

**PS02-12/20 East Wanneroo Cells 1-9 Developer Contribution Arrangements - Annual Review of Costs (2020-2021)**

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File Ref: 5734V05 – 20/489036  
Responsible Officer: Director Planning and Sustainability  
Disclosure of Interest: Nil  
Attachments: 21

**Issue**

For Council to consider the Annual Review of the Cell Costs for the East Wanneroo Cells 1-9 Development Contribution Plans (**DCP's**), including the findings of the second Internal Transactional Review.

**Background**

The City's District Planning Scheme No. 2 (**DPS 2**) provides the statutory basis for the administration and management of Developer Contributions, including provisions that describe the nature and extent of Cell Works that may be charged to DCP's.

As shown in **Attachment 1**, the East Wanneroo Cells include the areas of Wanneroo, Ashby, Tapping, Hocking, Pearsall, Landsdale, Darch, Madeley and Wangara. Under Clause 9.11 of DPS 2, the City is required to annually review the East Wanneroo Cell costs. This includes the Estimated Lot Yield (**ELY**) to inform the calculation of the Infrastructure Cost Per Lot (**ICPL**) rate in respect of Cells 1-6 and 9 (residential Cells); and the remaining area of Cells 7 and 8 to inform the calculation of a square metre rate to be applied to the remaining land area to be developed (industrial Cells only).

In 2019, Council approved the Annual Review for all Cells (except Cell 3). The Annual Review included the recommendations of the (first) Internal Transactional Review, which identified project accounting errors and applied a proper interpretation under DPS 2 to broaden the scope of Cell Works that should be charged to the DCP's. In considering the recommendations of the first Internal Transactional Review, the proper interpretation under DPS 2 enabled the cost of the following works to also be charged to the relevant DCP:

- Second carriageway (four lanes) structures (e.g. dual carriageway structures including street lighting, intersection treatments, drainage and additional dual use paths etc., excluding the second carriageway pavement costs); and
- Environmental offset costs, where the clearing occurred as part of the Cell Works.

These corrections as approved by Council in the last Annual Review have now occurred through a ledger adjustment and are now reflected as expenditure to date in the relevant DCP. More recently, the City has identified that the scope of Cell Works applied by the first Internal Transactional Review omitted additional shared use pathways (that serve a dual purpose) and the rebuilding, repair or replacement costs. The City subsequently initiated a second Internal Transactional Review with the recommendations being included into the Annual Review of Cell Costs.

It is noted that Cell 3 was excluded from the last Annual Review pending the finalisation of Amendment 178 to DPS 2. The Amendment was initiated by Council on 7 April 2020 (PS03-04/20) to modify the Cell 3 infrastructure works by reducing the Dundobar Road acquisition and construction costs from 100% to 50%. The Amendment was considered necessary to reflect the DCP obligations associated with the future urbanisation of the land on the northern side of Dundobar Road, which will form part of a future DCP to be prepared as part of the urbanisation of East Wanneroo.

The Amendment was subsequently approved by the Minister for Planning on 13 of October 2020, which now enables Administration to include the Annual Review for Cell 3.

## Detail

The provisions of DPS 2 provide Council with the discretion to either increase, decrease or maintain the current ICPL rates through the Annual Review process.

The Annual Reviews must have regard to the actual lots being produced in each cell since the last review, the remaining Cell Works (infrastructure to be funded by the DCP), any amendments to the Local Structure Plans and any other factor the Council considers relevant.

### Second Internal Transactional Review

In order to facilitate the Annual Review, it is recommended that Council endorses a further refinement to the interpretation of Cell Works under DPS 2 and make the associated financial adjustments to historic expenditure, as recommended by the Second Internal Transactional Review.

This is considered necessary as the First Internal Transactional Review excluded historic municipal expenditure associated rebuilding, replacement and repair of scheme roads and limited pathways to those historically described as dual use paths. Administration has obtained further clarification that the DPS 2 provisions can include the rebuilding, replacement or upgrading of the relevant roads, which can reasonably be interpreted as a Cell Work and charged to the relevant Cell, even if the original works were initially funded by the DCP.

The Second Internal Transactional Review focuses on projects not previously identified in the previous review including the removal, replacement and rebuilding of Cell Works. To action the Review findings, Council is required to endorse the municipal recoupment of Cell Works based on the revised interpretation of Cell Works to include:

- All pathways greater than 2.1 metres wide (previously only 2.1 metre Dual Use Paths were included), including 3.0 metre wide Principle Shared Use Paths;
- All Cells Works, including rebuilding, resurfacing, replacement and improvement;
- Preliminary and general costs (e.g. design, traffic management) relating to the simultaneous construction, repair, removal, replacement or improvement of both the first and second carriageway pavement have been shared between the City and DCP.

Under the State Government's '*State Road Funds to Local Government Agreement*', grants are given to local governments on the basis that the City contribute one-third of the road project cost. The Second Internal Transactional Review has identified reimbursement for the City's portion of the project cost (1/3) only where the works are considered Cell Works. In this regard, the DCP benefits from the state grant and only those works classified as a Cell Work have been included into the Internal Transactional Review findings (e.g. Municipal still contributes towards the second carriageway pavement).

The findings of the Second Internal Transactional Review has resulted in \$2.8 million (plus interest of approximately \$1 million) being recouped from the DCP into municipal. The financial adjustments have been actioned for the 2019/2020 financial period and included into the expenditure for each Cell (refer **Attachment 2** and the Annual Review section for the specific adjustments to each Cell). Administration is also investigating a second phase of the Internal Transactional Review, which was not completed at the time of preparing the 2020-2021 Annual Review, and therefore, any further findings will be reported to Council as part of the next Annual Review.

In addition, approximately \$1 million in future costs has been identified in the remaining Cell Works under this revised interpretation, which is primarily associated with the future construction of additional shared use paths and is reflected in the remaining expenditure estimates for each Cell.

### **Annual Review of East Wanneroo Cells 1 - 9**

All relevant factors have been considered as part of the Annual Review, including the actual contributions received, expenditure to date, the second Internal Review findings and the remaining estimates for Cell Works. Council is required to determine whether adequate funds are likely to be obtained to complete the Cell Works and consider increasing, decreasing or retaining the current ICPL.

The following provides a recommended position on each Cell based on the findings of the Annual Review (refer **Attachment 3-11**).

#### Land Valuation

Land valuations for Cells 1, 2 and 4 - 9 were last revised through the 2019/2020 Annual Review process (excluding Cell 3). In accordance with DPS 2, if it is necessary for any reason to ascertain the value of any land within a contribution scheme area, then the City is required to appoint a valuation panel to arrive at a consensus value, advertise the proposed value and refer submissions to the Valuation Panel for comment. After having considered the submissions and comments from the Valuation Panel, the Council is required to fix the value to be applied. Accordingly, the City engaged a valuation panel and received a consensus agreement on land value for each cell (**Attachment 12**).

The recommended change to land values is considered to be relatively minimal across the Cells.

#### Cell 1 (Ashby/ Tapping)

The Cell is predominately developed with only 3% (109 lots) estimated to be remaining. The City has now completed all the construction works (audited) and the only outstanding expenditure relates to POS compensation at an estimated total value of \$1.8 million (plus estimated remaining administration costs of \$170k). Only two remaining landowners are affected by POS compensation, which consists of a historic POS credit of approximately \$557k (credit for POS previously provided and forms part of the Cell 1 POS provision) and a POS acquisition of 6,060 m<sup>2</sup> with an estimated acquisition value of \$1.246 million. The Second Internal Transactional Review did not identify any further corrections for this cell and the majority of the remaining income for this cell is from landowners affected by POS compensation, which can be off-set against their future contributions. In this regard, Administration has recently written to these landowners seeking to expedite the remaining Cell Works to finalise the remaining costs and estimated income from these landowners.

In June 2019, Council identified an estimated excess at full development of Cell 1 to be \$26,772,872 and agreed to return a portion of the Cell 1 estimated excess funds (estimated at full development) to landowners that paid a contribution prior to June 2019. Administration has now returned the majority of this payment (total \$22,679,632) in the form of a pre-payment of excess funds. In line with Council's decision, the City retained an amount of \$3,092,677, pending greater certainty on remaining costs and future estimated income being received. In addition, landowners contributing after June 2019 will receive a portion of the estimated excess (at full development) of \$1,000,563, which was applied as a reduction in the ICPL rate from \$25,835.54 to \$18,018.64.

This Annual Review now includes savings identified in the Pinjar Road duplication project, which has increased the total estimated excess funds (at full development) by \$1,469,208 (above the initial estimated excess funds of \$26,772,872 identified in 2019). The additional

estimated excess does not form part of the pre-payment of excess funds, which would only occur if all the land in the cell develops.

The Annual Review includes updated financial transactions incurred since the last Annual Review for the period between 31 December 2019 to 30 June 2020; and the revised cost estimates for the remaining Cell Works, as depicted in **Attachment 3**.

It is anticipated that the City's statutory financial statements audit for 2019/2020 by the Office of the Auditor General (**OAG**) will be completed by the end of 2020 or early in 2021 and any public submissions associated with the East Wanneroo Cells 1-9 Annual Review will be reported to Council in April 2021.

Based on the above, Administration recommends that the Cell 1 ICPL rate be retained at \$18,018.64 to ensure contribution rates are set at an appropriate level to ensure adequate funds are received to complete the remaining Cell Works.

#### Cell 2 (Sinagra)

A portion of Cell 2 has been sterilised by a poultry farm buffer associated with the Ingham's Poultry Farm (**Ingham's**). Cell 2 is just over 50% developed and with the imminent relocation of Ingham's, it is expected that this area will develop rapidly in the coming years. The City has been liaising with major landowners in this cell (including Stockland) to consider other mechanisms to ensure the provision of the required infrastructure in Cell 2, which has significant areas of POS yet to be acquired and income to be received.

The Annual Review includes updated expenditure (actuals) incurred since the last Annual Review and includes audited financial transactions between 1 July 2019 to 30 June 2020; and the revised cost estimates for the remaining Cell Works, as depicted in **Attachment 4**.

The Second Internal Transactional Review identified \$103,790.57, plus an interest adjustment of \$23,313.93, which equates to a total municipal adjustment of \$127,104.50. These works primarily relates to construction works associated with traffic treatments along Dundobar Road between Wanneroo Road and Civic Drive, Wanneroo that should have been charged to the DCP.

Administration is recommending that the current ICPL rate of \$26,936 be reduced \$25,476 to reflect the findings of the Annual Review of costs and ensure that adequate funds will be received.

#### Cell 3 (Wanneroo)

Cell 3 is predominately developed (91%) and all POS areas have been acquired with the exception of a small area of historic POS credit (credit for POS previously provided prior to the urbanisation of the Cell and forms part of the 10% POS provision).

The Dundobar Road widening and duplication project is the most significant remaining cost for this Cell, which is currently scheduled for 2022/23. However, the construction of this road will be dependent upon land acquisition from the northern side of Dundobar Road, which was recently zoned Urban Deferred in the Metropolitan Region Scheme.

The Minister recently approved Amendment 178, which reduced the Cell 3 obligation towards the abutting section of Dundobar Road from 100% to 50% with the additional funding to be obtained through the implementation of a new DCP associated with the East Wanneroo District Structure Plan.

Due to this, it may be necessary for the City to seek contributions from the landowners within the Deferred Urban land through conditions of subdivision if a DCP has not been prepared. Alternatively, the City could consider pre-funding the initial capital costs (currently estimated

at \$1.3 million) and seek reimbursement from the Urban Deferred landowners for this work in the future.

The Annual Review includes audited financial transactions (actuals) from the previous findings of the First Internal Transactional Review, which included transactions up to 30 June 2019. Further, the financial transactions that occurred between 1 July 2019 and 30 June 2020 and the revised estimated costs for the remaining Cell Works have been included, as depicted in **Attachment 5**.

The Second Internal Transactional Review did not identify any additional incorrectly charged works for Cell 3. However, it is noted that \$756,952.79 (including interest) was recouped from this Cell in the prior-financial year period (2018/19) in line with the First Internal Transactional Review findings. This was not previously reported to Council due to the deferral of the Cell 3 Annual Review until the finalisation of Amendment 178.

Administration is recommending an increase in the ICPL rate from \$14,030 to \$17,457 to reflect the findings of the Annual Review of costs and ensure that adequate funds will be received.

#### Cell 4 (Hocking/ Pearsall)

Cell 4 is predominately developed with only 4% (200 lots) land undeveloped. There is a projected excess of approximately \$9.5 million at full development if all the land in the Cell develops based on the current ICPL rate. Whilst excess funds are likely at full development, the extent of these is dependent upon the final costs associated with two ongoing major land acquisitions for POS and Lenore Road. The acquisition for Lenore Road is occurring under the *Land Administration Act 1997* (legal process for acquisition); and therefore, there is a significant risk that the acquisition and legal costs could escalate and reduce the extent of the Cell excess funds. In this regard, the acquisition value is frequently determined by negotiation or court proceedings and is not limited by the land valuation approved in the Annual Review process. The compensation and legal costs can be higher and the final settlement can be protracted thereby delaying the finalisation of costs.

The Annual Review includes updated expenditure (actuals) incurred since the last Annual Review and includes audited financial transactions between 1 July 2019 to 30 June 2020; and the revised cost estimates for the remaining Cell Works, as depicted in **Attachment 6**.

The Second Internal Transactional Review identified \$259,783.49, plus an interest adjustment of \$23,226.25, which equates to a total municipal adjustment of \$283,009.74. The finding primarily relates to construction works associated with pavement line marking for Lenore Road, street lighting for Elliot Road and carriageway construction for Lenore Road.

Administration is not recommending a return of excess funds until greater certainty can be established on the final costs of remaining infrastructure and; therefore, the current ICPL rate of \$23,328 should be retained to reflect the findings of the Annual Review of costs and ensure that adequate funds will be received.

#### Cell 5 (Landsdale - West)

This cell is predominately developed (95%) with only 137 contributions remaining from the undeveloped land. There is a projected excess of approximately \$6.5 million at full development if all the land in the Cell develops and the current ICPL rate is maintained.

Whilst excess funds are likely at full development, the extent of the excess is dependent upon the final costs associated with land acquisition for POS.

The Annual Review includes updated expenditure (actuals) incurred since the last annual and includes audited financial transactions between 1 July 2019 to 30 June 2020; and the revised cost estimates for the remaining Cell Works, as depicted in **Attachment 7**.

It should be noted that if some landholdings do not develop or the Cell is closed, prior to full development then the extent of potential excess fund will be reduced.

The Second Internal Transactional Review identified -\$9,341.25, plus an interest adjustment of \$35,151.03, which equates to a total municipal recoupment of \$25,809.78. In this regard, whilst Cell 5 has a negative adjustment (meaning a Cell 5 recoupment from municipal), the adjustment requires a net payment to municipal due to the interest adjustments associated with specific project errors. The finding primarily relates to construction works associated with dual use pathways, traffic treatments for the intersection of Mirrabooka/ Southmead Drive, Mirrabooka Ave dual carriageway structures, design costs for Mirrabooka Ave and Hepburn Avenue dual carriageway structures.

A return of excess funds is not recommended until greater certainty can be established on the final costs of remaining infrastructure and that the current ICPL rate of \$30,909 should be retained to reflect the findings of the Annual Review of costs and ensure that adequate funds will be received.

#### Cell 6 (Madeley/Darch)

This cell is predominately developed (88%). There is a projected excess of approximately \$14 million at full development if all the land in the Cell develops based on the current ICPL rate.

There have been over 4,600 contributions received in this Cell, with 535 estimated remaining contributions. The Darch landfill precinct and the Kingsway Caravan Park are the largest remaining landholdings in this Cell. On 22 September 2020, Council considered Amendment 43 to the Cell 6 Structure Plan to rezone the Landfill Precinct to Residential Precinct. As part of Councils consideration, it was noted that the site is currently classified as being 'Contaminated – Restricted Use' by the Department of Water and Environmental Regulation (**DWER**) and that the landowner will be required to remediate the site in accordance with conditions imposed by DWER as part of the subdivision process. Once the environmental and geotechnical requirements for this site have been resolved, greater certainty will be achieved in relation to future income and acquisition of a 4.8 hectare future POS area from the site, which has an estimated value of approximately \$11 million.

The Annual Review includes updated expenditure (actuals) incurred since the last Annual Review and includes audited financial transactions between 1 July 2019 to 30 June 2020; and the revised cost estimates for the remaining Cell Works, as depicted in **Attachment 8**.

The Second Internal Transactional Review identified \$890,009.72, plus an interest adjustment of \$92,128.75, which equates to a total municipal adjustment of \$982,138.47. The findings primarily relates to construction works associated with a Hepburn Avenue roundabout, Mirrabooka Ave dual carriageway structures, pathway for Hartman Drive (Madeley), pathway for Hartman Drive (Wangara), Hartman Drive surveying costs, traffic treatments for Hartman Drive, design costs Mirrabooka Avenue and Hepburn Avenue dual carriageway structures.

Based on the above, Administration is not recommending a return of excess funds until greater certainty can be established on the final costs and remaining income. The current ICPL rate of \$24,678 should be retained to reflect the findings of the Annual Review of costs and ensure that adequate funds will be received.

#### Cell 7 (Wangara Industrial - West)

The Cell is nearly 70% developed. A minor increase in the contribution rate is primarily associated with an increase in the estimated cost for the Gngara Road land acquisition and construction costs. A detailed assessment of the structure plan and remaining undeveloped land has enabled a more accurate estimate on future income. It should be

noted that the methodology is based on remaining developable area and relies upon the full development of the Cell. This methodology is different to the residential Cells, which make an estimate of future income based upon a conservative lot yield estimate.

The Annual Review includes updated expenditure (actuals) incurred since the last Annual Review and includes audited financial transactions between 1 July 2019 to 30 June 2020; and the revised cost estimates for the remaining Cell Works, as depicted in **Attachment 9**.

The Second Internal Transactional Review identified \$102,752.01, plus an interest adjustment of 28,047.52, which equates to a total municipal adjustment of \$130,799.53. The finding primarily relates to construction works associated with the Hartman Drive Sump, traffic treatments for Hartman Drive roundabout, Hartman Drive rehabilitation and Hartman Drive dual carriageway works.

