implementation of development in consultation with developers, City of Armadale (the City) and State approval agencies and corporations.

To plan and provide for the infrastructure needs of FBPE in a holistic and timely manner, the Authority established a DCP for use in conjunction with the statutory planning framework, including the Scheme, the Forrestdale Project Area Design Guidelines and relevant Development Policies. The DCP apportions costs via contributions from land owners who will benefit from key investment in infrastructure and services required to activate landholdings for development in accordance with the Forrestdale Business Park (East) Structure Plan (the Structure Plan).

As part of the State's land agency reform, the Authority intends to return planning responsibilities for FBPE to the City in 2021. To enable normalisation of FBPE the Authority is proposing as part of this review to amend the validity period of the DCP to end at the date of normalisation of the Precinct. The Authority intends to enter into 'commercial agreements' with landowners who have outstanding DCP liabilities ensuring the ability to collect outstanding DCP liabilities post normalisation.

1.1 Precinct Context

FBPE comprises approximately 190 hectares of land located six kilometres west of the Armadale Strategic Regional Centre, within the Authority's Armadale Redevelopment Area.

FBPE is identified in the Government of Western Australia's Economic and Employment Lands Strategy: non-heavy industrial, Perth Metropolitan and Peel Regions 2012 ('EELS') as an industrial area.

The Western Australian Planning Commission (WAPC), through EELS, has projected a significant shortage in the supply of industrial land within the Perth Metropolitan Region. FBPE will assist in addressing this projected shortage of industrial land and facilitate development in accordance with the Authority's Redevelopment Objectives, including:

- Sense of Place;
- Economic Wellbeing;
- Urban Efficiency;
- Connectivity; and
- Environmental Integrity.

FBPE accommodates a variety of industrial uses, which significantly increases employment opportunities in the growing Forrestdale, Harrisdale, Piara Waters and Wungong regions. Together, FBPE and Forrestdale Business Park West are expected to accommodate up to 700 industrial lots with the potential to create more than 15,000 jobs within the region.

2. OVERVIEW

2.1 Purpose of the Development Contribution Plan

The purpose of the DCP is to:

- promote the efficient and effective provision of public infrastructure and facilities to meet the demands arising from new growth and development;
- ensure that Development Contributions are necessary and relevant to the development to be permitted and are charged equitably among those benefitting from the infrastructure and facilities to be provided; and
- ensure consistency and transparency in the system for apportioning, collecting and spending Development Contributions.

2.2 Administration of Development Contribution Plan

The Authority will administer the DCP for so long as the Authority is the relevant planning authority for FBPE.

The Authority maintains an interest bearing bank account for the purposes of accumulating monies raised under Chapter 7 of the Scheme. Money accumulated in the bank account, including any interest raised, will be applied in accordance with Clause 7.17 of the Scheme.

2.3 Relationship to the Scheme

The DCP is adopted by the Authority under provisions Clause 7.7 and 7.8 of the Scheme and is to be read in conjunction with the Scheme, notably Chapter 7 – Development Contributions, and any relevant planning framework documents adopted or approved under the Scheme.

2.4 Development Contribution Area

The Development Contribution Area is identified in Appendix 1.

In accordance with the Scheme, the Development Contribution Area encompasses all of the land within FBPE. The Scheme identifies two Precincts:

- Precinct 7 – Forrestdale Business Park East Light Industry; and
- Precinct 7A – Forrestdale Business Park East Industry.

2.5 Effective Date

The DCP has been amended in accordance with the Scheme and comes into effect on the date of adoption as defined by the Scheme.

2.6 Validity Period

The validity period of the DCP expires on the date of normalisation of the Forrestdale Business Park East Precinct.

The outstanding development contributions at the time of normalisation will be collected in accordance with Clause 7.10 of the Scheme, with an owner's liability to pay the owner's Development Contribution to the Authority arising on the last day before the time the land is subtracted from the Redevelopment Area under section 31(1) (b) of the MRA Act 2011, unless the Plan is transferred to the Local Government, or otherwise agreed by the Authority.

2.7 Principles

The DCP has been prepared in accordance with the following principles:

Need and nexus: *the need for the infrastructure must be clearly demonstrated (need) and the connection between the development and the demand created should be clearly established (nexus).*

The DCP provides a statement of Need and Nexus for each item funded by the DCP. In cases where the Need and Nexus are not clearly established, the Authority has provided a statement qualifying the current proposal.

Transparency: *both the method for calculating the infrastructure contribution and the manner in which it is applied should be clear, transparent, and simple to understand and administer.*

The DCP has adopted the same Cost Apportionment Schedule (previously referred to as the Development Cost Schedule) so the expenses apportioned to landowners, are more clearly understood and reimbursement of developer-constructed works are more certain. The DCP apportions costs to landowners by applying a square metre rate, based upon the actual Development Costs plus estimated Development Costs, Land Values, minus Paid Contributions.