Based on the above, Administration is recommending an increase in the Cell contribution rate from \$9.73 to \$11.37 per square metre to reflect the findings of the Annual Review of costs and ensure that adequate funds will be received.

#### Cell 8 (Wangara Industrial – East)

The Cell is just under 80% developed. The increase in the contribution rate can be associated with the land acquisition and construction costs associated with Gngara Road. A detailed assessment of the structure plan and remaining undeveloped land has enabled a more accurate estimate on future income. It should be noted that the methodology is based on remaining developable area and relies upon the full development of the Cell. This methodology is different to the residential Cells, which make an estimate of future income based upon a conservative lot yield estimate.

The Annual Review includes updated expenditure (actuals) incurred since the last Annual Review and includes audited financial transactions between 1 July 2019 to 30 June 2020; and the revised cost estimates for the remaining Cell Works, as depicted in **Attachment 10**.

The Second Internal Transactional Review identified \$358,050.92, plus an interest adjustment of \$124,333.25, which equates to a total municipal adjustment of \$482,384.17. The finding primarily relates to construction works associated with the Hartman Drive sump, traffic treatments for the Hartman Drive roundabout, Hartman Drive rehabilitation and Hartman Drive dual carriageway works.

Based on the above, Administration is recommending an increase in the square metre rate from \$16.93 to \$18.94 to reflect the findings of the Annual Review of costs and ensure that adequate funds will be received.

#### Cell 9 (Landsdale – East)

This Cell is predominately (82%) developed, with only 384 lots estimated to be remaining. The findings of the Second Internal Transactional Review identified various errors associated with the revised scope of Cell Works resulting in approximately \$1.8 million being reimbursed to the municipal accounts. Notwithstanding, an excess in funds is still projected at full development of \$3.6 million (if current contribution rates are retained).

The Cell has over \$25 million in remaining expenditure and there remains a risk of cost increases associated with construction costs and land acquisition. In addition, there remains future estimated income of \$11 million that is yet to be received. Whilst an estimated excess is anticipated based on estimates for remaining Cell Work and full development of all the land in the Cell, there is a significant risk that any potential excess may be required to finalise the remaining infrastructure works.

The Annual Review includes updated expenditure (actuals) incurred since the last Annual Review and includes audited financial transactions between 1 July 2019 to 30 June 2020; and the revised cost estimates for the remaining Cell Works, as depicted in **Attachment 11**.

The Second Internal Transactional Review identified \$1,140,192.66, plus an interest adjustment of \$646,758.58, which equates to a total municipal adjustment of \$1,786,951.24. The finding primarily relates to construction works associated with the Gngara Road/Alexander Drive Intersection, street lighting for Alexander Drive and Gngara Road, acquisition of road reserve land Alexander Drive and the Alexander Drive/ Hepburn Avenue dual carriageway works.

Administration is not recommending a return of excess funds until greater certainty can be established on the final costs and that the current ICPL rate of \$29,947 should be retained to reflect the findings of the Annual Review of costs and ensure that adequate funds will be received.

### **Amendment 185 (Omnibus Amendment to Part 9 – East Wanneroo DCP Provisions)**

At the Ordinary Council Meeting on 30 June 2019 (PS03-06/19), Council resolved to initiate an amendment to DPS 2 to consider a range of improvements to the East Wanneroo Cost Sharing Arrangements, including greater clarification on the methodology for return of excess funds.

The subsequent Annual Reviews highlighted a number of additional issues associated with the provisions of DPS 2 that required an amendment to improve the statutory provisions for the East Wanneroo Cells. This included the closure of a Cell prior to full development, return of excess funds, charging of interest on deferred contributions and delegation to Administration of a number of Part 9 - DCP operational requirements.

Advertising of Amendment 185 was initiated on 17 September 2020 and the public submission period closed on 17 November 2020. A report on submissions is intended to be presented to Council as soon as possible in early 2021. If Council supports the Scheme Amendment and the Minister for Planning approves it, it will enable Council to consider closing cells where considered appropriate and reasonable to do so. In this regard, any financial risk associated with remaining Cell Works and remaining income will form part of Council's consideration to ensure an acceptable level of equity to landowners and prudent financial management of the cell.

Administration considers that prepayment of estimated excess funds should not occur until such time as all the land in the Cell has been developed or early closure of the Cell has been considered after Amendment 185 is finalised. In this regard, Amendment 185 will provide an opportunity to close the Cell and consider finalisation of the remaining excess returns to landowners at that time, and in this regard, there are criteria included in Amendment 185 that will guide how closure should occur. It is also noted that a number of outstanding actions relating to the Second Internal Transactional Review need to be completed.

### **Outstanding Developer Balances**

The East Wanneroo Cost sharing arrangements have significant history dating back over 25 years. Financial transactions associated with land contributions are recorded within the City's financial accounting systems as income and expenditure; and also within the DCP financial record system, which contains detailed subdivision information on contributing landowners (such as WAPC approval numbers, lot creation, contribution calculation methodology and credits for Cell Works).



Developer Balances were noted and included in the Annual Reviews in 2019 and were reported to Council and highlighted by both William Buck and the OAG as requiring further investigation.

The balances relate to over 40 landowner transactions (all prior to 2006), where a particular landowner has either a surplus or shortfall in contributions and investigation into the balances is still ongoing. It was necessary for Administration to make certain assumptions on future actions to address the balances, which have been captured in the City's financial system and the DCP financial record system (to meet the auditing and Annual Review timeframes).

Council will need to consider the assumptions and actions made by Administration to satisfy financial auditing and Annual Review requirements. Administration will report on these actions to Council in early 2021 and if Council has a different view then further financial adjustments can be made at this time.

## **Consultation**

DPS 2 requires the proposed land values to be advertised for a period of 28 days and the revision of Cell Costs for a period of 42 days respectively.

Due to the Christmas period, Administration will extend the statutory advertising period by 14 days to allow for landowners adequate time to respond. Advertising will be carried out by means of advertisements in newspapers, letters sent to affected landowners and on the City's website.

## **Comment**

It is recommended that Council notes the background, process, timing and recommendations outlined in this report, including the Annual Review of all cells as follows:

- Cell 1 - ICPL rate of \$18,019 and Land Valuation of \$1,868,750;
- Cell 2 - ICPL rate of \$25,476 and Land Valuation of \$1,868,750;
- Cell 3 - ICPL rate of \$17,457 and Land Valuation of \$1,887,500;
- Cell 4 - ICPL rate of \$23,328 and Land Valuation of \$1,937,500;
- Cell 5 - ICPL rate of \$30,909 and Land Valuation of \$2,012,500;
- Cell 6 - ICPL rate of \$24,678 and Land Valuation of \$2,087,500;
- Cell 7 - Contribution rate of \$11.37 per square metre and Land Valuation of \$2,125,000;
- Cell 8 - Contribution rate of \$18.94 per square metre and Land Valuation of \$2,037,500; and
- Cell 9 - ICPL rate of \$29,947 and Land Valuation of \$2,012,500.

It is further recommended that Council endorses the application of the provisions of DPS 2 in respect of Cell Works prescribed in Schedule 6 of DSP 2 to include the additional Cell Works as recommended by the Second Internal Transactional Review and as outlined in the Detail section of this report.

## **Statutory Compliance**

In line with DPS 2, the completion of the Annual Review as outlined in this report will satisfy the City's statutory obligations to complete Annual Reviews for the 2020/2021 financial year.

External auditing of the DCP accounts has been completed and the City complies with the provisions of the *Local Government (Financial Management) Regulations 1996*.

The City has an obligation to continue charging contributions to fund the Cell Works until such time as the Cell is closed.

## Strategic Implications

The proposal aligns with the following objective within the Strategic Community Plan 2017 – 2027:

- “4 Civic Leadership
  - 4.2 Good Governance
    - 4.2.1 Provide transparent and accountable governance and leadership”

## Risk Management Considerations

Risk Title	Risk Rating
ST-G09 Long Term Financial Plan	Moderate
Accountability	Action Planning Option
Director Corporate Strategy & Performance	Manage

Risk Title	Risk Rating
ST-S23 Stakeholder Relationships	Moderate
Accountability	Action Planning Option
CEO	Manage

The above risks relating to the issue contained within this report have been identified and considered within the City’s Strategic Risk Registers. The Annual review of the DCP will assist in addressing the impacts of the strategic risk relating to Long Term Financial Planning as it will ensure that appropriate budget monitoring, timing and provisions are considered. In addition, the strategic risk relating to Stakeholder Relationships will apply as a key element in the DCP review process to maintain effective engagement with relevant stakeholders.

## Policy Implications

Nil

## Financial Implications

The East Wanneroo Cell 1-9 developer contribution arrangements are subject to an Annual Review process to ensure that the cost contribution amount is correctly set to ensure the collection of sufficient funds to cover the cost of infrastructure items, as per DPS 2.

To support the Annual Review (Cells 1-9), William Buck was engaged to perform audit to ensure the accuracies of the calculated ICPL rate. The audit works had been completed and the relevant audit reports were finalised and delivered to the City in October 2020.

The audit reports are set out in **Attachments 13 to 21**.

The audit reports have confirmed that the adjusted contribution rates associated with Cell 2, 3, 7 and 8 are fairly stated and in compliance with DPS2. In relation to Cells 1, 4, 5 and 6, the Annual review has identified and recommended that the ICPL rates be retained, pending consideration of Amendment 185. The audit reports have highlighted that the methodology of DPS2 cannot be utilised to establish an ICPL rate for charging remaining (undeveloped) landowners, where adequate funds exist to complete the estimated remaining Cell Works. In this regard, Administration recommends that the ICPL rates should be retained for these Cells to ensure an equitable (interim) solution to the setting of rates.

Upon completion of the Cell Works and the development of all the land in the Cell (or closure of the Cell) the extent of excess funds can, at this time, be accurately determined and returned.

Subject to the agreement of Council to the recommendations of the Audit and the revision of costs, it may be necessary for Administration to make adjustments to the Long Term Financial Plan to reflect the revised DCP funding allocations.

Administration has reviewed the City's position in relation to DCP's and recommends that some infrastructure, which has previously been funded through City's municipal accounts can now be funded by the relevant DCP account, resulting in approximately \$3.8 million of municipal recoupment for the current financial year (2019/20).

In relation to Cell 3, it is advised that \$756,952.79 (including interest) be recouped from this Cell in the 2018/19 financial period in line with the First Internal Transactional Review recommendations.

As reported to Council in December 2019, submissions received in relation to the previous Annual Review questioned the City's interpretation of Cell Works. There is a possibility that if Council applies this interpretation to the building, replacement and repair as recommended by the Second Internal Transactional Review, that landowners could make further submissions, and if requested, this matter may be referred to commercial arbitration in accordance with DPS 2. If this occurs a different outcome could be reached, which would affect the total value of the recoupment to the City.

## **Voting Requirements**

Simple Majority

## **Recommendation**

**That Council:-**

- 1. NOTES the outcome of the 2020/21 Annual Review of Cells 1 to 9 as depicted in Attachment 3 to 11;**
- 2. NOTES the findings of the Second Internal Transactional Audit for Cells 1-9 as corrected for the Cells current financial year (2019/20) to action the municipal recoupment of \$3,818,197.43, including interest, from the relevant East Wanneroo Developer Contributions Plan Cell accounts, as depicted in Attachment 2;**
- 3. ENDORSES the application of the provisions of the City's District Planning Scheme No. 2 in respect of Cell Works prescribed in Schedule 6 of District Planning Scheme No. 2 to include the following and make the financial adjustments for a municipal recoupment of \$3,818,197.43, including interest:**
  - a) All pathways greater than 2.1 metres wide (previously only 2.1 metre Dual Use Paths were included), including 3.0 metre wide Principle Shared Use Paths;**
  - b) All Cells Works, including rebuilding, resurfacing, replacement and improvement; and**
  - c) Preliminary and general costs (e.g. design, traffic management) relating to the simultaneous construction, repair, removal, replacement or improvement of both the first and second carriageway pavement have been shared between the City and Developer Contributions Plans;**

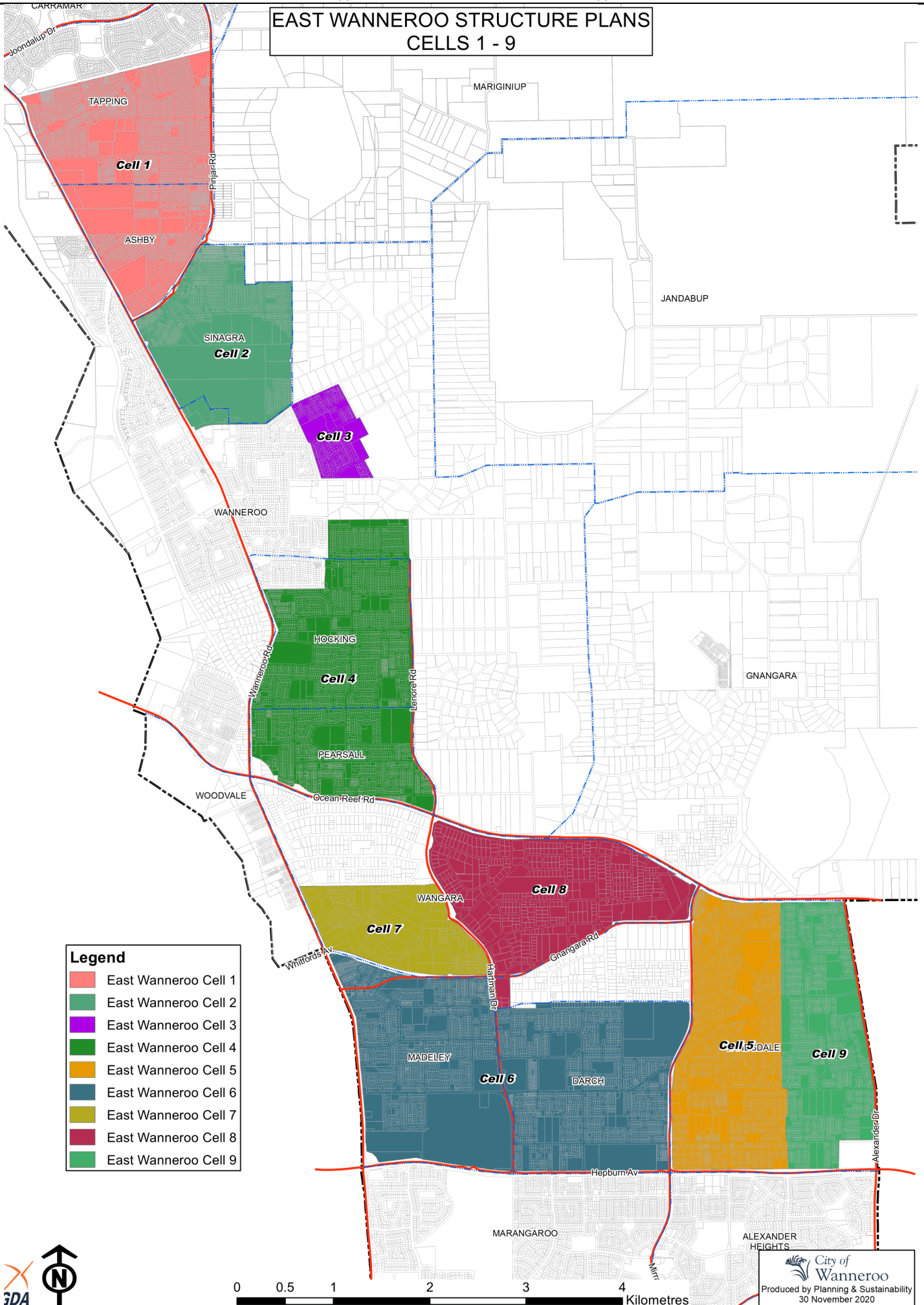
4. **ADVERTISES** the Infrastructure Cost Per Lot for the East Wanneroo Cell 1-9 for a period of 56 days in accordance with Clause 9.11.5 of District Planning Scheme No. 2, as depicted in Attachment 3-11 and depicted below:
- a) Cell 1 - infrastructure cost per lot rate of \$18,019 and Land Valuation of \$1,868,750 per hectare;
  - b) Cell 2 - infrastructure cost per lot rate of \$25,476 and Land Valuation of \$1,868,750 per hectare;
  - c) Cell 3 - infrastructure cost per lot rate of \$17,457 and Land Valuation of \$1,887,500 per hectare;
  - d) Cell 4 - infrastructure cost per lot rate of \$23,328 and Land Valuation of \$1,937,500 per hectare;
  - e) Cell 5 - infrastructure cost per lot rate of \$30,909 and Land Valuation of \$2,012,500 per hectare;
  - f) Cell 6 - infrastructure cost per lot rate of \$24,678 and Land Valuation of \$2,087,500 per hectare;
  - g) Cell 7 - Contribution rate of \$11.37 per square metre and Land Valuation of \$2,125,000 per hectare;
  - h) Cell 8 - Contribution rate of \$18.94 per square metre and Land Valuation of \$2,037,500 per hectare; and
  - i) Cell 9 - infrastructure cost per lot rate of \$29,947 and Land Valuation of \$2,012,500 per hectare;
5. **ADVERTISES** the revised average englobo values per hectare for the East Wanneroo Cell 1-9 for a period of 42 days in accordance with Clause 9.14.3 of District Planning Scheme No. 2, as depicted in Attachment 12; and
6. **NOTES** that a correction to the East Wanneroo Cell 3 account was completed in the 2018/19 financial year Cell 3, which relates to a municipal recoupment recommended in the First Internal Transactional Review for the amount of \$756,952.79 (including interest).