Equity: *infrastructure contributions should be levied equitably from all identified stakeholders within a contribution area, based on the relative contribution to need.*

The DCP consists of one Development Contribution Area (DCA) within which all landowners with developable land will contribute equitably through payment of a cost contribution represented by a square metre rate.

Certainty: *the scope, timing, and priority for delivering infrastructure items, and the cost of infrastructure contributions and methods of accounting for escalation, should be clearly identified.*

The DCP provides:

- i. Details of Development Infrastructure and Administration Costs, funded wholly or in part by the DCP, alongside supporting information such as designs and cost schedules where appropriate.
- ii. The methodology for the calculation of cost contributions; and

- iii. The timing and priority for the delivery of infrastructure items in the Capital Expenditure Plan.

Efficiency: *contributions should be justified on a whole-of-life capital cost basis consistent with maintaining financial discipline on service providers by precluding the over-recovery of costs.*

The infrastructure items in the Capital Expenditure Plan have either been delivered or have been costed and independently peer reviewed. Should the estimated Development Costs (eDC) be reduced such that the Authority recovers contributions in excess of the estimated Development Costs, the Authority will equitably refund any landowners or developers who made contributions in accordance with Clause 7.17 of the Scheme.

Consistency: *the system for infrastructure contributions for apportioning, collecting and spending contributions should be consistent, efficient and transparent.*

A square metre rate applicable to Total Balance Land (TBL) and Net Developable Area (NDA) has been adopted equally across land owners.

Accountable: *that there is accountability in the manner in which infrastructure contributions are determined, collected and expended.*

In accordance with the Scheme, the Authority is responsible for both determination and expenditure of development contributions.

Right of consultation and review: *Land owners and developers have the right to be consulted on the manner in which development contributions are determined, and the opportunity to seek a review by an independent third party regarding the calculation of costs, and return of funds.*

In accordance with Chapter 7 of the Scheme, as part of this amendment landowners and developers have a right of consultation and comment. Clause 7.11 of the Scheme provides landowners or developers with an opportunity to review the amount of any cost contribution.

2.8 DCP Review

In accordance with Clause 7.8 of the Scheme, the Authority may resolve at any time to review and amend the DCP.

The Authority will have due regard to market trends, paid contributions, actual development costs and the like, prior to determining whether an amendment to the DCP is required.

3. DEVELOPMENT INFRASTRUCTURE

The following section of the DCP Report identifies administration, infrastructure and other costs required to facilitate the orderly development of FBPE as identified under Appendix 2 and funded from Development Contributions collected from landowners within the DCA.

The estimates for Development Costs are listed under Appendix 2 of this report and include engineering, design and technical consultancy costs associated with delivering the works. The Development Costs have been reduced to account for removal of costs for the delivery

of footpaths and landscaping along Ranford Road, Alex Wood Drive and Remisko Drive, as contribution payments have resulted in funds being available in the DCP to deliver these DCP works. The funds will be committed to the City of Armadale to complete these works, and the value of these works are therefore considered as expended costs.

3.1 Road Works

3.1.1 Alex Wood Drive and Armadale Road Intersection

3.1.1.1 Proposal

In accordance with the Structure Plan, the Alex Wood Drive and Armadale Road intersection is currently serviced by an interim dual-lane T-intersection. The Structure Plan recognised that the intersection will be upgraded to a signalised intersection as and when required by Main Roads Western Australia (MRWA). Cost estimates reflect the value of works within the Development Contribution Area and include costs for provision of an additional right turn exit onto Armadale Road to accommodate predicted west bound traffic movement demand.

3.1.1.2 Need and Nexus

The proposed upgrade of the Armadale Road and Alex Wood Drive intersection reflects traffic demand anticipated by MRWA's Roads Operational Modelling (ROM).

The existing intersection serves as the main Armadale Road entry into the business park with Armadale Road being a Primary Distributor road under MRWA's road hierarchy classification.

3.1.1.3 Scope

Design and construction of the Alex Wood Drive/Armadale Road intersection to a signalised three-way intersection, including the relocation of existing streetlights in the verge, two right turn exit lanes from Alex Wood Drive onto Armadale Road and installation of traffic signals.

3.2 2018 DCP Landowner Payment Partial Refunds

Since the previous review of the DCP, adopted on 1 October 2018, three DCP liability payments from landowners have been received. The value of each payment was calculated based on the estimated development costs included in the 2018 DCP. The estimated development costs have since been reviewed resulting in the scope of works for the Armadale Road / Alex Wood Drive intersection being reduced.

The DCP costs include refunds for the three landowners who made DCP liability payments under the 2018 DCP on the basis, and to the extent of, the revised scope of works.

3.3 Land Acquisition

Land is required to be ceded in order to provide road and public infrastructure. To date, the majority of land required has been ceded to the Crown and reimbursed through the DCP.