*Attachments:*

1. Attachment 1 - Cells 1-9 Consolidated Location Plan	19/162679	
2. Attachment 2 - Second Transactional Internal Review Identified Adjustments	20/517309	Minuted
3. Attachment 3 - Cell 1 Summary of Income and Expenditure (2020-2021)	20/477223	Minuted
4. Attachment 4 - Cell 2 Summary of Income and Expenditure (2020-2021)	20/477224	Minuted
5. Attachment 5 - Cell 3 Summary of Income and Expenditure (2020-2021)	20/477228	Minuted
6. Attachment 6 - Cell 4 Summary of Income and Expenditure (2020-2021)	20/477229	Minuted
7. Attachment 7 - Cell 5 Summary of Income and Expenditure (2020-2021)	20/477231	Minuted
8. Attachment 8 - Cell 6 Summary of Income and Expenditure (2020-2021)	20/477234	Minuted
9. Attachment 9 - Cell 7 Summary of Income and Expenditure (2020-2021)	20/477237	Minuted
10. Attachment 10 - Cell 8 Summary of Income and Expenditure (2020-2021)	20/477239	Minuted
11. Attachment 11 - Cell 9 Summary of Income and Expenditure - (2020-2021)	20/477241	Minuted
12. Attachment 12 - Cells 1-9 Consensus Valuation (Panel Valuation)	20/477349	Minuted
13. Attachment 13 - Cell 1 Audit Report	20/477309	
14. Attachment 14 - Cell 2 Audit Report	20/477315	
15. Attachment 15 - Cell 3 Audit Report	20/477319	
16. Attachment 16 - Cell 4 Audit Report	20/477325	
17. Attachment 17 - Cell 5 Audit Report	20/477330	
18. Attachment 18 - Cell 6 Audit Report	20/477334	
19. Attachment 19 - Cell 7 Audit Report	20/477338	
20. Attachment 20 - Cell 8 Audit Report	20/477342	
21. Attachment 21 - Cell 9 Audit Report	20/477344	



# EAST WANNEROO STRUCTURE PLANS CELLS 1 - 9



- Legend**
- East Wanneroo Cell 1
  - East Wanneroo Cell 2
  - East Wanneroo Cell 3
  - East Wanneroo Cell 4
  - East Wanneroo Cell 5
  - East Wanneroo Cell 6
  - East Wanneroo Cell 7
  - East Wanneroo Cell 8
  - East Wanneroo Cell 9

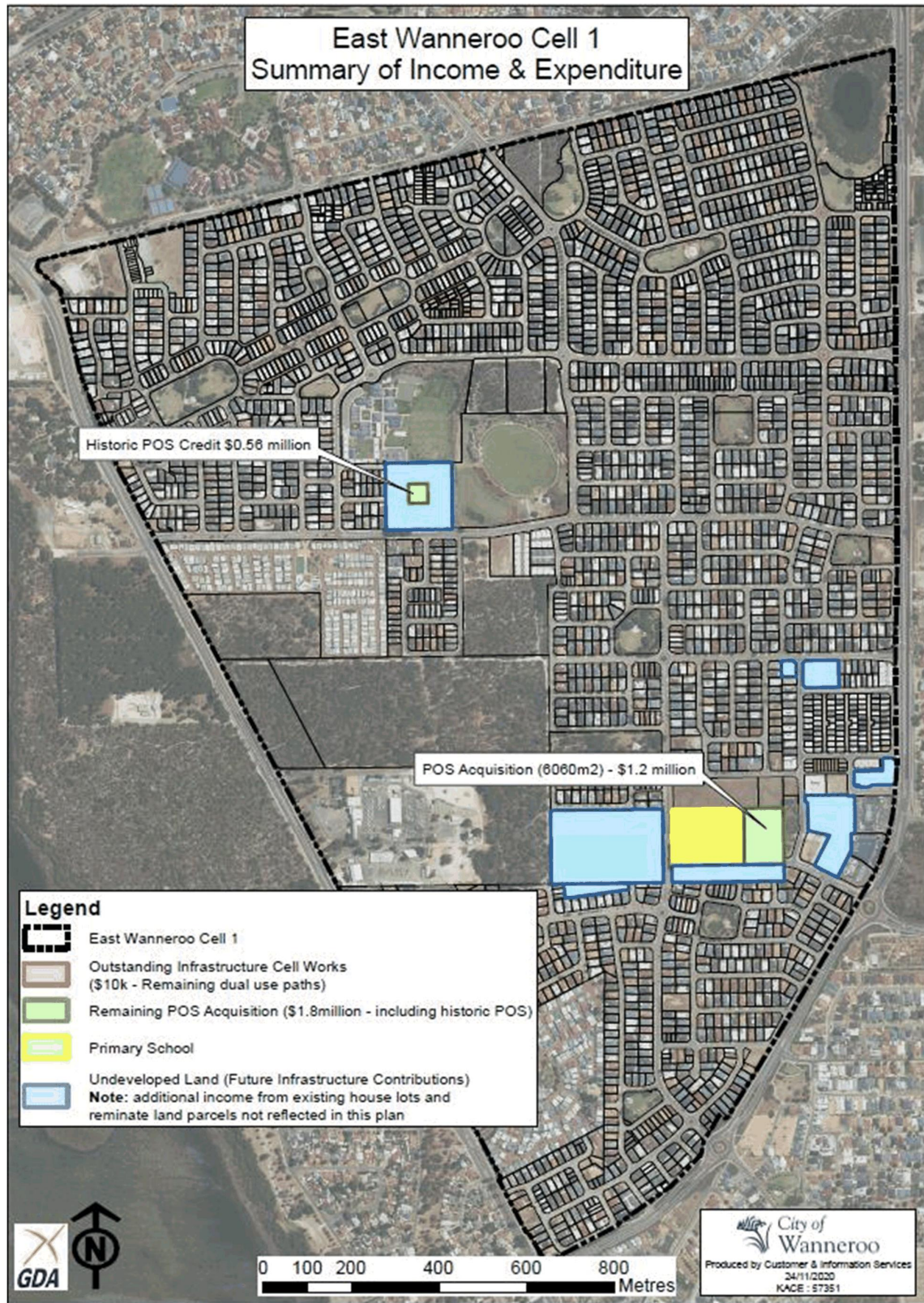


0 0.5 1 2 3 4 Kilometres

City of Wanneroo  
Produced by Planning & Sustainability  
30 November 2020

<b>Second Transactional Internal Review Identified Adjustments (Adjustments Actioned into current year Financials - 2019/20 – Excluding Cell 3* which was actioned in 2018/19 – Refer Cell 3 annual review section of this report)</b>				
<b>Cell</b>	<b>Interpretation of Schedule 6 of DPS 2</b>	<b>Interest Adjustments</b>	<b>Total net recoupment to Municipal</b>	<b>Details of adjustments</b>
2	103,790.57	23,313.93	127,104.50	Construct traffic treatments Wanneroo Rd to Civic Drive
4	259,783.49	23,226.25	283,009.74	Pavement line marking - Lenore Road, Street lighting Elliot Road, Lenore Road - Construct carriageway
5	-9,341.25	35,151.03*	25,809.78	Pathway Landsdale, Traffic Treatments-Mirraboooka/Southmead Dr, Mirraboooka Ave dual carriageway, Modification to existing dual use path - Landsdale, Design Costs Mirraboooka Ave, Hepburn Ave dual carriageway
6	890,009.72	92,128.75	982,138.47	Hepburn Ave roundabout, Mirraboooka Ave dual carriageway, Pathway Hartman Dr Madeley, Pathway Hartman Dr Wangara, Hartman Dr Survey Costs, Traffic treatments Hartman Dr Darch, Design Costs Mirraboooka Ave, Hepburn Ave dual carriageway
7	102,752.01	28,047.52	130,799.53	Hartman Dr Sump, Traffic treatments Hartman Dr roundabout, Hartman Dr rehabilitation - Luisini to Ocean Reef Rd, Hartman Dr dual carriageway
8	358,050.92	124,333.25	482,384.17	Hartman Dr Sump, Traffic treatments Hartman Dr roundabout, Hartman Dr rehabilitation - Luisini to Ocean Reef Rd, Hartman Dr dual carriageway
9	1,140,192.66	646,758.58	1,786,951.24	Gnangara Rd - Alexander Dr Intersection, Street Lighting Alexander Dr/Gnangara Rd, Acquire road reserve land Alexander Drive, Alexander Drive dual carriageway, Hepburn Ave dual carriageway
<b>Total</b>	<b>2,846,238.12</b>	<b>972,959.31</b>	<b>3,818,197.43</b>	

\* Note –Cell 5 has negative adjustment in the above table (payment from municipal to the cell), however due an interest adjustments on project errors a net recoupment is required from Cell 5 to the municipal.





EAST WANNEROO CELL 1 - ANNUAL REVIEW 2020		Amounts (\$)	COMMENTS
<b>Expenditure</b>			
<b>Expenditure to Date (Actuals)</b>			
Public Open Space (10%)	\$	19,904,616	Land Acquisition and Historic POS Credits
District Distributor Roads	\$	12,672,537	Land Acquisition and Construction Costs
Administration Costs	\$	1,031,872	Salary Recoupment, Legal Fees, Consultants
Excess funds returned to Developers	\$	22,679,632	Return to contributing Landowners (prior to June 2019 only)
<b>Total</b>	<b>\$</b>	<b>56,288,657</b>	
<b>Remaining Expenditure (Estimated) - Annual Review</b>			
Public Open Space (10%)	\$	1,802,970	Acquisition and POS credit (total POS)
District Distributor Roads	\$	9,700	Remaining construction (Pathways) - Completed in the 2020-2021 period
Administration Costs	\$	169,572	Estimated three years remaining
<b>Total</b>	<b>\$</b>	<b>1,982,242</b>	
<b>Total Expenditure/Costs (Gross Costs)</b>	<b>\$</b>	<b>58,270,899</b>	<b>Total Expenditure (estimated remaining and actual total Cell costs)</b>
<b>Income</b>			
<b>Payments Made to Date</b>			
Contributions and Interest	-\$	60,868,753	All Income (funds) Received (includes interest)
<b>Total</b>	<b>-\$</b>	<b>60,868,753</b>	
<b>Gross Estimated Remaining Income</b>			
Estimated Contributions at Current ICPL of \$18,018 at ELY of 109	-\$	1,964,032	
<b>Total Estimated Income</b>	<b>-\$</b>	<b>62,832,785</b>	
<b>Estimated Cell Balance at Full Development</b>			
Total Combined Expenditure/Costs (Gross Costs)	\$	58,270,899	Total Expenditure (estimated remaining and actual total Cell costs)
Total Contingency Credit for Landowner (Already Paid - 3,297 ICPL payments)	\$	3,092,677	Contingency for estimated Excess for Contributing landowners up to 4th June 2019, as approved by Council on 4 June 2019 to be returned upon full development or closure of the Cell.
Total Combined Estimated Income	-\$	62,832,785	From Total Estimated Income Above
<b>Net Excess/Shortfall at Current ICPL (\$18,018)</b>	<b>\$</b>	<b>1,469,208</b>	<b>Potential 'Additional' Excess at Full Development since Council 4 June 2019 - Full development (estimated for all landowner at full development). Note - The contingency of \$3,092,677 (above) only applies to contributing landowners prior to June 2019, as subsequent contributors have received a proportion of the excess estimated in June 2019 through a reduction in the ICPL rate. The additional excess funds estimated at \$1,469,208 has been identified since the last annual review and is required to be shared by all landowners (estimated at full development). It should be noted that the additional excess is based on full development and includes future estimated income of \$1.964 million, which may not be realised. If the Cell is closed early, remaining estimated costs increase or landowners do no develop their landholdings then the potential 'Additional' excess may not occur.</b>
<b>Revised ICPL Rate</b>			
Current Infrastructure Cost Per Lot	\$	18,018.64	
Proposed Infrastructure Cost Per lot	\$	18,018.64	

### Background Information

- Cell Area – 340 ha
- Infrastructure Contributions Per Lot (ICPL) received - 3347
- Infrastructure Contributions Per Lot (ICPL) remaining - 109
- Remaining Area to be Developed – 3%
- Public Open Space Acquired – 27.83 ha
- POS Remaining – 0.6060ha (approx. \$1.258 million)
- Historic POS Credit – 0.2982 (approx. \$0.557 million)
- DDR Road construction (\$9,700)
- Current contingency held (based on Council resolution of 4 June 2019 - \$3,092,677) for contributing landowners prior to 4 June 2019 (3,297 ICPL contributions paid).
- The total additional excess funds at full development estimated to be \$1,469,208. This amount is subject to change and unlikely to be achieved within a reasonable timeframe due to hold-out landowners preventing future income from being received; or if the Cell is closed prior to full development in accordance with draft Amendment 185, where it is not economically viable to keep the cell operating for an extended period of time.

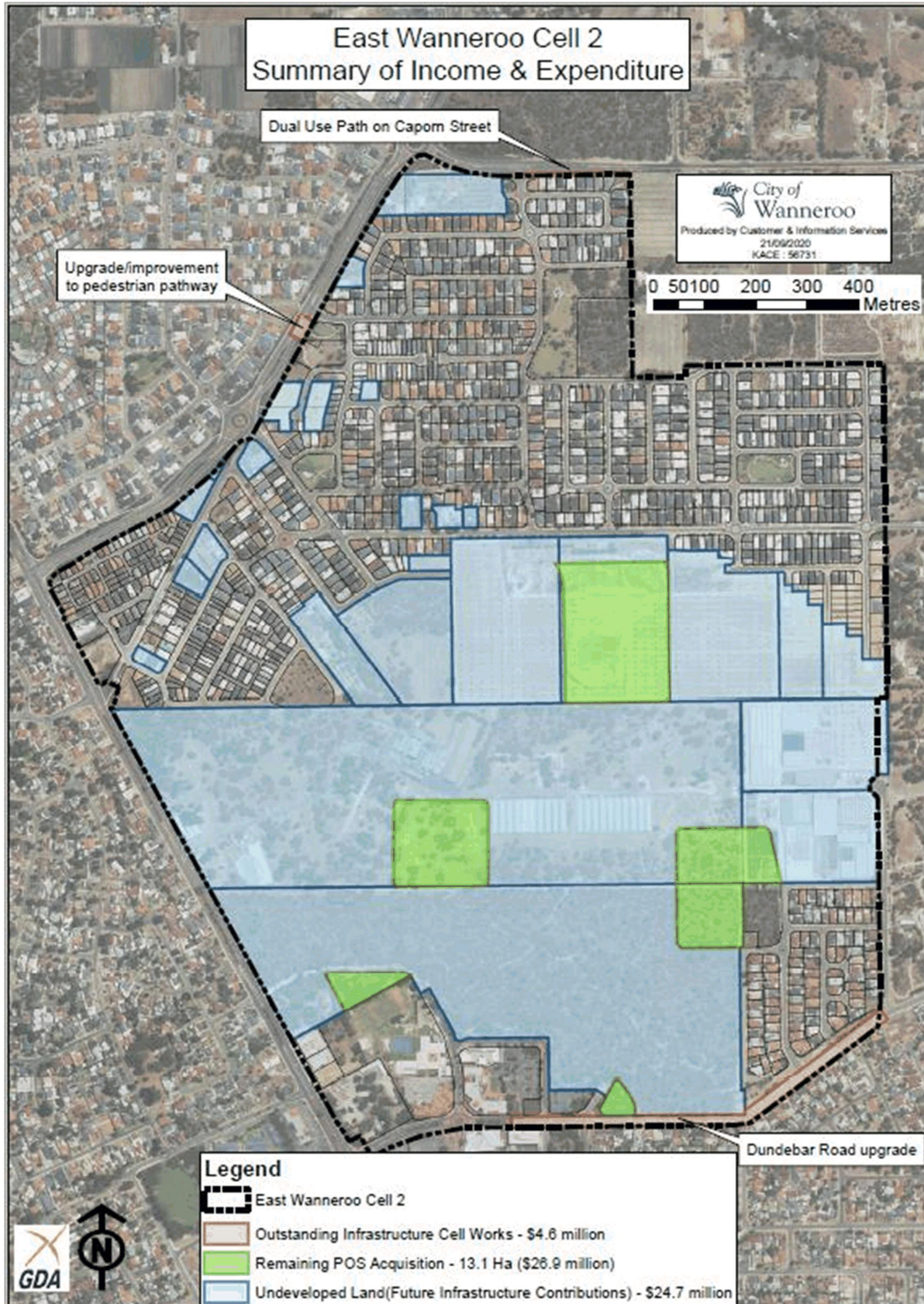
### Comments

The Cell is predominately developed with only 3% (109 lots) estimated to be remaining. The City has now completed all the construction works (audited) and the only outstanding expenditure relates to POS compensation at an estimated total value of \$1.8 million (plus estimated remaining administration costs of \$170k). Only two remaining landowners are affected by POS compensation, which consists of a historic POS credit of approximately \$557k (credit for POS previously provided and forms part of the Cell 1 POS provision) and a POS acquisition of 6,060 m<sup>2</sup> with an estimated acquisition value of \$1.246 million. The Second Internal Transactional Review did not identify any further corrections for this cell and the majority of the remaining income for this cell is from landowners affected by POS compensation, which can be off-set against their future contributions. In this regard, Administration has recently written to these landowners seeking to finalise the remaining Cell Works.

The additional estimated excess of \$1.469 would only occur at full development of the Cell. Should the additional excess occur in the future, then these funds would be returned to all contributing landowners and not just those that contributed, prior to June 2019.

Administration is recommending that the Cell 1 ICPL rate be retained at \$18,018.64 to ensure contribution rates are set at an appropriate level to ensure adequate funds are received to complete the remaining works, pending full development of the Cell, or a determination being made on closure of the cell (prior to full development) in accordance with proposed Amendment 185; at which time the extent of any excess funds can be established and returned to contributing at this time.

### East Wanneroo Cell 2 – Summary of Income and Expenditure



## East Wanneroo Cell 2 – Summary of Income and Expenditure

EAST WANNEROO CELL 2 - ANNUAL REVIEW 2020	Amounts (\$)	COMMENTS
<b>Expenditure</b>		
<b>Expenditure to Date (Actuals)</b>		
Public Open Space (10%)	\$ 6,135,611	Land Acquisition and Historic POS Credits (where applicable)
District Distributor Roads	\$ 6,711,020	Land Acquisition and Construction Costs
Administration Costs	\$ 685,457	Salary Recoupment, Legal Fees, Consultants
2nd Internal Transactional Review (Municipal recoupment from the Cell Account in the 2019/2020 Financial Year) - Includes interest	\$ 127,105	
<b>Total</b>	<b>\$ 13,659,193</b>	
<b>Remaining Expenditure (Estimated) - Annual Review</b>		
Public Open Space (10%)	\$ 26,908,954	Approx 13.1 ha
District Distributor Roads	\$ 4,598,291	Remaining construction & acquisition costs (Roadworks and Drainage)
Administration Costs	\$ 279,853	Estimated for 6 years
<b>Total</b>	<b>\$ 31,787,097</b>	
<b>Total Expenditure/Costs (Gross Costs)</b>	<b>\$ 45,446,290</b>	<b>Total Remaining Costs (Including Transactional Review)</b>
<b>Income</b>		
<b>Payments Made to Date</b>		
Contributions and Interest	-\$ 22,059,058.29	All Income (funds) Received (includes interest)
<b>Total</b>	<b>-\$ 22,059,058</b>	
<b>Gross Estimated Remaining Income</b>		
Estimated Contributions at Current ICPL of \$26,936 at ELY of 918	-\$ 24,727,248	918 Lots at Estimated Lot Yield of 9 Per/Ha
<b>Total Estimated Income</b>	<b>-\$ 46,786,306</b>	
<b>Estimated Cell Balance at Full Development</b>		
Total Combined Expenditure/Costs (Gross Costs)	\$ 45,446,290	
Total Combined Estimated Income	-\$ 46,786,306	
<b>Net Excess/Shortfall at Current ICPL (\$26,936)</b>	<b>\$ 1,340,016</b>	<b>Excess (reduction in ICPL)</b>
<b>Revised ICPL Rate</b>		
Current Infrastructure Cost Per Lot	\$ 26,936	
Proposed Decrease in ICPL Required to Achieve adequate funds to Deliver the Cell Works	-\$ 1,460	
<b>Proposed Infrastructure Cost Per lot</b>	<b>\$ 25,476</b>	As per ICPL calculation

### Background Information

- Cell Area – 214 ha
- Infrastructure Contributions Per Lot (ICPL) received - 1174
- Infrastructure Contributions Per Lot (ICPL) remaining - 918
- Remaining Area to be Developed – 44%
- Public Open Space Acquired – 7.3 ha
- POS Remaining – 13.1 ha (over 5 landholdings)
- Minor decrease in the ICPL proposed to ensure adequate funds will be received for remaining cell works.

### Comments

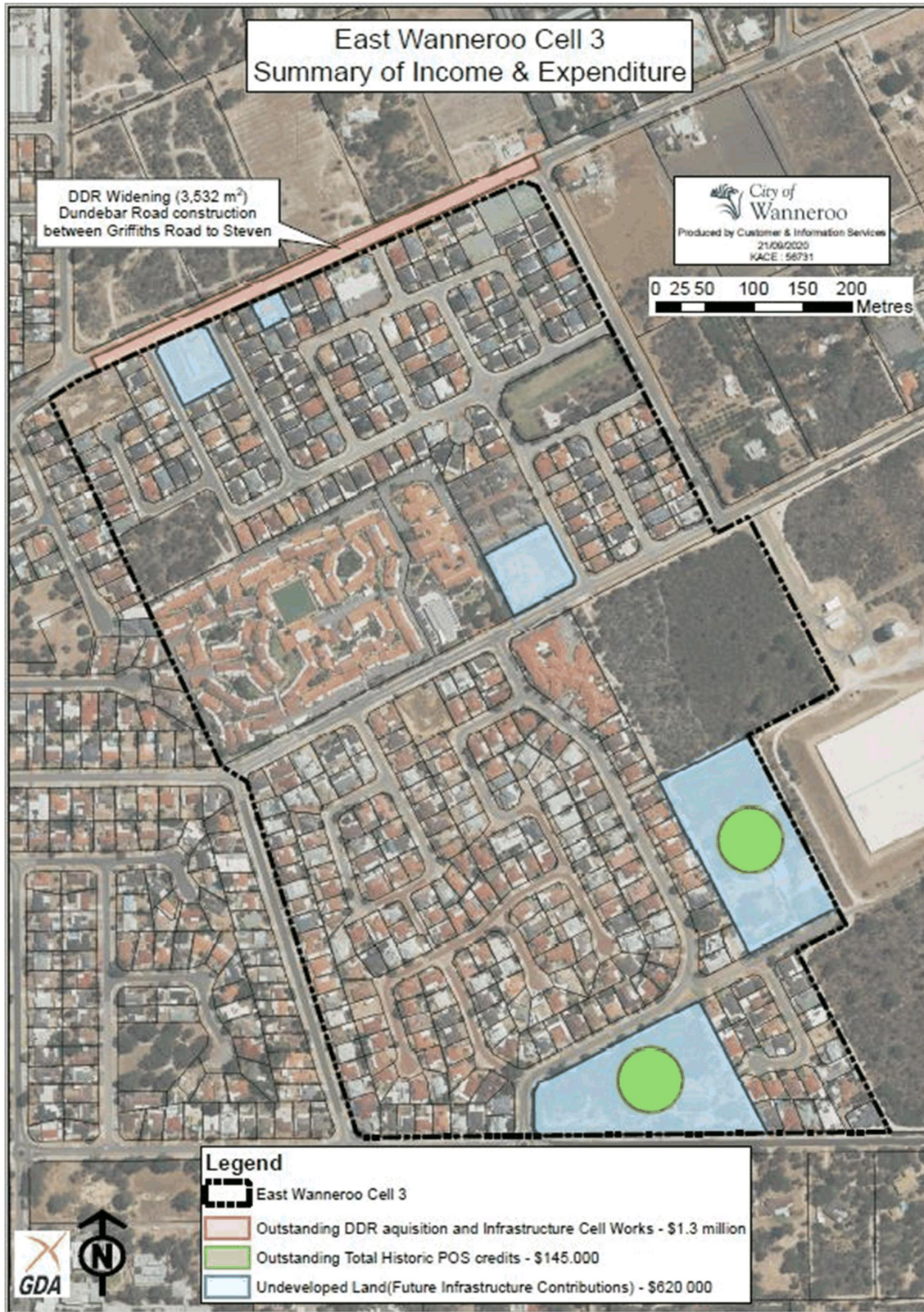
Portion of Cell 2 has been sterilised by a Poultry Farm Buffer (Cell 3 ASP) associated with the Ingham's Poultry Farm (Ingham's). The cell is just over 50% developed, however with the imminent relocation of the poultry farm, it is expected that this area will develop rapidly in the coming years. The City has been liaising with major landowners in this cell (including Stockland) to consider other mechanisms to ensure the provision of the required infrastructure. Administration is recommending that the revised ICPL of \$25,476 be adopted, however Administration will continue to work with the affected landowners to determine the suitability of retaining/amending the East Wanneroo Cell 2 cost sharing arrangements, or introduce a new DCP in accordance with State Planning Policy 3.6 (SPP 3.6) or other agreement, as required.

The Second Internal Transactional Review identified \$103,790.57 of incorrectly charged works to municipal, plus an interest adjustment of \$23,313.93, which equates to a total municipal adjustment of \$127,104.50. These works primarily relates to construction works associated with traffic treatments along Dundobar Road between Wanneroo Road and Civic Drive, Wanneroo that should have been charged to Cell 2.

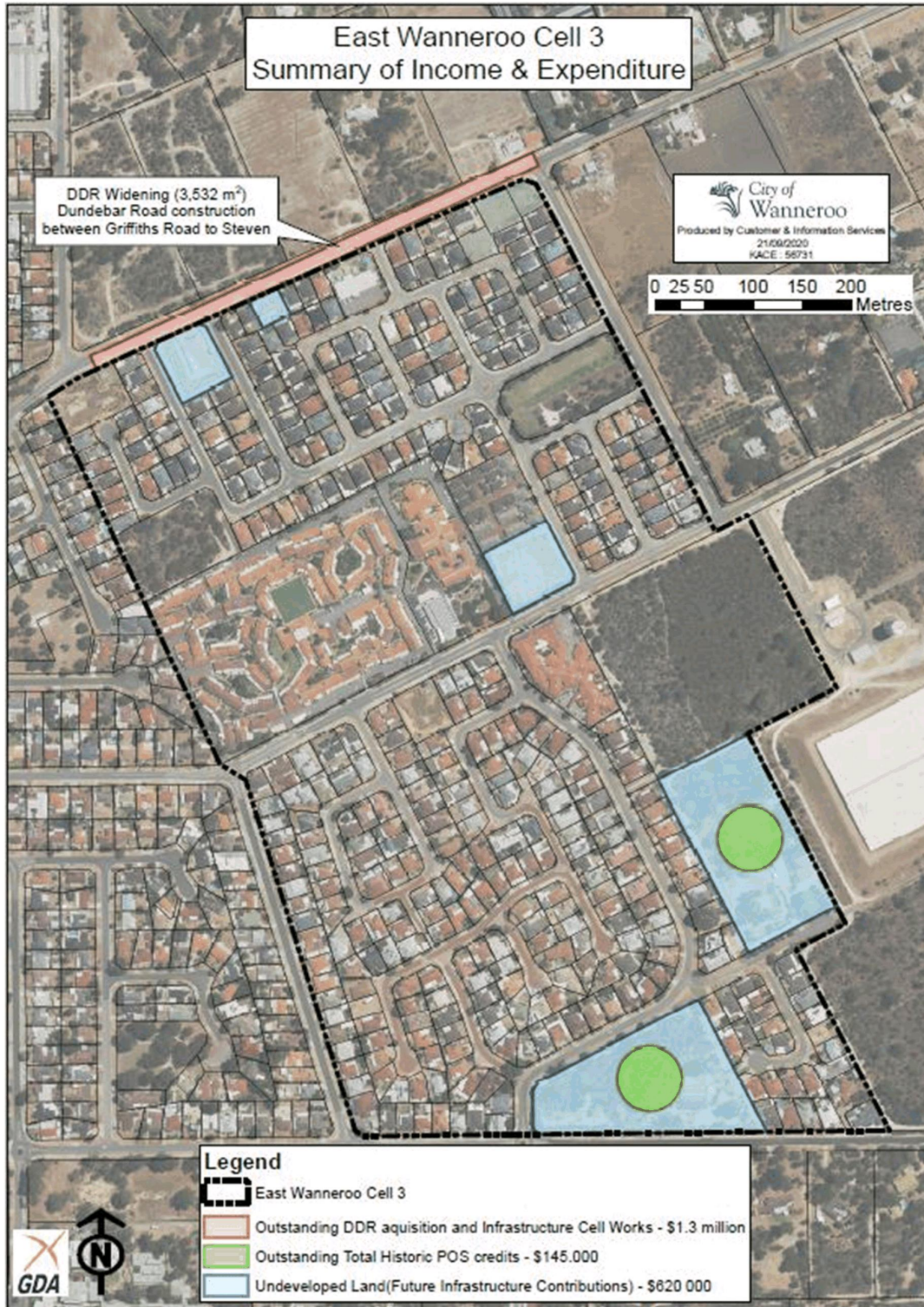
## East Wanneroo Cell 2 – Summary of Income and Expenditure

There are large areas of POS yet to be acquired and a minor decrease in the ICPL rate from \$26,936 to \$25,476 (\$1460) has been identified to ensure contribution rates are set at appropriate levels to ensure adequate funds are received to complete the cell works

### East Wanneroo Cell 3 – Summary of Income and Expenditure



### East Wanneroo Cell 3 – Summary of Income and Expenditure



## East Wanneroo Cell 3 – Summary of Income and Expenditure

EAST WANNEROO CELL 3 - ANNUAL REVIEW 2020	Amounts (\$)	COMMENTS
<b>Expenditure</b>		
<b>Expenditure to Date (Actuals)</b>		
Public Open Space (10%)	\$ 634,894	Land Acquisition and Historic POS Credits (where applicable)
District Distributor Roads	\$ 402,986	Land Acquisition and Construction Costs
Administration Costs	\$ 275,929	Salary Recoupment, Legal Fees, Consultants
<b>Total</b>	<b>\$ 1,313,809</b>	
<b>Remaining Expenditure (Estimated) - Annual Review</b>		
Public Open Space (10%)	\$ 145,149	Approx 769m2
District Distributor Roads	\$ 1,307,576	Remaining construction & acquisition costs (Roadworks and Drainage)
Administration Costs	\$ 145,710	Estimated for 4 years
<b>Total</b>	<b>\$ 1,598,435</b>	
<b>Total Expenditure/Costs (Gross Costs)</b>	<b>\$ 2,912,244</b>	<b>Total Remaining Expenditure (Including Transactional Audit Adjustments)</b>
<b>Income</b>		
<b>Payments Made to Date</b>		
Contributions and Interest	-\$ 2,109,227	All Income (funds) Received (includes interest)
<b>Total</b>	<b>-\$ 2,109,227</b>	
<b>Gross Estimated Remaining Income</b>		
Estimated Contributions at Current ICPL of \$14,036 at ELY of 46	-\$ 645,656	46 Lots at Estimated Lot Yield of 9 Per/Ha
<b>Total Estimated Income</b>	<b>-\$ 2,754,883</b>	
<b>Estimated Cell Balance at Full Development</b>		
Total Combined Expenditure/Costs (Gross Costs)	\$ 2,912,244	
Total Combined Estimated Income	-\$ 2,754,883	
<b>Net Excess/Shortfall at Current ICPL (\$14,036)</b>	<b>-\$ 157,361</b>	<b>Shortfall</b>
<b>Revised ICPL Rate</b>		
Current Infrastructure Cost Per Lot	\$ 14,036	
Proposed Increase in ICPL Required to Achieve adequate funds to Deliver	\$ 3,421	
<b>Proposed Infrastructure Cost Per lot</b>	<b>\$ 17,457</b>	

### Background Information

- Cell Area – 48.9 ha
- Infrastructure Contributions Per Lot (ICPL) received - 458
- Infrastructure Contributions Per Lot (ICPL) remaining - 46
- Remaining Area to be Developed – 9%
- Public Open Space Acquired – 2.67 ha (POS acquisition complete)
- Historic POS Credit Remaining Expenditure (equivalent of 769 m2) - \$148k
- Dundobar Road Costs (Acquisition and Construction) – \$1.3 million (50% Cell 3 cost – As per Amendment 178 to DPS2 - Gazetted 13<sup>th</sup> October 2020).

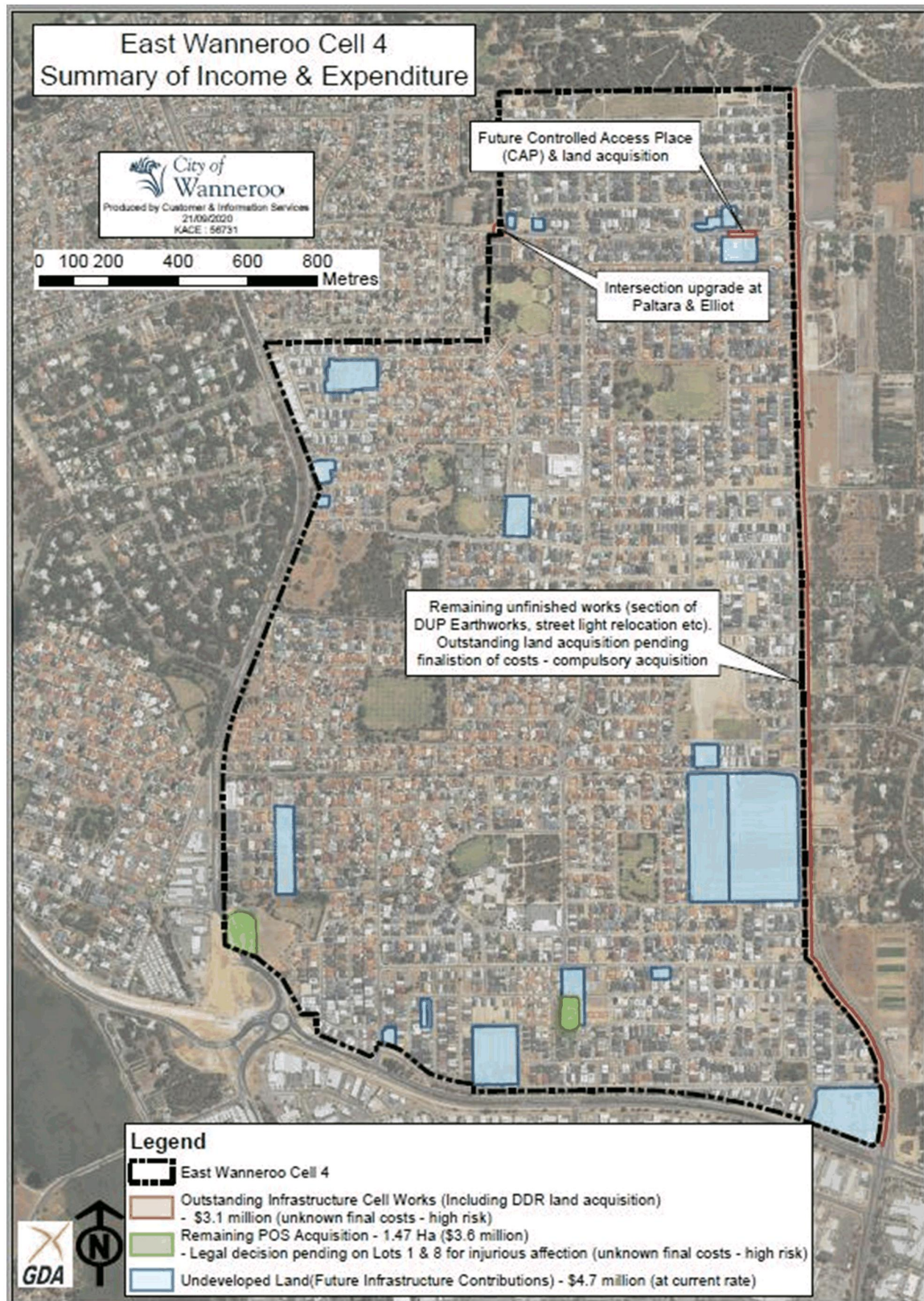
### Comments

This Cell is predominately developed (91%) and all POS areas have been acquired with the exception of a small area of historic POS credit (\$150,000). There are several large land parcels remaining to be developed.