Owners of land that has been ceded for public works but for which reimbursement has not been paid are anticipated to be reimbursed through the DCP in the 2021-22 financial year, in accordance with the recommendations of the Authority's auditor.

The outstanding land values have been included in the estimates as Land Values (LV).

4 METHOD FOR CALCULATING DEVELOPMENT CONTRIBUTION

4.1 Approach

Actual and estimated costs have been determined by the Authority and verified by independent auditors and quantity surveyors (refer to Appendix 3). The verified costs are apportioned equitably among landowners through a formula, which divides costs by undeveloped land.

The result is a per metre rate which the formula then applies indices and interest to ensure consistency in apportionment to landowners – accounting for the date a Development Contribution is paid.

4.2 Cost Contribution Calculation

Development Contributions are determined in accordance with the following formula:

$$[aDC - PC + eDC + LV]x\left(\frac{OBL}{TBL}\right)$$

Where:

aDC is the actual Development Costs (expenditure incurred by the Authority);

PC is the Paid Contributions;

eDC is the estimated Development Costs with respect to the proposed works;

LV is the Land Values which have been acquired or purchased for DCP works;

OBL is the Owner's Balance Land (total Net Developable Area of an owners land less the area of the owner's land for which the Development Contribution has been paid); and

TBL is the Total Balance Land.

4.3 Exemptions

The Authority may in accordance with Clause 7.15 of the Scheme exempt certain minor development proposals from being liable under Clause 7.10 to pay the Development Contribution.

Should such an exemption be granted, this does not preclude the ability of the Authority to require a Development Contribution as a result of any subsequent development or subdivision.

5 PAYMENT OF CONTRIBUTIONS

5.1 Liability for Development Contributions

In accordance with Clause 7.10 of the Scheme, an owner's liability to pay the owner's Development Contribution to the Authority arises on the earlier of:

- the approval of any development on the owner's land within the Development Contribution Area, unless the development constitutes 'minor' development under Clause 7.15 of the Scheme;
- the approval of any subdivision of the owner's land within the Development Contribution Area;

- the last day before the expiry (if stipulated) of the Development Contribution Plan; or
- the last day before the time the land is subtracted from the Redevelopment Area under section 31(1) (b) of the MRA Act 2011, unless the Plan is transferred to the Local Government, or otherwise agreed by the Authority.

The Authority intends to normalise FBPE in 2021. The validity period of the DCP will expire on the date of normalisation of the Precinct such that owners' liability to pay their cost contribution will become due and payable the day before the date of normalisation of the Precinct, or otherwise agreed by the Authority.

On the day before the date of normalisation of the Precinct, affected landowners can either pay the DCP liability in full or enter into a 'commercial agreement' with the Authority to defer payment of the DCP liability until the time of subdividing or developing the land, whichever occurs first. Where payment is deferred, a caveat is required to be placed on the certificate of title of all land with an outstanding DCP liability, unless an alternate legal mechanism for identifying DCP liability is agreed with the Authority.

5.2 Method of Payment

Subject to the agreement of the Authority, a landowner is to pay their Development Contribution in accordance with Clause 7.12 of the Scheme by:

- cheque, cash or electronic transfer of funds;
- providing infrastructure to the value of the Development Contribution;
- providing land to the value of the Development Contribution;
- providing a community facility or other identified community benefit, which is preferable to the Authority than other means of payment, and which is of equal or greater value to the Development Contribution;
- any combination of these methods, where acceptable to the Authority; or
- some other method acceptable to the Authority;

In accordance with clause 7.14 of the Scheme the amount of any cost contribution for which an owner is liable under clause 7.10, but has not paid, is a charge on the owner's land to which the Development Contribution relates, and the Authority may lodge a caveat, at the owner's expense against the owner's title to that land.

The owner, subject to the agreement of the Authority, may pay the owner's Development Contribution in a lump sum, by instalments, or in such other manner acceptable to the Authority.

Payment by an owner of the full Development Contribution consistent with the Development Contribution Plan at the time of payment, including a contribution based on estimated costs, constitutes full and final discharge of the owner's liability under the Development Contribution Plan and the Authority shall provide certification in writing to the owner of such discharge.

5.3 Review of Cost Contribution

A review of the cost contribution can be requested by an owner in accordance with Clause 7.11 of the Scheme.

If an owner objects to the amount of a cost contribution, the owner may give notice to the Authority requesting a review of the amount of the cost contribution by an appropriate qualified person ('independent expert') agreed by the Authority and the owner at the owner's expense, within 28 days after being informed of the cost contribution.

If, following a review, the valuer's determination of the value of the cost contribution is still not a figure acceptable to the owner, the value is to be determined;

- by any method agreed between the Authority and the owner; or
- if the Authority and the owner cannot agree, the owner may apply to the State Administrative Tribunal for a review of the matter under part 14 of the *Planning and Development Act 2005*.

5.4 Recovery of Development Contribution

Development Contributions are recoverable by the Authority from:

- the owner of the land at the time that the Development Contribution became payable; or
- a person who, whilst the Development Contribution is payable but unpaid, becomes the owner of the land.

In accordance with Clause 7.10 of the Scheme an owner of land in a Development Contribution Area is required to make a Development Contribution in accordance with the applicable Development Contribution Plan. An owner's liability to pay their Development Contribution to the Authority is detailed under Clause 7.10 of the Scheme and arises on the last day before the time the land is subtracted from the Redevelopment Area under section 31(1)(b) of the *Metropolitan Redevelopment Authority Act 2011*.

6 AMENDMENT OF DEVELOPMENT CONTRIBUTION PLAN

In accordance with Clause 7.8 of the Scheme, the Authority may resolve at any time to review and amend a DCP.

6.1 Consultation

Following a review of the Development Contribution Plan or Cost Apportionment Schedule, including assessed values, the Authority shall notify by way of public advertising the outcome of the review advising of the availability of details concerning the review and inviting comment.

A period of no less than 28 days shall be allowed from the date such advertising commenced for an owner affected by the review to submit comments on the review.

Following the issue of the invitation to comment on the review, a period of 28 days shall be allowed from the date such advertising commenced for an owner affected by the review to provide comment on the revision of Contribution Costs and any other finding of the review.

7 DEFINITIONS

Terms in the DCP shall have the same meaning as defined in Appendix 2 of the Scheme. Additional terms used in this report that are not defined in the Scheme shall have the following meanings:

“actual Development Costs (aDC)” means the amount of Development Costs expended, as determined by Authority.

“estimated Development Costs (eDC)” means the estimate determined by the Authority.

“Cost Apportionment Schedule” means the schedule outlining the Development Contribution Plan Actual Development Costs, estimated Development Costs, Land Values, paid Development Contributions and Total Balance Land.

“Infrastructure Works” means the activities associated, directly or indirectly, with the performance of the scope outlined in the Cost Apportionment Schedule.

“Land Values (LV)” means the land value determined by the Authority for land which has been acquired or purchased for DCP works.

“Net Developable Area” means the total land area in the Development Contribution Area less land required to undertake works identified in the Development Costs Schedule or exempt land; as determined by the Authority.

“Owner’s Balance Land (OBL)” means the Net Developable Area of a landowner’s specific Lot, or Lots, for which the Development Contribution has not been fully paid, as determined by the Authority.

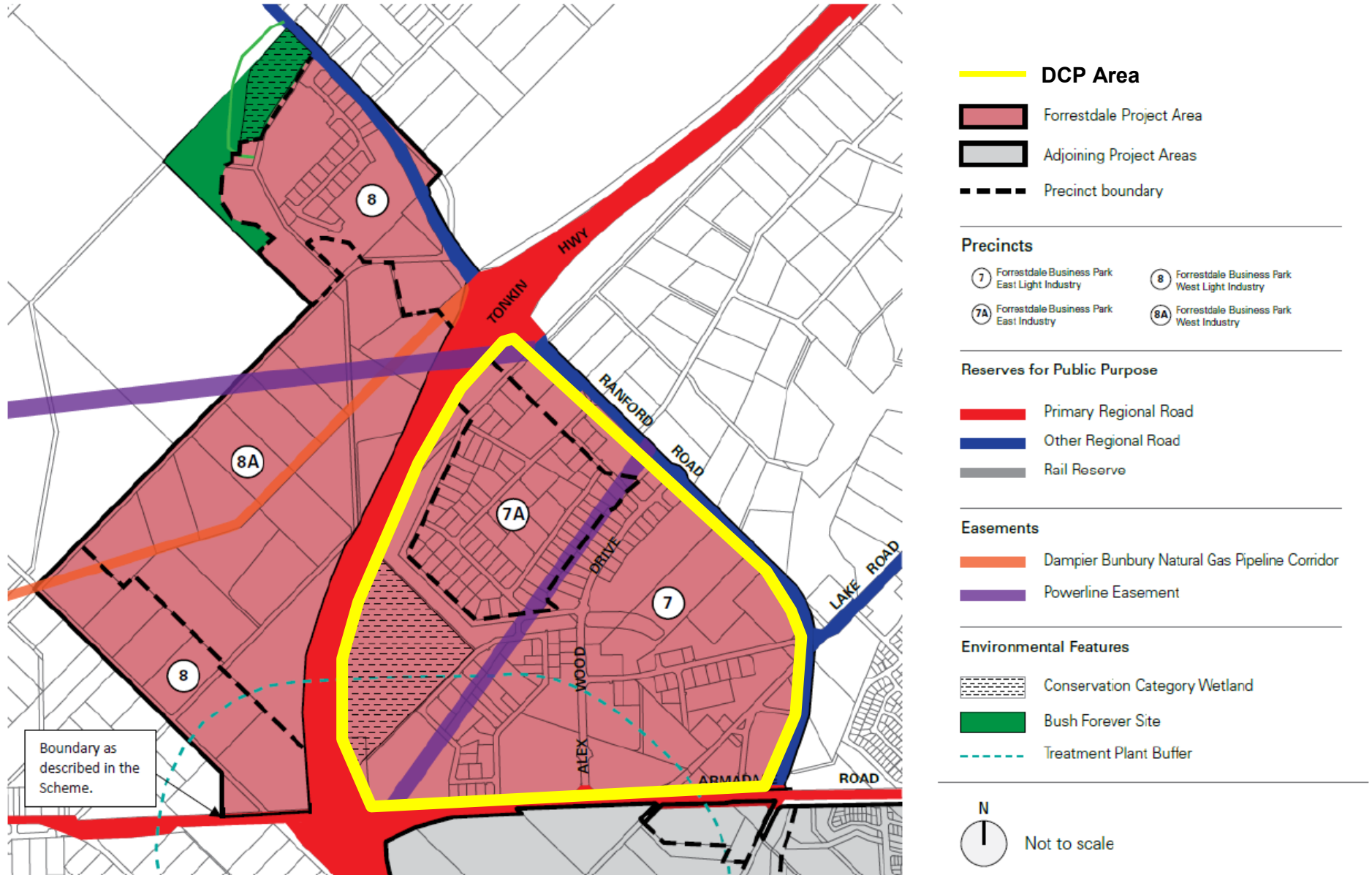
“Scheme” means Armadale Redevelopment Scheme 2 or any future Scheme amended from time to time under section 49, in operation under section 48(2) of the *Metropolitan Redevelopment Authority Act 2011*.