The Dundobar Road widening and duplication project is the greatest remaining cost for this Cell, which has been scheduled for 2022/23. However, the construction/upgrading of this road will be dependent upon land acquisition from the northern side of Dundobar Road, which was recently zoned Urban Deferred in the MRS. In addition, the Minister recently approved Amendment 178 which reduced the Cell 3 obligation towards the abutting section of Dundobar Road from 100% to 50% with the additional funding to be obtained through the implementation of a new DCP associated with the future East Wanneroo District Structure Plan; or other funding source to be determined. In this regard, it may be necessary for the City to seek contributions from the Urban Deferred landowners through conditions of subdivision (if a DCP has not been prepared); or pre-fund the initial capital costs associated with the Dundobar Road upgrading, which is currently estimated at \$1.3 million (land acquisition and construction) and seek reimbursement from the Urban Deferred landowners for this work (in the future) if the current construction programme remains the same.



## East Wanneroo Cell 4 – Summary of Income and Expenditure



## East Wanneroo Cell 4 – Summary of Income and Expenditure

EAST WANNEROO CELL 4 - ANNUAL REVIEW 2020	Amounts (\$)	COMMENTS
<b>Expenditure</b>		
<b>Expenditure to Date (Actuals)</b>		
Public Open Space (10%)	\$ 24,215,966	Land Acquisition and Historic POS Credits (where applicable)
District Distributor Roads	\$ 30,386,184	Land Acquisition and Construction Costs
Administration Costs	\$ 2,035,925	Salary Recoupment, Legal Fees, Consultants
2nd Internal Transactional Review (Municipal recoupment from the Cell Account in the 2019/2020 Financial Year) - Includes interest	\$ 283,010	
<b>Total</b>	<b>\$ 56,921,084</b>	
<b>Remaining Expenditure (Estimated) - Annual Review</b>		
Public Open Space (10%)	\$ 3,615,708	Approx 1.4 ha (Additional Cost Estimated for Compulsory Taking)
District Distributor Roads	\$ 3,092,304	Remaining construction & acquisition costs (Roadworks and Drainage)
Administration Costs	\$ 486,306	Estimated for 6 years
<b>Total</b>	<b>\$ 7,194,319</b>	
<b>Total Expenditure/Costs (Gross Costs)</b>	<b>\$ 64,115,403</b>	<b>Total Remaining Expenditure (including Transactional Review Adjustments)</b>
<b>Income</b>		
<b>Payments Made to Date</b>		
Contributions and Interest	-\$ 68,917,978	All Income (funds) Received (includes interest)
<b>Total</b>	<b>-\$ 68,917,978</b>	
<b>Gross Estimated Remaining Income</b>		
Estimated Contributions at Current ICPL of \$23,328 at ELY of 200	-\$ 4,665,600	200 Lots at Estimated Lot Yield of 9 Per/Ha
<b>Total Estimated Income</b>	<b>-\$ 73,583,578</b>	
<b>Estimated Cell Balance at Full Development</b>		
Total Combined Expenditure/Costs (Gross Costs)	\$ 64,115,403	
Total Combined Estimated Income	-\$ 73,583,578	
<b>Net Excess/Shortfall at Current ICPL (\$23,328)</b>	<b>\$ 9,468,176</b>	<b>Potential Excess (includes future contributions of \$4.7 million)</b>
<b>Revised ICPL Rate</b>		
Current Infrastructure Cost Per Lot	\$ 23,328	
<b>Proposed Infrastructure Cost Per lot</b>	<b>\$ 23,328</b>	

### Background Information

- Cell Area – 394 ha
- Infrastructure Contributions Per Lot (ICPL) received - 4336
- Infrastructure Contributions Per Lot (ICPL) remaining - 200
- Remaining Area to be Developed – 4%
- Public Open Space Acquired – 35 Ha
- POS Remaining – 1.5 ha (over 2 landholdings)
- Current excess funds (\$4.7 million). Estimated excess at full development if ICPL rate retained approx. \$9.5 million if ICPL rate is maintained and all land develops.

### Comments

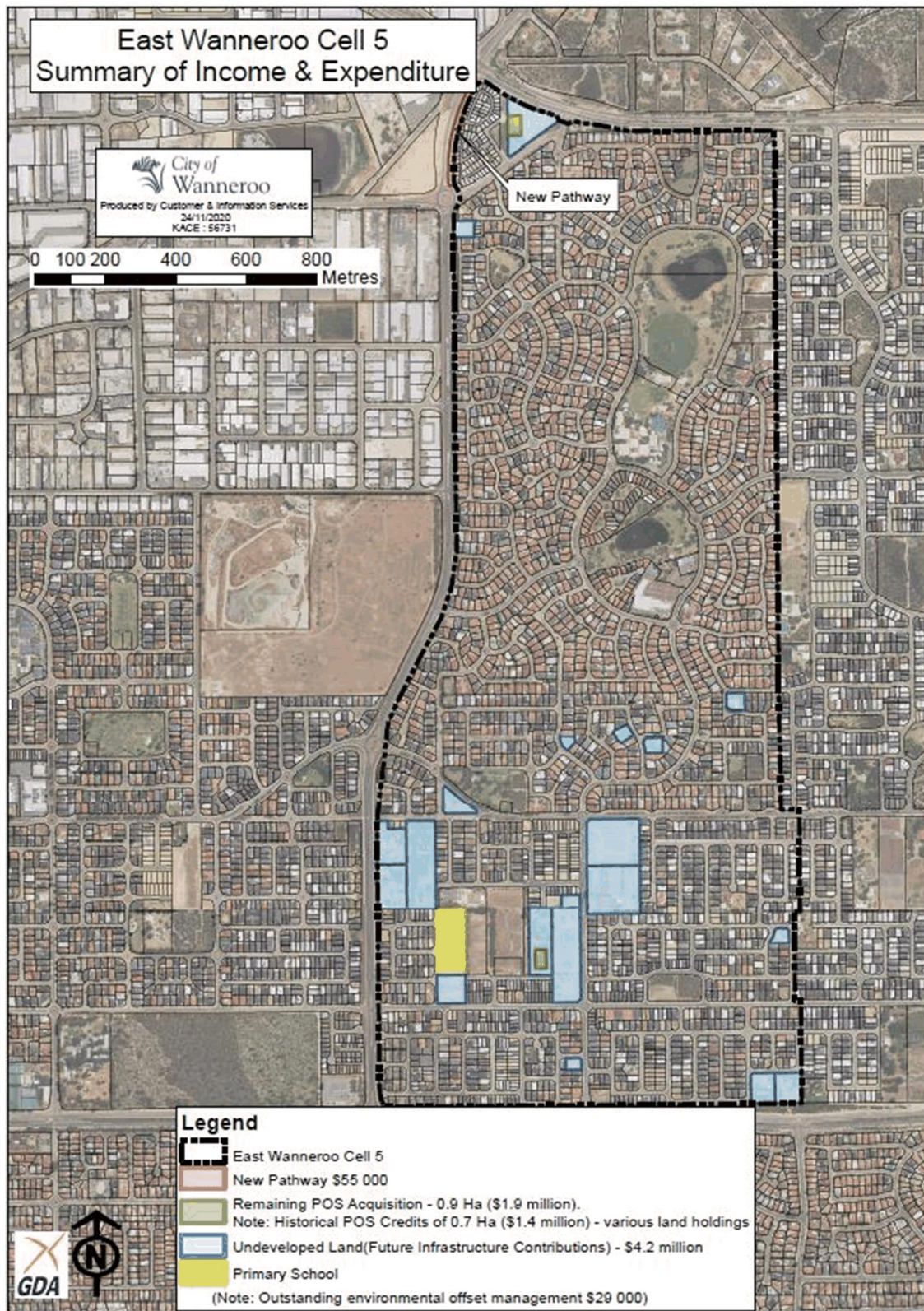
This cell is predominately developed with only 4% (202 lots) land undeveloped. There is a projected excess of approximately \$9.5 million at full development if all the land in the cell develops and the current ICPL rate is maintained. Whilst excess funds are likely at full development, the extent of these excesses is dependent upon the final costs associated with two ongoing major land acquisitions for POS and Lenore Road. The acquisition is occurring under the Land Administration Act (legal process for acquisition) and therefore, the final costs are yet to be determined. There is a significant risk that the acquisition and legal costs could escalate and therefore reduce the extent of the cell excess funds due to ongoing legal action in relation to injurious affection on the land.

The Second Internal Transactional Review identified \$259,783.49, plus an interest adjustment of \$23,226.25, which equates to a total municipal adjustment of \$283,009.74. The finding primarily relates to construction works associated with pavement line marking for Lenore Road, street lighting for Elliot Road and carriageway construction for Lenore Road.

## East Wanneroo Cell 4 – Summary of Income and Expenditure

Administration is not recommending a return of excess funds until greater certainty can be established on the final costs. The current ICPL rate should be retained for the remaining developers to ensure a accountable position on the cell accounts can be achieved in due course.

## East Wanneroo Cell 5 – Summary of Income and Expenditure



## East Wanneroo Cell 5 – Summary of Income and Expenditure

EAST WANNEROO CELL 5 - ANNUAL REVIEW 2020	Amounts (\$)	COMMENTS
<b>Expenditure</b>		
<b>Expenditure to Date (Actuals)</b>		
Public Open Space (10%)	\$ 16,945,833	Land Acquisition and Historic POS Credits (where applicable)
District Distributor Roads	\$ 18,859,293	Land Acquisition and Construction Costs
Administration Costs	\$ 1,713,888	Salary Recoupment, Legal Fees, Consultants
2nd Internal Transactional Review (Municipal recoupment from the Cell Account in the 2019/2020 Financial Year) - Includes interest	\$ 25,810	
<b>Total</b>	<b>\$ 37,544,824</b>	
<b>Remaining Expenditure (Estimated) - Annual Review</b>		
Public Open Space (10%)	\$ 3,377,861	Approx 1.5 ha
District Distributor Roads	\$ 83,792	Remaining construction & acquisition costs (Roadworks and Drainage)
Administration Costs	\$ 207,121	Estimated for 4 years
<b>Total</b>	<b>\$ 3,668,773</b>	
<b>Total Expenditure/Costs (Gross Costs)</b>	<b>\$ 41,213,598</b>	<b>Total Remaining Expenditure (Including Transactional Review Adjustments)</b>
<b>Income</b>		
<b>Payments Made to Date</b>		
Contributions and Interest	-\$ 43,505,678	All Income (funds) Received (includes interest)
<b>Total</b>	<b>-\$ 43,505,678</b>	
<b>Gross Estimated Remaining Income</b>		
Estimated Contributions at Current ICPL of \$30,909 at ELY of 137	-\$ 4,234,533	137 Lots at Estimated Lot Yield of 9 Per/Ha
<b>Total Estimated Income</b>	<b>-\$ 47,740,211</b>	
<b>Estimated Cell Balance at Full Development</b>		
Total Combined Expenditure/Costs (Gross Costs)	\$ 41,213,598	
Total Combined Estimated Income	-\$ 47,740,211	
<b>Net Excess/Shortfall at Current ICPL (\$30,909)</b>	<b>\$ 6,526,613</b>	
<b>Revised ICPL Rate</b>		
Current Infrastructure Cost Per Lot	\$ 30,909	
<b>Proposed Infrastructure Cost Per lot</b>	<b>\$ 30,909</b>	

### Background Information

- Cell Area – 288 ha
- Infrastructure Contributions Per Lot (ICPL) received - 2878
- Infrastructure Contributions Per Lot (ICPL) remaining - 137
- Remaining Area to be Developed – 5%
- Public Open Space Acquired – approx. 25 Ha
- POS Acquisition Remaining – 0.9 ha (approx. \$2 million)
- Historic POS Compensation Credits – 0.7 ha (\$1.4 million)
- Estimated excess at full development \$6.5 million, if ICPL rate is maintained and all land develops).

### Comments

This cell is predominately developed (95%) with only 137 contributions remaining from the undeveloped land. There is a projected excess of approximately \$6.5 million at full development if all the land in the cell develops and the current ICPL rate is maintained.

Whilst excess funds are likely at full development, the extent of the excess is dependent upon the final costs associated with land acquisition for POS.

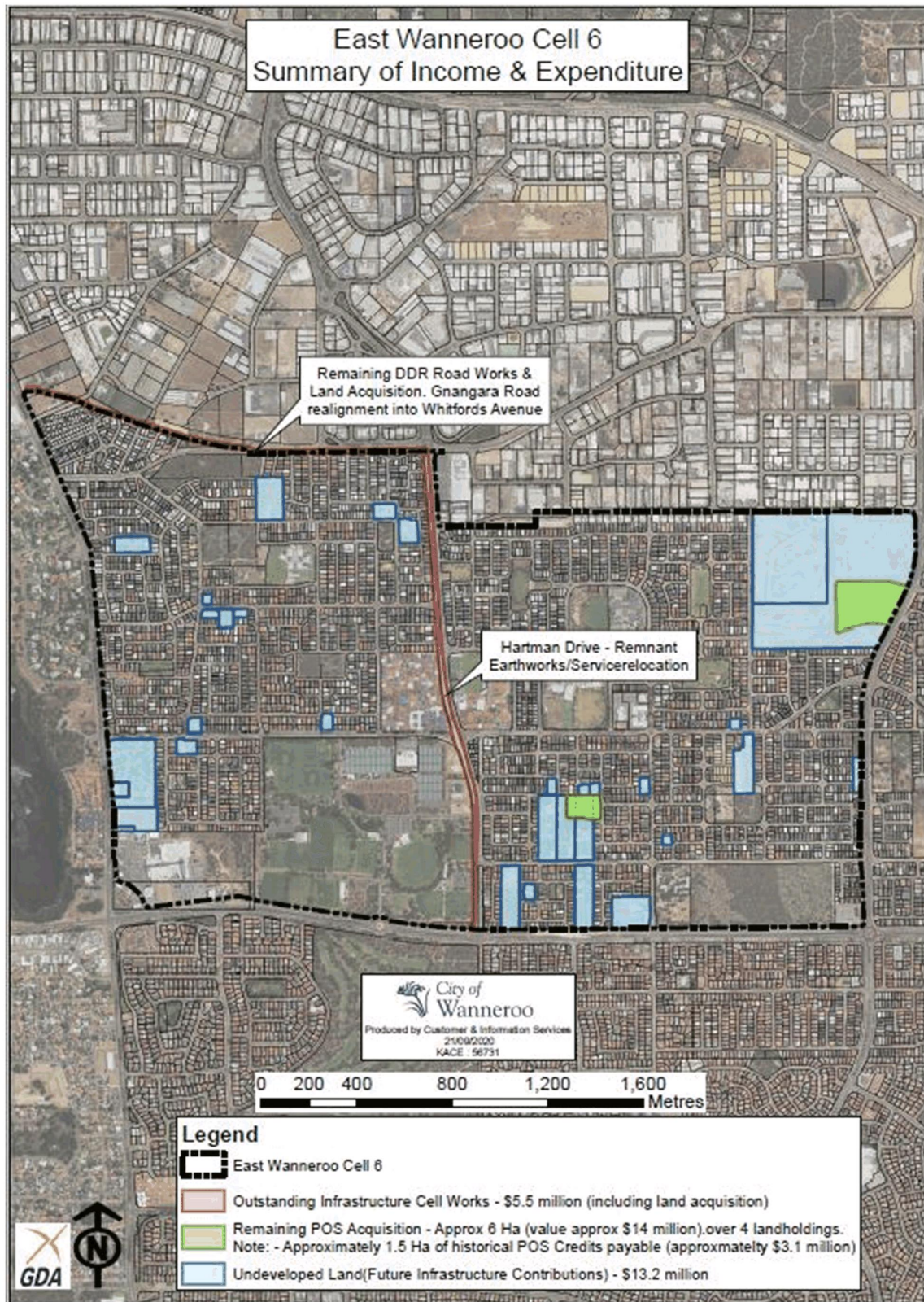
The Second Internal Transactional Review identified -\$9,341.25 of incorrectly charged works to the Cell, plus an interest adjustment of \$35,151.03, which equates to a total municipal recoupment of \$25,809.78. In this regard, whilst Cell 5 has a negative adjustment (meaning a Cell 5 recoupment from municipal) the adjustment requires a net payment to municipal due to the interest adjustments associated with specific project errors. The finding primarily relates to construction works associated with dual use pathways, traffic treatments for the intersection of Mirrabooka/Southmead Dr, Mirrabooka Ave dual carriageway structures, design costs for Mirrabooka Ave and Hepburn Avenue dual carriageway structures.

Administration is not recommending a return of excess funds until greater certainty can be established on the final costs. The current ICPL rate of \$30,909 should be retained for the remaining developers pending greater certainty on the costs prior to considering a return of potential excess funds.

## East Wanneroo Cell 5 – Summary of Income and Expenditure

It should be noted that if some landholdings do not develop or the Cell is closed, prior to full development then the extent of potential excess fund will be reduced.

### Cell 6 - Income and Expenditure Summary



## Cell 6 - Income and Expenditure Summary

EAST WANNEROO CELL 6 - ANNUAL REVIEW 2020	Amounts (\$)	COMMENTS
<b>Expenditure</b>		
<b>Expenditure to Date (Actuals)</b>		
Public Open Space (10%)	\$ 27,415,291	Land Acquisition and Historic POS Credits (where applicable)
District Distributor Roads	\$ 25,085,433	Land Acquisition and Construction Costs
Administration Costs	\$ 1,086,791	Salary Recoupment, Legal Fees, Consultants
2nd Internal Transactional Review (Municipal recoupment from the Cell Account in the 2019/2020 Financial Year) - Includes interest	\$ 982,138	
<b>Total</b>	<b>\$ 54,569,654</b>	
<b>Remaining Expenditure (Estimated) - Annual Review</b>		
Public Open Space (10%)	\$ 17,021,113	Approx 7.5 ha
District Distributor Roads	\$ 5,486,310	Remaining construction & acquisition costs (Roadworks and Drainage)
Administration Costs	\$ 461,524	Estimated for 8 years
<b>Total</b>	<b>\$ 22,968,946</b>	
<b>Total Expenditure/Costs (Gross Costs)</b>	<b>\$ 77,538,600</b>	<b>Total Remaining Expenditure (Including Transactional Review Adjustments)</b>
<b>Income</b>		
<b>Payments Made to Date</b>		
Contributions and interest	\$ 78,518,709	All Income (funds) Received (includes interest)
<b>Total</b>	<b>\$ 78,518,709</b>	
<b>Gross Estimated Remaining Income</b>		
Estimated Contributions at Current ICPL of \$24,679 at ELY of 535	\$ 13,203,265	535 Lots at Estimated Lot Yield of 9 Per/Ha
<b>Total Estimated Income</b>	<b>\$ 91,721,974</b>	
<b>Estimated Cell Balance at Full Development</b>		
Total Combined Expenditure/Costs (Gross Costs)	\$ 77,538,600	
Total Combined Estimated Income	\$ 91,721,974	
<b>Net Excess/Shortfall at Current ICPL (\$24,679)</b>	<b>\$ 14,183,373</b>	
<b>Revised ICPL Rate</b>		
Current Infrastructure Cost Per Lot	\$ 24,679	
<b>Proposed Infrastructure Cost Per lot</b>	<b>\$ 24,679</b>	

### Background Information

- Cell Area – 598 ha
- Infrastructure Contributions Per Lot (ICPL) received - 4600
- Infrastructure Contributions Per Lot (ICPL) remaining - 535
- Remaining Area to be Developed – 11%
- Public Open Space Acquired – approx. 35 ha
- POS Remaining to be acquired – 6.1 ha (over 4 landholdings) – approx. \$14 million.
- Historic POS Credits – 1.5 ha (multiple landholdings) - \$3.1 million
- Potential excess funds at full development. Subject to all land developing and final costs associated with regional road construction and POS acquisition.