“Total Balance Land (TBL)” means the total Balance Land.

“Paid Contributions” means Development Contributions received by the Authority.

“WAPC” means the Western Australian Planning Commission.

Appendix 1 – Development Contribution Area



Appendix 2 – Cost Apportionment Schedule

		Total
Actual Development Costs (aDC) incurred to 8 July 2021		49,270,141.60
Paid Contributions (PC) received to 8 July 2021		39,302,028.21
Actual Development Costs - Paid Contributions (aDC - PC)		9,968,113.39
Daily rate of escalation to be applied at the Borrowing Rate (BR) as at 8 July 2021		0.00000%
Estimated Development Costs (eDC) as at 8 July 2021		
1	Intersection Upgrades at Armadale Road / Alex Wood Drive	1,003,598.68
2	2018 DCP Landowner Payment Partial Refunds	38,796.23
		1,042,394.91
Daily rate of escalation to be applied at the Development Costs Rate (DCR) as determined at 8 July 2021		0.00000%
Land Values (LV) as at 8 July 2021		
1	Land Ceded to State - Landowners not yet reimbursed by DCP	\$ 257,840.00
		\$ 257,840.00
Daily rate of escalation to be applied at the Land Value Rate (LVR) as at 8 July 2021		0.00000%
OUTSTANDING CONTRIBUTIONS		11,268,348.30
Adopted Rate Per m² <small>[aDC-PC-eDC-LV]/ONDA or OC/ONDA</small>		\$ 32.76
Outstanding Net Developable Area (ONDA) (m²)		343,997
MRA Endorsement		
Ryan Keys		Date
Head of Statutory Planning and Approvals		

Intersection Upgrades at Armadale Road / Alexwood Drive					
	Qty	UOM	Rate \$	Totals\$	
1.1 Preliminaries					
Traffic management and safety to MRWA spec	30	days	2,800	\$	84,000
Relocate existing streetlight in verge	1	Item	4,000	\$	4,000
Relocate existing streetlight in median	3	Item	5,000	\$	-
Upgrade existing intersection streetlight	7	Item	5,000	\$	-
Supply & install new intersection streetlight	2	Item	10,000	\$	-
Subtotal				\$	88,000
1.2 Earthworks					
Remove & dispose existing rubbish	1	Item	5,000	\$	5,000
Remove existing trees & vegetation	2	No	2,500	\$	5,000
Strip and re-spread topsoil	0	m ²	5	\$	-
Cut to fill (for roads box-out)	210	m ³	6.5	\$	1,365
Cut to stockpile (for roads box-out)	350	m ³	5.5	\$	1,925
E/O removal of stockpiled material offsite	350	m ³	28	\$	9,800
Subtotal				\$	23,090
1.3 Roadworks					
Demolition & offsite disposal of existing asphalt	552	m ²	25	\$	13,800
Demolition & offsite disposal of existing brick paving	90	m ²	27	\$	2,430
Demolition & offsite disposal of existing road pavements	0	m ²	21	\$	-
Demolition & offsite disposal of existing kerbing	320	m	9	\$	2,880
Demolition & offsite disposal of existing concrete footpath	175	m	14	\$	2,450
Demolition & offsite disposal of existing pram ramps	0	Item	500	\$	-
Subgrade preparation	672	m ²	6.75	\$	4,536
Subbase (200mm limestone)	672	m ²	20.25	\$	13,608
Basecourse (150mm crushed rock)	672	m ²	18	\$	12,096
Trim & prime new pavements	672	m ²	9	\$	6,048
Black Asphalt (30mm)	1,112	m ²	24.75	\$	27,522
Profile existing asphalt for tie-in	280	m	30	\$	8,400
Lay new kerbing	300	m	25	\$	7,500
Brick paving to median	52	m ²	70	\$	3,640
2.5m-wide concrete footpath	80	m	110	\$	8,800
Reinstatement of Landscape	130	m ²	50	\$	6,500
Pram ramps	5	item	500	\$	2,500
Subtotal				\$	122,710
1.4 Stormwater Drainage					
Side entry pits to median	2	each	2,500	\$	5,000
Soakwells	4	each	4,000	\$	16,000
Supply and lay stormwater drainage pipework (300mm)	60	m	100	\$	6,000
Subtotal				\$	27,000
1.5 Traffic Signals, Signage and Linemarking					
MRWA Signage and Linemarking	1	item	40,000	\$	40,000
Coloured Surface Treatment for Cycle Lane by MRWA	0	m ²	110	\$	-
Supply and installation of new traffic signals	1	item	350,000	\$	350,000
Subtotal				\$	390,000
SUB TOTAL				\$	650,800
1.6 Contingencies and Fees					
Mobilisation, survey and management			10.00%	\$	65,080.00
Contingency			20.00%	\$	143,176.00
Fees			8.00%	\$	68,724
Local Authority Fees			1.50%	\$	10,738
Engomeernmg Detailed Design Fees			10.00%	\$	65,080
Subtotal				\$	352,798.68
TOTAL (excluding GST)				\$	1,003,599

The Intersection Upgrades at Armadale Road / Alex Wood Drive costings, are based on preliminary 'concept' designs, and as such a 20% contingency allowance is required for these DCP infrastructure line items.

2018 DCP Landowner Payment Partial Refunds

	Rate \$	Area (m2)	Total \$
5.1 DCP 224			
Payment Received (October 2018)	\$ 42.54	4,941	\$ 210,190
Payment Due (based on 2021 aDC Calculations)	\$ 38.82		\$ 191,810
Refund			\$ 18,381
5.2 DCP 225			
Payment Received (October 2019)	\$ 43.85	3,110	\$ 136,374
Payment Due (based on 2021 aDC Calculations)	\$ 39.97		\$ 124,307
Refund			\$ 12,067
5.3 DCP 243			
Payment Received (April 2020)	\$ 44.57	2,103	\$ 93,731
Payment Due (based on 2021 aDC Calculations)	\$ 40.60		\$ 85,382
Refund			\$ 8,349
TOTAL			\$ 38,796

DRAFT

Appendix 3 – Independent Cost Verification



20 October 2020

DevelopmentWA

Level 2/40 The Esplanade

PERTH WA 6000

Attention: Robert Hall

Dear Robert,

FORRESTDALE BUSINESS PARK EAST – DEVELOPMENT CONTRIBUTION PLAN

RBB has been engaged by DevelopmentWA (DWA) to undertake a peer review of the Estimated Development Costs provided by DWA as part of the Forrestdale Business Park East Development Contribution Plan. RBB has reviewed the design documentation associated with the estimates provided to ensure the scope of works has been captured and appropriate costs included. Following our discussions with DWA, we reviewed the following reports.

- JDSi Consulting Engineers – Opinion of Probable Cost – Forrestdale Business Park East DCS dated 6th October 2020
- Josh Bryne & Associates – Forrestdale Business Park East DCP Cost Review dated 2nd October 2020

RBB has reviewed the quantities, rates and assumptions made in the above reports and made commentary where appropriate. Our assessment of the Estimated Development Costs (eDC) as of October 2020 is \$1,721,042 excluding GST.

Estimated development Costs (eDC) October 2020	Cost (\$)
1. Intersection Armadale Rd / Alexwood Drive	\$1,003,599
2. Landscaping – Ranford Rd (provided by DWA 2020)	\$83,050
3. Incomplete Landscaping – Verge Treatments	\$621,774
4. Administration, Management & Consultant Services	\$12,620
Total (Excluding GST)	\$1,721,042

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We have been advised that Item 2 above, the Landscaping to Ranford Rd project, does not require our review and no information was made available concerning these works. It is our understanding that works to Ranford Rd are close to completion and the remaining budget is for minor works only. Item 4, Administration, Management and Consultant Services, is as per DWA advice provided to reflect consultant fee agreements for the 2020 review process.

We have also been advised that Item 3, the Incomplete Landscaping Verge Treatments project, will not attract contingencies and associated fees and to exclude these costs from our review.

The above costs exclude escalation, land values, and GST. Further details of our analysis and verification is attached.