### Comments

This cell is predominately developed (88%). There is a projected excess of approximately \$14 million at full development, if all the land in the cell develops and the current ICPL rate is maintained.

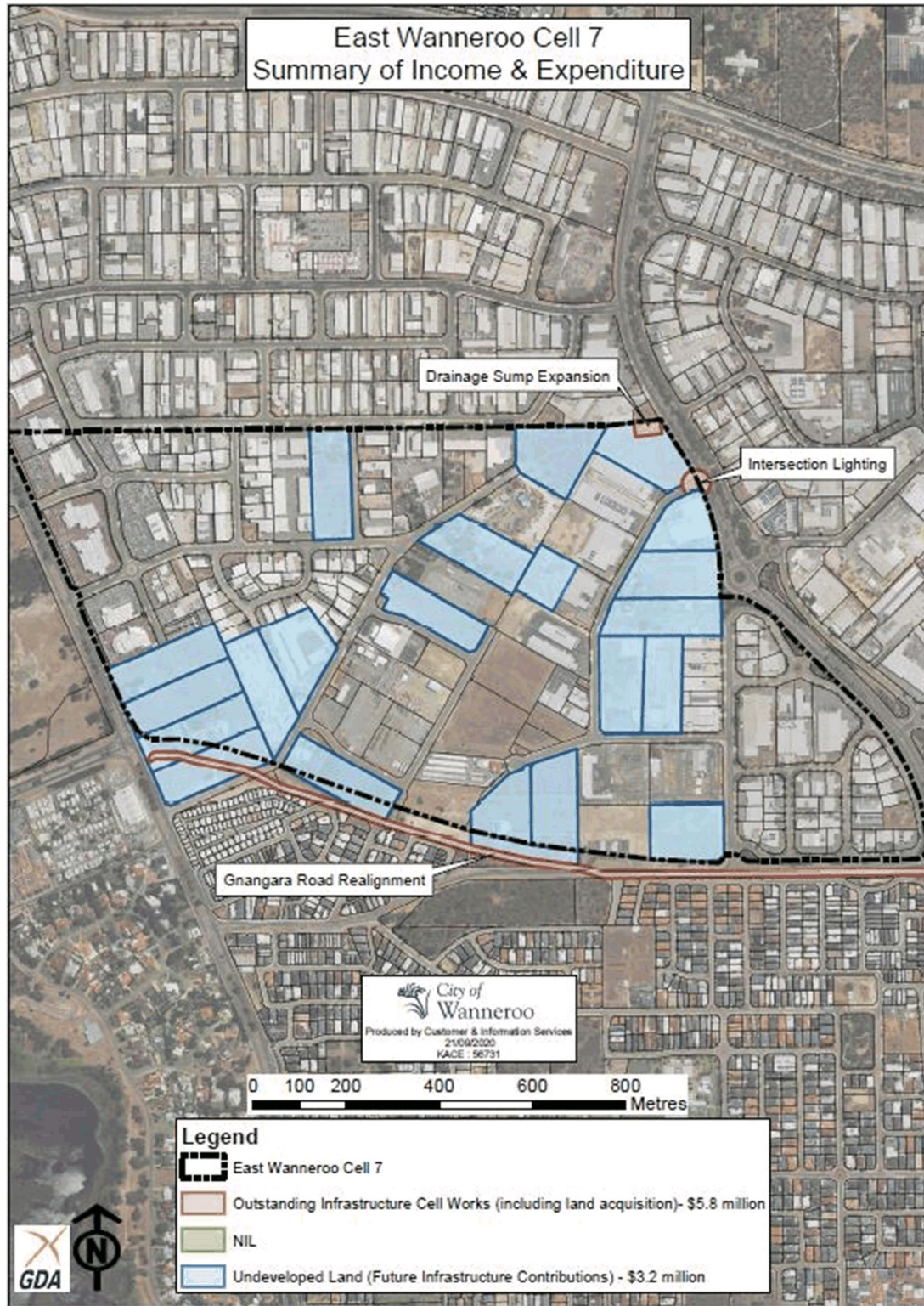
There has been over 4,600 contributions received in this cell, with 535 remaining contributions estimated. The Landfill precinct (Salamoni) and the Kingsway Caravan Park are the largest remaining landholdings in this Cell and there is uncertainty regarding whether these sites will develop in the short term due to environmental/geotechnical constraints and operating land uses respectively. These lots represent a significant amount of the estimated remaining income (60%) that may not be achieved within a reasonable timeframe. This would significantly impact on the potential for excess funds if the cell remains open until full development.

Administration is not recommending a return of excess funds until greater certainty can be established on the final costs and remaining income. The current ICPL rate of \$24,679 should be retained for the remaining developers to ensure an accurate financial position on the cell accounts can be determined before a return of potential excess funds can be considered.

It should be noted that if Council was to pursue a partial return of estimated excess funds (as per Cell 1) then the exclusion of future income and appropriate contingency (similar to Cell 1) would not translate into a significant early return in ICPL contributions, as the potential excess is derived primarily from the future estimated contributions.



## East Wanneroo Cell 7 – Summary of Income and Expenditure



## East Wanneroo Cell 7 – Summary of Income and Expenditure

EAST WANNEROO CELL 7 - ANNUAL REVIEW 2020	Amounts (\$)	COMMENTS
<b>Expenditure</b>		
<b>Expenditure to Date (Actuals)</b>		
Public Open Space (10%)	\$ 528,500	Land Acquisition and Historic POS Credits (where applicable)
District Distributor Roads	\$ 3,922,179	Land Acquisition and Construction Costs
Administration Costs	\$ 639,368	Salary Recoupment, Legal Fees, Consultants
2nd Internal Transactional Review (Municipal recoupment from the Cell Account in the 2019/2020 Financial Year) - Includes Interest	\$ 130,800	
<b>Total</b>	<b>\$ 5,220,847</b>	
<b>Remaining Expenditure (Estimated) - Annual Review</b>		
Public Open Space (10%)	\$ -	
District Distributor Roads	\$ 5,838,808	Remaining construction and acquisition costs
Administration Costs	\$ 400,162	Estimated for 8 years
<b>Total</b>	<b>\$ 6,238,970</b>	
<b>Total Expenditure/Costs (Gross Costs)</b>	<b>\$ 11,459,818</b>	<b>Total Remaining Expenditure (Including Transactional Review Adjustments)</b>
<b>Income</b>		
<b>Payments Made to Date</b>		
Contributions and Interest	-\$ 7,724,881	All Income (funds) Received (Includes interest)
<b>Total</b>	<b>-\$ 7,724,881</b>	
<b>Gross Estimated Remaining Income</b>		
Estimated Contributions at Current ICPL of \$9.73 per ha of 32.86	-\$ 3,196,937	32.86 ha
<b>Total Estimated Income</b>	<b>-\$ 10,921,818</b>	
<b>Estimated Cell Balance at Full Development</b>		
Total Combined Expenditure/Costs (Gross Costs)	\$ 11,459,818	
Total Combined Estimated Income	-\$ 10,921,818	
<b>Net Excess/Shortfall at Current ICPL (\$9.73)</b>	<b>-\$ 537,999</b>	<b>Shortfall</b>
<b>Revised ICPL Rate</b>		
Current Infrastructure Cost Per m2	\$ 9.73	
Proposed Increase in ICPL per m2 Required to Deliver the Cell Works	\$ 1.64	
<b>Proposed Infrastructure Cost Per m2</b>	<b>\$ 11.37</b>	

### Background Information

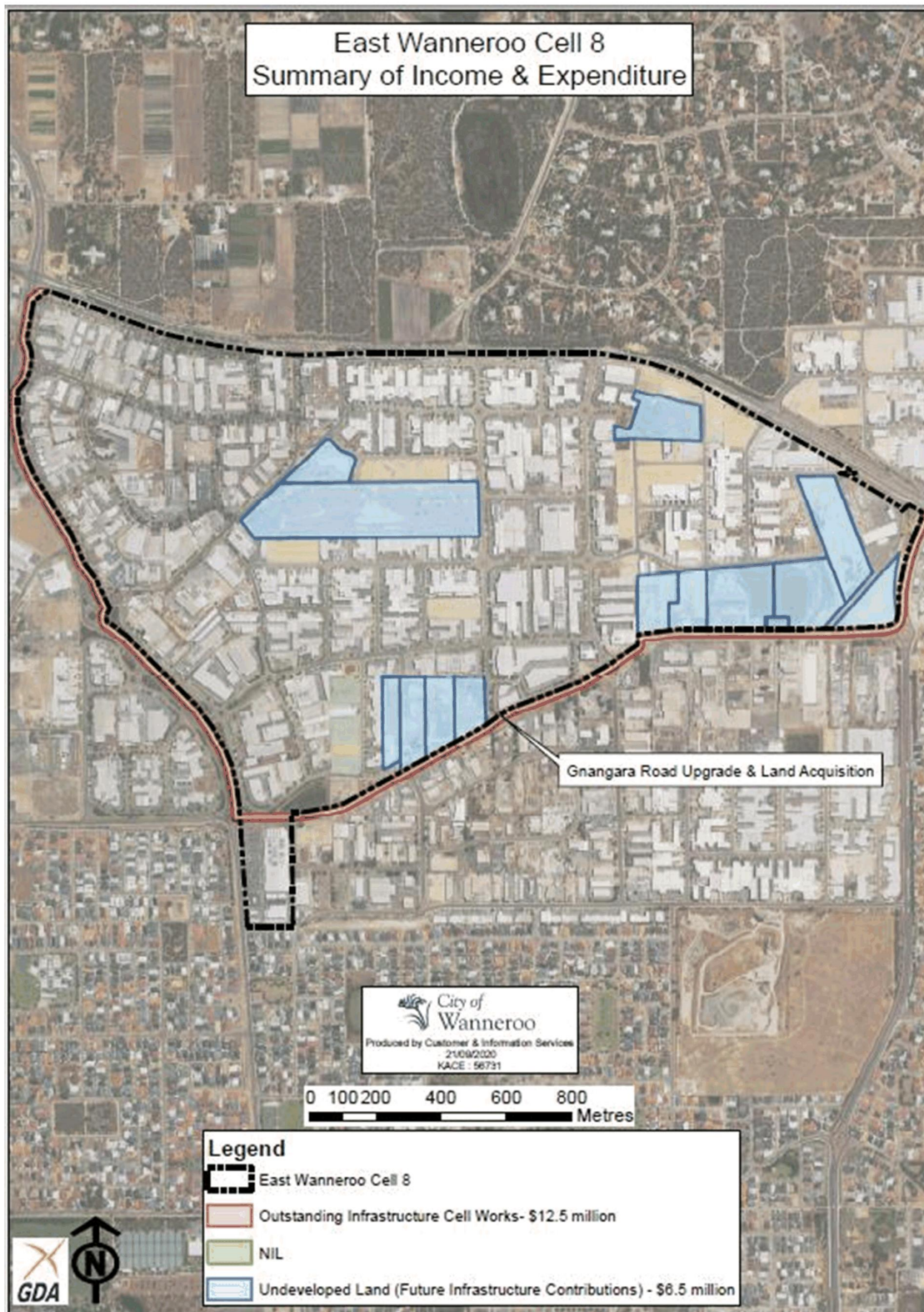
- Cell Area – 129 ha (Net Developable Area 101 ha)
- Cell Area Developed - 68ha
- Cell Area Remaining – 33 ha
- Remaining Area to be Developed – 32%
- Minor reduction in contribution rate to ensure adequate funds will be received for remaining cell works.

### Comments

The Cell is nearly 70% developed. A minor increase in the contribution rate is primarily associated with an increase in the estimated cost for the Gngara Road land acquisition and construction costs. A detailed assessment of the structure plan and remaining undeveloped land has enabled a more accurate estimate on future income. It should be noted that the methodology is based on remaining developable area and relies upon the full development of the cell and has little margin for error. This methodology is different to the residential cells, which make an estimate of future income based upon a conservative lot yield estimate.

A minor increase in the cell contribution rate from \$9.73 to \$11.37 per square metre is considered acceptable and is consistent with normal fluctuations associated with an annual review.

### Cell 8 – Income and Expenditure Summary - 2019



## Cell 8 – Income and Expenditure Summary - 2019

EAST WANNEROO CELL 8 - ANNUAL REVIEW 2020	Amounts (\$)	COMMENTS
<b>Expenditure</b>		
<b>Expenditure to Date (Actuals)</b>		
Public Open Space (10%)	\$ 44,220	Land Acquisition and Historic POS Credits (where applicable)
District Distributor Roads	\$ 21,707,611	Land Acquisition and Construction Costs
Administration Costs	\$ 1,630,821	Salary Recoupment, Legal Fees, Consultants
2nd Internal Transactional Review (Municipal recoupment from the Cell Account in the 2019/2020 Financial Year) - Includes interest	\$ 482,384	
<b>Total</b>	<b>\$ 23,865,035</b>	
<b>Remaining Expenditure (Estimated) - Annual Review</b>		
Public Open Space (10%)	\$ -	
District Distributor Roads	\$ 12,515,262	Remaining construction & acquisition costs (Roadworks and Drainage)
Administration Costs	\$ 299,860	Estimated for 6 years
<b>Total</b>	<b>\$ 12,815,121</b>	
<b>Total Expenditure/Costs (Gross Costs)</b>	<b>\$ 36,680,156</b>	<b>Total Remaining Expenditure (Including Transactional Review Adjustments)</b>
<b>Income</b>		
<b>Payments Made to Date</b>		
Contributions and Interest	-\$ 29,340,172.11	All Income (funds) Received (includes interest)
<b>Total</b>	<b>-\$ 29,340,172</b>	
<b>Gross Estimated Remaining Income</b>		
Estimated Contributions at Current ICPL of \$16.93 per m2	-\$ 6,562,672	39 ha
<b>Total Estimated Income</b>	<b>-\$ 35,902,845</b>	
<b>Estimated Cell Balance at Full Development</b>		
Total Combined Expenditure/Costs (Gross Costs)	\$ 36,680,156	
Total Combined Estimated Income	-\$ 35,902,845	
<b>Net Excess/Shortfall at Current ICPL (\$16.93)</b>	<b>-\$ 777,312</b>	<b>Shortfall</b>
<b>Revised ICPL Rate</b>		
Current Infrastructure Cost Per m2	\$ 16.93	
Proposed Increase in ICPL per m2 to Deliver the Cell Works	\$ 2.01	
<b>Proposed Infrastructure Cost Per m2</b>	<b>\$ 18.94</b>	

### **Background Information**

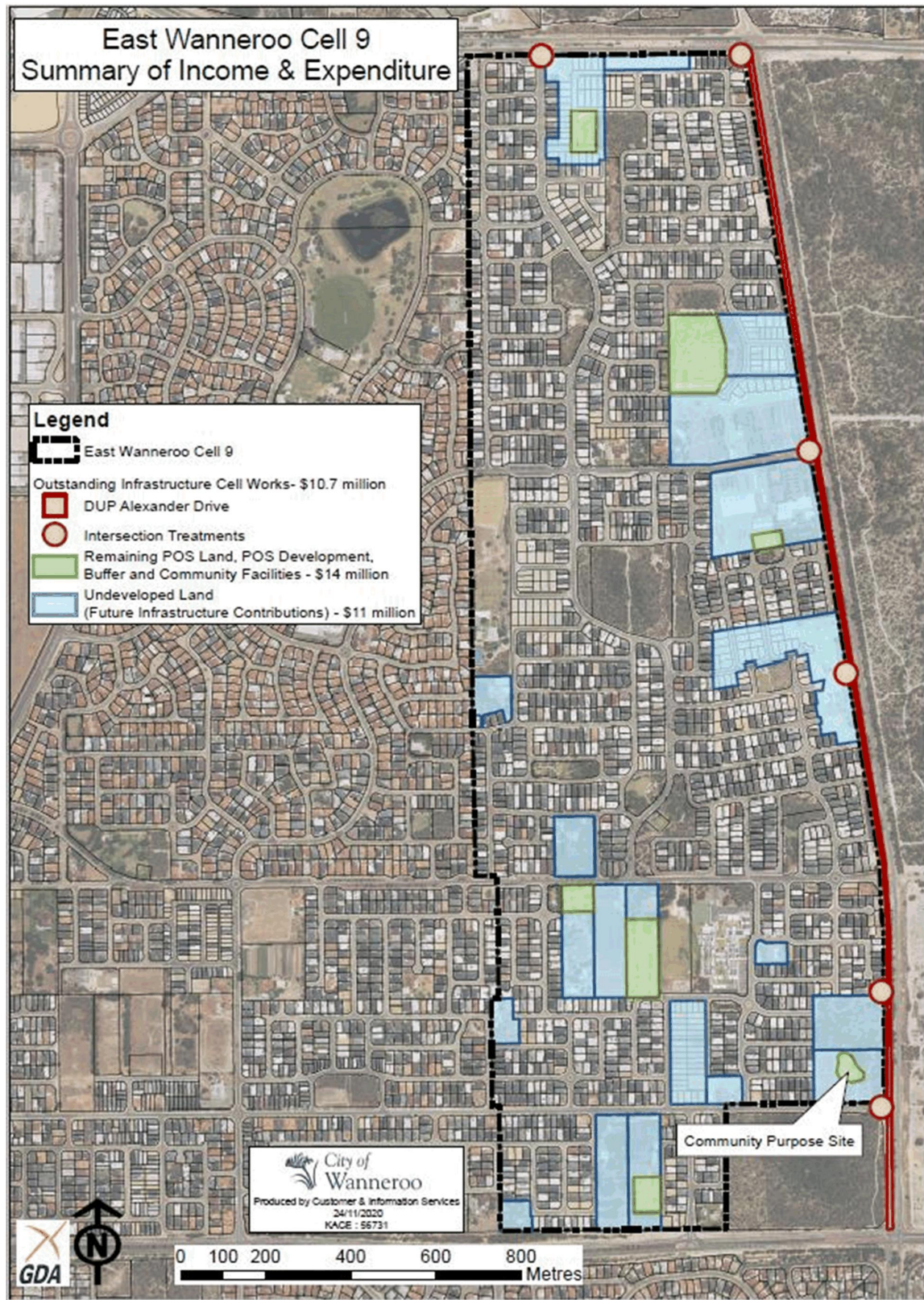
- Cell Area – 244 ha (Net Developable Area 183 ha)
- Cell Area Developed - 145ha
- Cell Area Remaining – 39 ha
- Remaining Area to be Developed – 21%
- Minor increase in contribution rate per m2 to ensure adequate funds will be received for remaining cell works.