Regards,

Ralph Beattie Bosworth



Clayton Boyd

Director

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Summary of Stakeholder and Public Comments and Consideration

Stakeholder	Stakeholder Comment	Consideration
City of Armadale	Supports amending the DCP such that it will expire upon normalisation of Forrestdale Business Park East.	Agreed.
	Supports DevelopmentWA independently managing recovery of debts from landowners with unpaid DCP liability.	Agreed.
	Supports provision of payment from DevelopmentWA to the City, sourced from the DCP, at normalisation to enable the City to fund the outstanding infrastructure items, excluding the Armadale Road / Alex Wood Drive intersection upgrade.	Agreed.
	Acknowledges that the Council could spend the lump sum payment on any of the items that were included in the DCP and therefore may choose to allocate the funds that are transferred across all the items to be delivered by the City. Alternatively, if the City obtains a grant for a dual use path, then it could allocate the funds to another of the DCP items listed above to complete the works.	Agreed. DevelopmentWA supports this approach as all infrastructure items included in the DCP will be delivered, subject to the lump sum being wholly spent within the Forrestdale Business Park East Development Contribution Area.
	Provides estimated costs associated with the outstanding infrastructure items included in the DCP to be funded by the City, notes an overall shortfall of \$208,116 compared to DevelopmentWA's cost estimates, and requests that the full value of the City's cost estimate is transferred to the City. In particular, no further DCP funding is available for the landscaping of the Ranford Road verge, however landscaping of verges and medians is a minimum standard for the City's road projects and most Local Governments.	Noted. The \$208,116 shortfall identified by the City refers to additional landscaping infrastructure that the City would like to be completed and funded by the DCP within the Ranford Road road reserve. The landscaping works within Ranford Road are not included in the DCP scope and the costs of these works should not be borne by the landowners in the precinct. If the additional landscaping works are to be included, they will need to be funded by alternative sources to the DCP.
	Advises that the City will prepare a report for the Council's consideration of the proposal to transfer the DCP funds to the City and a subsequent amendment to the City's budget.	Noted. It is not considered that the Council's consideration of the proposal is likely to directly impact the DCP, as DevelopmentWA will make other arrangements to deliver the DCP works should the Council not support the transfer of funds.
Department of Planning, Lands and Heritage	No comment.	Noted.

Stakeholder	Stakeholder Comment	Consideration
Main Roads Western Australia	Requests further advice as to how caveats will be administered to secure payment of outstanding cost contributions to secure payment once the DCP expires.	Noted. A combination of commercial agreement with landowners and caveats on titles for lots with an outstanding DCP liability is considered to provide sufficient certainty that the full development contribution will be secured, by preventing land dealings prior to payment of DCP liability and providing a legal mechanism to recover the DCP liability when triggered.
	Accepts no financial responsibility for the Armadale Road and Alex Wood Drive intersection works. Should the required upgrade works for the intersection of Alex Wood Drive and Armadale Road exceed the projected costs within the DCP, mechanisms will need to be implemented to allocate these costs and to ensure the associated owners and developers will be responsible to pay for the construction.	Noted. The funding from landowners for the intersection upgrade will be fixed at normalisation with no additional escalation of the costings to be borne by the DCP/landowners. Should the cost of the intersection upgrade exceed the funding in the DCP, alternate funding sources will be required to cater for the funding shortfall.
	Notes that the FBPE Structure Plan does not reflect the Main Roads requirement that roundabout options are considered, prior to proposing signalised intersections. Approval from Main Roads is required for the installation of traffic signals pursuant to the <i>Road Traffic Code 2000</i> .	Noted. Traffic signals for the Armadale Road and Alex Wood Drive intersection were included in the FBPE Structure Plan and DCP on the basis of past Main Roads support for this intersection treatment.
Thomson Geer Submission (on behalf of two landowners)	Supportive of the DCP amendment in principle, including the reduction of costings.	Noted.
	Objects to the inequitable distribution of costs under the DCP in relation to the works and costs associated with the upgrade to the Armadale Road / Alex Wood Drive intersection, on the basis that the DCP has not been subject to the same level of transparency, consultation and scrutiny by the WAPC and Minister for Planning as is required and carried out in respect of other DCPs under the complex amendment process set out in the <i>Planning and Development (Local Planning Schemes) Regulations 2015 (WA)</i> .	Noted. As the Forrestdale Business Park East (FBPE) Development Contribution Area is located within the Armadale Redevelopment Area, it is not required to be approved by the WAPC and Minister for Planning as it is not subject to the <i>Planning and Development (Local Planning Schemes) Regulations 2015</i> . Notwithstanding, the DCP Amendment Report has been prepared consistent with the principles of State Planning Policy 3.6 – Infrastructure Contributions to ensure that the DCP is subject to a consistent standard of transparency, consultation and scrutiny as other DCPs in Western Australia. All works included in the DCP were advertised when the DCP was first approved in 2010 and amended in 2018. A review of the

Stakeholder	Stakeholder Comment	Consideration
		works to be included in the DCP does not form part of the scope of this amendment.
	<p>Considers that the DCP has not historically been subject to a detailed or rigorous application of the Development Contribution principles as set out in <i>State Planning Policy 3.6 – Infrastructure Contributions</i> (SPP 3.6), for example the equity of the Ranford Road upgrade costs. The DCP contributed approximately 75% of the costs of those works, with the balance funded by a federal grant, without any proper or detailed consideration of the need or nexus for that percentage of contribution by the DCP. The provision of the external funding is of itself indicative of a limited need and nexus.</p>	<p>Disagree. Previous versions of the FBPE DCP have been prepared in accordance with the same principles as required by former State Planning Policy 3.6 – Development Contributions for Infrastructure. The original DCP was also approved by the Minister for Planning , in accordance with the Redevelopment Scheme provisions at that time.</p> <p>A review of sunk costs is outside of the scope of this DCP Amendment.</p>
	<p>Considers that there is limited need and nexus for the Armadale Road / Alex Wood Drive intersection upgrade DCP costs. Although FBPE contributes some small part of the need for the intersection works at Armadale Road and Alex Wood Drive, the configuration of Armadale Road in the future depends more on other users than it does on traffic generated by or for the FBPE.</p> <p>The principles in relation to the Armadale Road / Alex Wood Drive intersection upgrade are stated in 4 lines on page 10 of the Report: "<i>reflect traffic demand anticipated by MRWA's Roads Operational Modelling (ROM)</i>" and that the intersection "<i>serves as the main Armadale Road entry into the business park</i>". Does not consider that this is sufficient to meet the principle of need and nexus as set out in SPP3.6.</p>	<p>Disagree. The Armadale Road / Alex Wood Drive intersection is considered to be a critical component of FBPE as it is the primary vehicular access point along the southern boundary of the Business Park.</p> <p>Accessibility to and from the Business Park would be severely constrained without the intersection and was essential to implement the Forrestdale Business Park East Structure Plan.</p> <p>Future upgrades to Armadale Road catering for regional traffic growth have been removed from the DCP works associated with the intersection as part of this DCP review, to ensure that all cost components of the DCP funding for the intersection meet the principle of need and nexus.</p>
	<p>The significant majority of the outstanding Development Contributions is comprised of the shortfall between the actual Development Costs incurred and Paid Contributions. A breakdown of the actual costs dispersed to the City and other parties relating to the works in respect of Ranford Road confirms that the costs incurred were materially above the budget that was allocated, even inclusive of multiple contingencies. Therefore, it is not considered that the costs reflect an appropriate assessment of the need and nexus for the works in relation to FBPE. An opportunity to provide further</p>	<p>Noted. A review of sunk costs in relation to Ranford Road was undertaken as part of previous reviews and is therefore outside of the scope of this DCP Amendment.</p>

Stakeholder	Stakeholder Comment	Consideration
	<p>detail on these matters as part of the Authority's consideration of submissions on the Amendment is requested.</p>	
	<p>Clause 7.11 of the Scheme provides for an owner's right to object to and review the amount of a cost contribution, initially by way of a request to the Authority made within 28 days of being informed of the cost contribution, and ultimately providing for a determination by the State Administrative Tribunal.</p> <p>The Report includes a final assessment of the DCP costs and a DCP rate of \$32.76/sqm, which will in effect be fixed by the expiry of the DCP. As such, there would be no further trigger for the rights of objection and review under clause 7.11 for those landowners with an outstanding DCP liability at the expiry of the DCP.</p> <p>In light of this, the landowners object to the amount of the costs contribution as set out in the Report, for reasons including those outlined previously in this submission.</p>	<p>Noted.</p> <p>This matter will be dealt with separately between DevelopmentWA and the landowners at the time a liability becomes payable and is outside of the scope of this DCP Amendment.</p>
	<p>Does not support that the Development Contribution Agreement only defers the payment of the outstanding Development Contribution, and not the liability to pay the Development Contribution.</p>	<p>Noted.</p> <p>The proposed agreement does not form part of the DCP. Each agreement will be between DevelopmentWA and each individual landowner. Accordingly, the individual circumstances applicable to each landowner will be considered during finalisation of the agreement.</p>
	<p>Acknowledges that a final "sunset date" will be required, on which an owner's liability to pay the Development Contribution will have to be triggered even in the absence of any development or subdivision of land. However, given that there are a variety of market and other factors that will influence the optimal form and timing of subdivision and/or development of land in FBPE, in order to achieve the aims and objectives of FBPE this sunset date should be determined having regard to the individual circumstances applicable to each parcel of land and/or owner.</p>	<p>Noted.</p> <p>The proposed legal agreement does not form part of the DCP. Each agreement will be between DevelopmentWA and each individual landowner. Accordingly, the individual circumstances applicable to each landowner will be considered during finalisation of the agreement.</p>