### **Comments**

The cell is just under 80% developed. The increase in the contribution rate can be associated with the land acquisition and construction costs associated with Gngangara Road. Further a detailed assessment of the structure plan and remaining undeveloped land has enabled a more accurate estimate on future income. It should be noted that the methodology is based on remaining developable area and relies upon the full development of the cell and has little margin for error. This methodology is different to the residential cells, which make an estimate of future income based upon a conservative lot yield estimate.

A minor increase in the square metre rate from \$16.93 to \$18.94 is considered acceptable and is consistent with normal fluctuations associated with an annual review.

### East Wanneroo Cell 9 – Summary of Income and Expenditure



## East Wanneroo Cell 9 – Summary of Income and Expenditure

EAST WANNEROO CELL 9 - ANNUAL REVIEW 2020		Amounts (\$)	COMMENTS
<b>Expenditure</b>			
<b>Expenditure to Date (Actuals)</b>			
Public Open Space (10%)	\$	45,619,515	Land Acquisition and Historic POS Credits (where applicable)
District Distributor Roads	\$	5,801,727	Land Acquisition and Construction Costs
Administration Costs	\$	1,341,856	Salary Recoupment, Legal Fees, Consultants
2nd Internal Transactional Review (Municipal recoupment from the Cell Account in the 2019/2020 Financial Year) - Includes interest	\$	1,786,951	
<b>Total expenditure to date</b>	<b>\$</b>	<b>54,550,049</b>	
<b>Remaining Expenditure (Estimated) - Annual Review</b>			
Public Open Space (10%)	\$	14,183,969	Approx 5.4 ha and POS Development
District Distributor Roads	\$	10,708,374	Remaining construction & acquisition costs (Roadworks and Drainage)
Administration Costs	\$	235,702	Estimated for 5 years
<b>Total</b>	<b>\$</b>	<b>25,128,045</b>	
<b>Total Expenditure/Costs (Gross Costs)</b>	<b>\$</b>	<b>79,678,094</b>	<b>Total Remaining Expenditure (Including Transactional Review Adjustments)</b>
<b>Income</b>			
<b>Payments Made to Date</b>			
Contributions and Interest	-\$	71,802,923	All Income (funds) Received (Includes interest)
<b>Total</b>	<b>-\$</b>	<b>71,802,923</b>	
<b>Gross Estimated Remaining Income</b>			
Estimated Contributions at Current ICPL of \$29,947 at ELY of 384	-\$	11,499,648	384 Lots at Estimated Lot Yield of 13 Per/Ha
<b>Total Estimated Income</b>	<b>-\$</b>	<b>83,302,571</b>	
<b>Estimated Cell Balance at Full Development</b>			
Total Combined Expenditure/Costs (Gross Costs)	\$	79,678,094	
Total Combined Estimated Income	-\$	83,302,571	
<b>Net Excess/Shortfall at Current ICPL</b>	<b>\$</b>	<b>3,624,477</b>	<b>At full development</b>
<b>Revised ICPL Rate</b>			
Current Infrastructure Cost Per Lot	\$	29,947	
Proposed Infrastructure Cost Per lot	\$	29,947	

### Background Information

- Cell Area – 215 ha (182 ha Net)
- Infrastructure Contributions Per Lot (ICPL) received - 2129
- Infrastructure Contributions Per Lot (ICPL) remaining - 384
- Remaining Area to be Developed – 18%
- POS Remaining to be acquired – 2.5 hectares (\$6.2 million)
- DDR Works (Various) - \$6.3 million
- Community Facility - \$4.4 million (inclusive of land compensation)

### Comments

This Cell is predominately (82%) developed, with only 384 lots estimated to be remaining. The findings of the Internal Transactional Review identified various errors associated with the scope of works previously charged to the Cell resulting in approximately \$1.8 million being reimbursed to the municipal accounts. Notwithstanding, an excess in funds is still projected at full development of the Cell if contribution rates are retained of \$3.6 million.

The retention of the current ICPL rate of \$29,947 is considered acceptable to ensure a level of equity exists for all contributing landowners.

The Cell has over \$25 million in remaining expenditure and whilst Administration makes all reasonable effort to ensure the cost estimations are accurate, there remains a risk of cost increases associated with construction costs and land acquisition. In addition, there remains future estimated income of \$11 million that is yet to be received into the Cell account. Whilst an estimated excess is anticipated based on estimates for remaining Cell Work and full development of all the land in the Cell, there is a significant risk that any potential excess may be required to finalise the remaining infrastructure works.

## **East Wanneroo Cell 9 – Summary of Income and Expenditure**

On this basis, a reduction in the ICPL rate for Cell 9 is not recommended and that the City continue to monitor the expenditure through the Annual Review process to identify potential excess funds.



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Our Ref: V178-20

24 June 2020

City of Wanneroo  
Locked Bag 1  
WANNEROO WA 6945

**Attention: Natalie Martin**  
**Land Acquisition Officer – Property Services**

Dear Natalie

**Re: Provision of Valuation Services for the East Wanneroo  
Development Areas - Cells 1 to 9**

As requested, Mr Brian Zucal and myself have conferred in relation to the above matter and confirm as being fair, the following Cell Values:

Cell	Valuation Panel Recommendations	10% Additional Value (Solatium)
	\$ per hectare	\$ per hectare
1	\$1,868,750	\$2,055,625
2	\$1,868,750	\$2,055,625
3	\$1,887,500	\$2,076,250
4	\$1,937,500	\$2,131,250
5	\$2,012,500	\$2,213,750
6	\$2,087,500	\$2,296,250
7	\$2,125,000	\$2,337,500
8	\$2,037,500	\$2,241,250
9	\$2,012,500	\$2,213,750

Kind regards.

**Wayne Srhoy** AAPI, Masters (Property)  
Certified Practising Valuer  
Licensed Valuer No. 44175  
Western Australia

**B E Zucal** AAPI  
Certified Practising Valuer  
Licensed Valuer No. 100  
Western Australia

**Directors** Peter A Duffield, Damian Molony AAPI, Victor J Sankey AAPI  
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## **Independent Auditors' Report to the City of Wanneroo ("the City") on the Annual Cost Review for Cell 1**

### **Scope**

We have performed an audit of the Annual Cost Review of cell costs for Cell 1 and reviewed the methodology used in calculating and estimating cell costs for the remaining cell works, to establish the accuracy of the Annual Cost Review of Cell 1 as per the District Planning Scheme No. 2 ("DPS 2") and provide independent certification of such costs. Our Annual Review for 2020/21 covered actual transactions from 1 January 2020 to 30 June 2020 and estimated costs for future years, while ascertaining that the actual expenditure incurred gives a true and fair view and ensure that the assumptions used in the estimations of DCP costs are in accordance with the DPS 2.

### **The City's Responsibilities**

The City is responsible for ensuring that the cell costs incurred, estimated and the Infrastructure Cost Per Lot ("ICPL") charged are in accordance with the DPS 2 and related regulations, policies and procedures. The City is responsible for ensuring that all cell cost records are free of misstatements and omissions, and establish adequate internal controls for cell cost incurring, estimating and the calculation of ICPL rates, and ensure that adequate financial records have been maintained. The City is responsible for providing all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit of the cell cost reviews.

### **Compliance with Independence and Other Ethical Requirements**

We have complied with the relevant independence and other ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on the reasonability of the methodology used, in calculating and estimating cell costs for the remaining cell works, and assess the documentation provided to certify that the cell costs are incurred and estimated as per the DPS 2. We conducted our audit in accordance with Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the methodology used in forming the basis of cost incurring, ICPL rate calculation and estimation is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the methodology used in forming the basis on the relevance of cell costs incurred and estimations made for the remaining cell development works.

The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the methodology used. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the methodology used in forming the basis of cost incurring and cell cost estimations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the City, as well as the City's alignment to DPS 2.

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#### **ACCOUNTANTS & ADVISORS**

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Limitation on the scope**

- We have not performed any market valuation assessment of lands and relied on third party valuation reports of McGees Property signed by certified practicing valuers, for validating the reliability of land acquisition costs estimated.
- We have not applied any requirements of the State Planning Policy 3.6 ("SPP 3.6") for evaluating the cost review of Cell 1, as there is no such requirement stated in DPS 2 to consider SPP 3.6 for Cell 1.

**Audit Opinion**

In our opinion, other than stated under the Limitation of Scope Paragraph above, in all material respects, the cell costs incurred, estimated for remaining cell development works, and the calculated ICPL rate of negative \$23,833.52 from its current ICPL rate of \$18,018.64 were fairly stated and in compliance to DPS 2.

**Basis of accounting and restriction of distribution**

Without modifying our opinion, we draw your attention to Part 8 Finance and Administration section of the DPS 2, which describes the basis of accounting and the City's methodology and basis used in cell cost incurring, cost estimation of future cell development works and calculating the proposed ICPL rate, for the purpose of reporting to the City. As a result, the methodology used in forming the basis of this may not be suitable for another purpose. Our report is intended solely for the City and should not be distributed or used by other parties' other than the City. The Audit Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advices or any information contained within this Audit Report.

William Buck Audit (WA) Pty Ltd disclaim all liability to any party other than the City who choose to rely in any way on the contents of this Audit Report does so at their own risk.

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

A handwritten signature in black ink, appearing to be "C Manifis".

Conley Manifis  
Director

Dated this 2<sup>nd</sup> day of October 2020



## **Independent Auditors' Report to the City of Wanneroo ("the City") on the Annual Cost Review for Cell 2**

### **Scope**

We have performed an audit of the Annual Cost Review of cell costs for Cell 2 and reviewed the methodology used in calculating and estimating cell costs for the remaining cell works, to establish the accuracy of the Annual Cost Review of Cell 2 as per the District Planning Scheme No. 2 ("DPS 2") and provide independent certification of such costs. Our Annual Review for 2020/21 covered actual transactions from 1 April 2019 to 30 June 2020, estimated costs for future years and prior year adjustments affecting cell costs for financial years 2010/11 to 2012/13, while ascertaining that the actual expenditure incurred gives a true and fair view and ensure that the assumptions used in the estimations of DCP costs are in accordance with the DPS 2.

### **The City's Responsibilities**

The City is responsible for ensuring that the cell costs incurred, estimated and the Infrastructure Cost Per Lot ("ICPL") charged are in accordance with the DPS 2 and related regulations, policies and procedures. The City is responsible for ensuring that all cell cost records are free of misstatements and omissions, and establish adequate internal controls for cell cost incurring, estimating and the calculation of ICPL rates, and ensure that adequate financial records have been maintained. The City is responsible for providing all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit of the cell cost reviews.

### **Compliance with Independence and Other Ethical Requirements**

We have complied with the relevant independence and other ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on the reasonability of the methodology used, in calculating and estimating cell costs for the remaining cell works, and assess the documentation provided to certify that the cell costs are incurred and estimated as per the DPS 2. We conducted our audit in accordance with Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the methodology used in forming the basis of cost incurring, ICPL rate calculation and estimation is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the methodology used in forming the basis on the relevance of cell costs incurred and estimations made for the remaining cell development works.

The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the methodology used. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the methodology used in forming the basis of cost incurring and cell cost estimations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

#### **ACCOUNTANTS & ADVISORS**

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the City, as well as the City's alignment to DPS 2.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Limitation on the scope**

- We have not performed any market valuation assessment of lands and relied on third party valuation reports of McGees Property signed by certified practicing valuers, for validating the reliability of land acquisition costs estimated.
- We have not applied any requirements of the State Planning Policy 3.6 ("SPP 3.6") for evaluating the cost review of Cell 2, as there is no such requirement stated in DPS 2 to consider SPP 3.6 for Cell 2.

**Audit Opinion**

In our opinion, other than stated under the Limitation of Scope Paragraph above, in all material respects, the cell costs incurred, estimated for remaining cell development works, and the calculated ICPL rate of \$25,476.29 from its current ICPL rate of \$26,936 were fairly stated and in compliance to DPS 2.

**Basis of accounting and restriction of distribution**

Without modifying our opinion, we draw your attention to Part 8 Finance and Administration section of the DPS 2, which describes the basis of accounting and the City's methodology and basis used in cell cost incurring, cost estimation of future cell development works and calculating the proposed ICPL rate, for the purpose of reporting to the City. As a result, the methodology used in forming the basis of this may not be suitable for another purpose. Our report is intended solely for the City and should not be distributed or used by other parties' other than the City. The Audit Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advices or any information contained within this Audit Report.

William Buck Audit (WA) Pty Ltd disclaim all liability to any party other than the City who choose to rely in any way on the contents of this Audit Report does so at their own risk.

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

A handwritten signature in black ink, appearing to be 'C Manifis', written over a faint horizontal line.

Conley Manifis  
Director

Dated this 2<sup>nd</sup> day of October 2020



## Independent Auditors' Report to the City of Wanneroo ("the City") on the Annual Cost Review for Cell 3

### Scope

We have performed an audit of the Annual Cost Review of cell costs for Cell 3 and reviewed the methodology used in calculating and estimating cell costs for the remaining cell works, to establish the accuracy of the Annual Cost Review of Cell 3 as per the District Planning Scheme No. 2 ("DPS 2") and provide independent certification of such costs. Our Annual Review for 2020/21 covered actual transactions from 1 April 2019 to 30 June 2020 and estimated costs for future years, while ascertaining that the actual expenditure incurred gives a true and fair view and ensure that the assumptions used in the estimations of DCP costs are in accordance with the DPS 2.

### The City's Responsibilities

The City is responsible for ensuring that the cell costs incurred, estimated and the Infrastructure Cost Per Lot ("ICPL") charged are in accordance with the DPS 2 and related regulations, policies and procedures. The City is responsible for ensuring that all cell cost records are free of misstatements and omissions, and establish adequate internal controls for cell cost incurring, estimating and the calculation of ICPL rates, and ensure that adequate financial records have been maintained. The City is responsible for providing all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit of the cell cost reviews.

### Compliance with Independence and Other Ethical Requirements

We have complied with the relevant independence and other ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### Auditor's Responsibilities

Our responsibility is to express an opinion on the reasonability of the methodology used, in calculating and estimating cell costs for the remaining cell works, and assess the documentation provided to certify that the cell costs are incurred and estimated as per the DPS 2. We conducted our audit in accordance with Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the methodology used in forming the basis of cost incurring, ICPL rate calculation and estimation is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the methodology used in forming the basis on the relevance of cell costs incurred and estimations made for the remaining cell development works.

The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the methodology used. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the methodology used in forming the basis of cost incurring and cell cost estimations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the City, as well as the City's alignment to DPS 2.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Limitation on the scope**

- We have not performed any market valuation assessment of lands and relied on third party valuation reports of McGees Property signed by certified practicing valuers, for validating the reliability of land acquisition costs estimated.
- We have not applied any requirements of the State Planning Policy 3.6 ("SPP 3.6") for evaluating the cost review of Cell 3, as there is no such requirement stated in DPS 2 to consider SPP 3.6 for Cell 3.

**Audit Opinion**

In our opinion, other than stated under the Limitation of Scope Paragraph above, in all material respects, the cell costs incurred, estimated for remaining cell development works, and the calculated ICPL rate of \$17,456.90 from its current ICPL rate of \$14,036 were fairly stated and in compliance to DPS 2.

**Basis of accounting and restriction of distribution**

Without modifying our opinion, we draw your attention to Part 8 Finance and Administration section of the DPS 2, which describes the basis of accounting and the City's methodology and basis used in cell cost incurring, cost estimation of future cell development works and calculating the proposed ICPL rate, for the purpose of reporting to the City. As a result, the methodology used in forming the basis of this may not be suitable for another purpose. Our report is intended solely for the City and should not be distributed or used by other parties' other than the City. The Audit Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advices or any information contained within this Audit Report.

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William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

A handwritten signature in black ink, appearing to be the name "Conley Manifis".

Conley Manifis  
Director

Dated this 2<sup>nd</sup> day of October 2020



## **Independent Auditors' Report to the City of Wanneroo ("the City") on the Annual Cost Review for Cell 4**

### **Scope**

We have performed an audit of the Annual Cost Review of cell costs for Cell 4 and reviewed the methodology used in calculating and estimating cell costs for the remaining cell works, to establish the accuracy of the Annual Cost Review of Cell 4 as per the District Planning Scheme No. 2 ("DPS 2") and provide independent certification of such costs. Our Annual Review for 2020/21 covered actual transactions from 1 April 2019 to 30 June 2020, estimated costs for future years and prior year adjustments affecting cell costs for financial years 2010/11, 2015/16 and 2016/17, while ascertaining that the actual expenditure incurred gives a true and fair view and ensure that the assumptions used in the estimations of DCP costs are in accordance with the DPS 2.

### **The City's Responsibilities**

The City is responsible for ensuring that the cell costs incurred, estimated and the Infrastructure Cost Per Lot ("ICPL") charged are in accordance with the DPS 2 and related regulations, policies and procedures. The City is responsible for ensuring that all cell cost records are free of misstatements and omissions, and establish adequate internal controls for cell cost incurring, estimating and the calculation of ICPL rates, and ensure that adequate financial records have been maintained. The City is responsible for providing all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit of the cell cost reviews.

### **Compliance with Independence and Other Ethical Requirements**

We have complied with the relevant independence and other ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on the reasonability of the methodology used, in calculating and estimating cell costs for the remaining cell works, and assess the documentation provided to certify that the cell costs are incurred and estimated as per the DPS 2. We conducted our audit in accordance with Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the methodology used in forming the basis of cost incurring, ICPL rate calculation and estimation is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the methodology used in forming the basis on the relevance of cell costs incurred and estimations made for the remaining cell development works.

The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the methodology used. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the methodology used in forming the basis of cost incurring and cell cost estimations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the City, as well as the City's alignment to DPS 2.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Limitation on the scope**

- We have not performed any market valuation assessment of lands and relied on third party valuation reports of McGees Property signed by certified practicing valuers, for validating the reliability of land acquisition costs estimated.
- We have not applied any requirements of the State Planning Policy 3.6 ("SPP 3.6") for evaluating the cost review of Cell 4, as there is no such requirement stated in DPS 2 to consider SPP 3.6 for Cell 4.

**Audit Opinion**

In our opinion, other than stated under the Limitation of Scope Paragraph above, in all material respects, the cell costs incurred, estimated for remaining cell development works, and the calculated ICPL rate of negative \$24,012.88 from its current ICPL rate of \$23,328 were fairly stated and in compliance to DPS 2.

**Basis of accounting and restriction of distribution**

Without modifying our opinion, we draw your attention to Part 8 Finance and Administration section of the DPS 2, which describes the basis of accounting and the City's methodology and basis used in cell cost incurring, cost estimation of future cell development works and calculating the proposed ICPL rate, for the purpose of reporting to the City. As a result, the methodology used in forming the basis of this may not be suitable for another purpose. Our report is intended solely for the City and should not be distributed or used by other parties' other than the City. The Audit Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advices or any information contained within this Audit Report.

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ABN 67 125 012 124

A handwritten signature in blue ink, appearing to be 'C Manifis', written over a faint horizontal line.

Conley Manifis  
Director

Dated this 2<sup>nd</sup> day of October 2020





## **Independent Auditors' Report to the City of Wanneroo ("the City") on the Annual Cost Review for Cell 5**

### **Scope**

We have performed an audit of the Annual Cost Review of cell costs for Cell 5 and reviewed the methodology used in calculating and estimating cell costs for the remaining cell works, to establish the accuracy of the Annual Cost Review of Cell 5 as per the District Planning Scheme No. 2 ("DPS 2") and provide independent certification of such costs. Our Annual Review for 2020/21 covered actual transactions from 1 April 2019 to 30 June 2020, estimated costs for future years and prior year adjustments affecting cell costs for financial years 2010/11 and 2013/14 to 2017/18, while ascertaining that the actual expenditure incurred gives a true and fair view and ensure that the assumptions used in the estimations of DCP costs are in accordance with the DPS 2.

### **The City's Responsibilities**

The City is responsible for ensuring that the cell costs incurred, estimated and the Infrastructure Cost Per Lot ("ICPL") charged are in accordance with the DPS 2 and related regulations, policies and procedures. The City is responsible for ensuring that all cell cost records are free of misstatements and omissions, and establish adequate internal controls for cell cost incurring, estimating and the calculation of ICPL rates, and ensure that adequate financial records have been maintained. The City is responsible for providing all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit of the cell cost reviews.

### **Compliance with Independence and Other Ethical Requirements**

We have complied with the relevant independence and other ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on the reasonability of the methodology used, in calculating and estimating cell costs for the remaining cell works, and assess the documentation provided to certify that the cell costs are incurred and estimated as per the DPS 2. We conducted our audit in accordance with Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the methodology used in forming the basis of cost incurring, ICPL rate calculation and estimation is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the methodology used in forming the basis on the relevance of cell costs incurred and estimations made for the remaining cell development works.

The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the methodology used. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the methodology used in forming the basis of cost incurring and cell cost estimations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the City, as well as the City's alignment to DPS 2.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Limitation on the scope**

- We have not performed any market valuation assessment of lands and relied on third party valuation reports of McGees Property signed by certified practicing valuers, for validating the reliability of land acquisition costs estimated.
- We have not applied any requirements of the State Planning Policy 3.6 ("SPP 3.6") for evaluating the cost review of Cell 5, as there is no such requirement stated in DPS 2 to consider SPP 3.6 for Cell 5.
- The City confirmed that there are some final costs yet to be determined with potential for significant variances in the land taking process involving Lot 6 Gngangara Road (Mirabooka Avenue Land Requirement) and some areas of public open space for Cell 5, and the financial implication of these factors are not assessed given the limited nature of reliable information available.

#### **Audit Opinion**

In our opinion, other than stated under the Limitation of Scope Paragraph above, in all material respects, the cell costs incurred, estimated for remaining cell development works, and the calculated ICPL rate of negative \$16,730.51 from its current ICPL rate of \$30,909 were fairly stated and in compliance to DPS 2.

#### **Basis of accounting and restriction of distribution**

Without modifying our opinion, we draw your attention to Part 8 Finance and Administration section of the DPS 2, which describes the basis of accounting and the City's methodology and basis used in cell cost incurring, cost estimation of future cell development works and calculating the proposed ICPL rate, for the purpose of reporting to the City. As a result, the methodology used in forming the basis of this may not be suitable for another purpose. Our report is intended solely for the City and should not be distributed or used by other parties' other than the City. The Audit Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advices or any information contained within this Audit Report.

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William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

A handwritten signature in blue ink, appearing to be 'C Manifis', written over a faint horizontal line.

Conley Manifis  
Director

Dated this 2<sup>nd</sup> day of October 2020



## **Independent Auditors' Report to the City of Wanneroo ("the City") on the Annual Cost Review for Cell 6**

### **Scope**

We have performed an audit of the Annual Cost Review of cell costs for Cell 6 and reviewed the methodology used in calculating and estimating cell costs for the remaining cell works, to establish the accuracy of the Annual Cost Review of Cell 6 as per the District Planning Scheme No. 2 ("DPS 2") and provide independent certification of such costs. Our Annual Review for 2020/21 covered actual transactions from 1 April 2019 to 30 June 2020, estimated costs for future years and prior year adjustments affecting cell costs for financial years 2013/14 to 2017/18, while ascertaining that the actual expenditure incurred gives a true and fair view and ensure that the assumptions used in the estimations of DCP costs are in accordance with the DPS 2.

### **The City's Responsibilities**

The City is responsible for ensuring that the cell costs incurred, estimated and the Infrastructure Cost Per Lot ("ICPL") charged are in accordance with the DPS 2 and related regulations, policies and procedures. The City is responsible for ensuring that all cell cost records are free of misstatements and omissions, and establish adequate internal controls for cell cost incurring, estimating and the calculation of ICPL rates, and ensure that adequate financial records have been maintained. The City is responsible for providing all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit of the cell cost reviews.

### **Compliance with Independence and Other Ethical Requirements**

We have complied with the relevant independence and other ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on the reasonability of the methodology used, in calculating and estimating cell costs for the remaining cell works, and assess the documentation provided to certify that the cell costs are incurred and estimated as per the DPS 2. We conducted our audit in accordance with Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the methodology used in forming the basis of cost incurring, ICPL rate calculation and estimation is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the methodology used in forming the basis on the relevance of cell costs incurred and estimations made for the remaining cell development works.

The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the methodology used. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the methodology used in forming the basis of cost incurring and cell cost estimations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the City, as well as the City's alignment to DPS 2.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Limitation on the scope**

- We have not performed any market valuation assessment of lands and relied on third party valuation reports of McGees Property signed by certified practicing valuers, for validating the reliability of land acquisition costs estimated.
- We have not applied any requirements of the State Planning Policy 3.6 ("SPP 3.6") for evaluating the cost review of Cell 6, as there is no such requirement stated in DPS 2 to consider SPP 3.6 for Cell 6.
- While DPS 2 allows compulsory undertaking charges, DPS 2 does not specify the value or percentages to be applied, and the City has included a discretionary 20% compulsory undertaking charge of \$140,927 for District Distributor Roads ("DDR") land acquisition cost estimation for Cell 6, for which the basis of estimation cannot be reasonably established with the available information. The City recognises that the actual amount payable may significantly vary depending on the particular circumstances of the land and landowners at the time of acquisition.

#### **Audit Opinion**

In our opinion, other than stated under the Limitation of Scope Paragraph above, in all material respects, the cell costs incurred, estimated for remaining cell development works, and the calculated ICPL rate of negative \$1,831.98 from its current ICPL rate of \$24,679 were fairly stated and in compliance to DPS 2.

#### **Basis of accounting and restriction of distribution**

Without modifying our opinion, we draw your attention to Part 8 Finance and Administration section of the DPS 2, which describes the basis of accounting and the City's methodology and basis used in cell cost incurring, cost estimation of future cell development works and calculating the proposed ICPL rate, for the purpose of reporting to the City. As a result, the methodology used in forming the basis of this may not be suitable for another purpose. Our report is intended solely for the City and should not be distributed or used by other parties' other than the City. The Audit Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advices or any information contained within this Audit Report.

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William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

A handwritten signature in blue ink, appearing to be 'C Manifis'.

Conley Manifis  
Director

Dated this 2<sup>nd</sup> day of October 2020



## **Independent Auditors' Report to the City of Wanneroo ("the City") on the Annual Cost Review for Cell 7**

### **Scope**

We have performed an audit of the Annual Cost Review of cell costs for Cell 7 and reviewed the methodology used in calculating and estimating cell costs for the remaining cell works, to establish the accuracy of the Annual Cost Review of Cell 7 as per the District Planning Scheme No. 2 ("DPS 2") and provide independent certification of such costs. Our Annual Review for 2020/21 covered actual transactions from 1 April 2019 to 30 June 2020, estimated costs for future years and prior year adjustments affecting cell costs for financial years 2008/09, 2009/10, 2013/14, 2014/15 and 2017/18, while ascertaining that the actual expenditure incurred gives a true and fair view and ensure that the assumptions used in the estimations of DCP costs are in accordance with the DPS 2.

### **The City's Responsibilities**

The City is responsible for ensuring that the cell costs incurred, estimated and the Infrastructure Cost Per Lot ("ICPL") charged are in accordance with the DPS 2 and related regulations, policies and procedures. The City is responsible for ensuring that all cell cost records are free of misstatements and omissions, and establish adequate internal controls for cell cost incurring, estimating and the calculation of ICPL rates, and ensure that adequate financial records have been maintained. The City is responsible for providing all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit of the cell cost reviews.

### **Compliance with Independence and Other Ethical Requirements**

We have complied with the relevant independence and other ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on the reasonability of the methodology used, in calculating and estimating cell costs for the remaining cell works, and assess the documentation provided to certify that the cell costs are incurred and estimated as per the DPS 2. We conducted our audit in accordance with Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the methodology used in forming the basis of cost incurring, ICPL rate calculation and estimation is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the methodology used in forming the basis on the relevance of cell costs incurred and estimations made for the remaining cell development works.

The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the methodology used. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the methodology used in forming the basis of cost incurring and cell cost estimations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the City, as well as the City's alignment to DPS 2.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Limitation on the scope**

- We have not performed any market valuation assessment of lands and relied on third party valuation reports of McGees Property signed by certified practicing valuers, for validating the reliability of land acquisition costs estimated.
- We have not applied any requirements of the State Planning Policy 3.6 ("SPP 3.6") for evaluating the cost review of Cell 7, as there is no such requirement stated in DPS 2 to consider SPP 3.6 for Cell 7.
- While DPS 2 allows compulsory undertaking charges, DPS 2 does not specify the value or percentages to be applied, and the City has included a discretionary 20% compulsory undertaking charge of \$156,823 for District Distributor Roads ("DDR") land acquisition cost estimation for Cell 7, for which the basis of estimation cannot be reasonably established with the available information. The City recognises that the actual amount payable may significantly vary depending on the particular circumstances of the land and landowners at the time of acquisition.

#### **Audit Opinion**

In our opinion, other than stated under the Limitation of Scope Paragraph above, in all material respects, the cell costs incurred, estimated for remaining cell development works, and the calculated ICPL rate of \$11.37 per square metre from its current ICPL rate of \$9.73 per square metre were fairly stated and in compliance to DPS 2.

#### **Basis of accounting and restriction of distribution**

Without modifying our opinion, we draw your attention to Part 8 Finance and Administration section of the DPS 2, which describes the basis of accounting and the City's methodology and basis used in cell cost incurring, cost estimation of future cell development works and calculating the proposed ICPL rate, for the purpose of reporting to the City. As a result, the methodology used in forming the basis of this may not be suitable for another purpose. Our report is intended solely for the City and should not be distributed or used by other parties' other than the City. The Audit Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advices or any information contained within this Audit Report.

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ABN 67 125 012 124

A handwritten signature in black ink, appearing to be 'C Manifis', written over a faint horizontal line.

Conley Manifis  
Director

Dated this 2<sup>nd</sup> day of October 2020



## **Independent Auditors' Report to the City of Wanneroo ("the City") on the Annual Cost Review for Cell 8**

### **Scope**

We have performed an audit of the Annual Cost Review of cell costs for Cell 8 and reviewed the methodology used in calculating and estimating cell costs for the remaining cell works, to establish the accuracy of the Annual Cost Review of Cell 8 as per the District Planning Scheme No. 2 ("DPS 2") and provide independent certification of such costs. Our Annual Review for 2020/21 covered actual transactions from 1 April 2019 to 30 June 2020, estimated costs for future years and prior year adjustments affecting cell costs for financial years 2008/09, 2009/10, 2013/14, 2014/15 and 2017/18, while ascertaining that the actual expenditure incurred gives a true and fair view and ensure that the assumptions used in the estimations of DCP costs are in accordance with the DPS 2.

### **The City's Responsibilities**

The City is responsible for ensuring that the cell costs incurred, estimated and the Infrastructure Cost Per Lot ("ICPL") charged are in accordance with the DPS 2 and related regulations, policies and procedures. The City is responsible for ensuring that all cell cost records are free of misstatements and omissions, and establish adequate internal controls for cell cost incurring, estimating and the calculation of ICPL rates, and ensure that adequate financial records have been maintained. The City is responsible for providing all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit of the cell cost reviews.

### **Compliance with Independence and Other Ethical Requirements**

We have complied with the relevant independence and other ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on the reasonability of the methodology used, in calculating and estimating cell costs for the remaining cell works, and assess the documentation provided to certify that the cell costs are incurred and estimated as per the DPS 2. We conducted our audit in accordance with Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the methodology used in forming the basis of cost incurring, ICPL rate calculation and estimation is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the methodology used in forming the basis on the relevance of cell costs incurred and estimations made for the remaining cell development works.

The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the methodology used. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the methodology used in forming the basis of cost incurring and cell cost estimations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the City, as well as the City's alignment to DPS 2.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Limitation on the scope**

- We have not performed any market valuation assessment of lands and relied on third party valuation reports of McGees Property signed by certified practicing valuers, for validating the reliability of land acquisition costs estimated.
- We have not applied any requirements of the State Planning Policy 3.6 ("SPP 3.6") for evaluating the cost review of Cell 8, as there is no such requirement stated in DPS 2 to consider SPP 3.6 for Cell 8.
- While DPS 2 allows compulsory undertaking charges, DPS 2 does not specify the value or percentages to be applied, and the City has included a discretionary 20% compulsory undertaking charge of \$187,055 for District Distributor Roads ("DDR") land acquisition cost estimation for Cell 8, for which the basis of estimation cannot be reasonably established with the available information. The City recognises that the actual amount payable may significantly vary depending on the particular circumstances of the land and landowners at the time of acquisition.

#### **Audit Opinion**

In our opinion, other than stated under the Limitation of Scope Paragraph above, in all material respects, the cell costs incurred, estimated for remaining cell development works, and the calculated ICPL rate of \$18.94 per square metre from its current ICPL rate of \$16.93 per square metre were fairly stated and in compliance to DPS 2.

#### **Basis of accounting and restriction of distribution**

Without modifying our opinion, we draw your attention to Part 8 Finance and Administration section of the DPS 2, which describes the basis of accounting and the City's methodology and basis used in cell cost incurring, cost estimation of future cell development works and calculating the proposed ICPL rate, for the purpose of reporting to the City. As a result, the methodology used in forming the basis of this may not be suitable for another purpose. Our report is intended solely for the City and should not be distributed or used by other parties' other than the City. The Audit Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advices or any information contained within this Audit Report.

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ABN 67 125 012 124

A handwritten signature in blue ink, appearing to be 'C Manifis'.

Conley Manifis  
Director

Dated this 2<sup>nd</sup> day of October 2020





## **Independent Auditors' Report to the City of Wanneroo ("the City") on the Annual Cost Review for Cell 9**

### **Scope**

We have performed an audit of the Annual Cost Review of cell costs for Cell 9 and reviewed the methodology used in calculating and estimating cell costs for the remaining cell works, to establish the accuracy of the Annual Cost Review of Cell 9 as per the District Planning Scheme No. 2 ("DPS 2") and provide independent certification of such costs. Our Annual Review for 2020/21 covered actual transactions from 1 July 2019 to 30 June 2020, estimated costs for future years and prior year adjustments affecting cell costs for financial years 2006/07 to 2010/11, 2013/14 and 2018/19, while ascertaining that the actual expenditure incurred gives a true and fair view and ensure that the assumptions used in the estimations of DCP costs are in accordance with the DPS 2.

### **The City's Responsibilities**

The City is responsible for ensuring that the cell costs incurred, estimated and the Infrastructure Cost Per Lot ("ICPL") charged are in accordance with the DPS 2 and related regulations, policies and procedures. The City is responsible for ensuring that all cell cost records are free of misstatements and omissions, and establish adequate internal controls for cell cost incurring, estimating and the calculation of ICPL rates, and ensure that adequate financial records have been maintained. The City is responsible for providing all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit of the cell cost reviews.

### **Compliance with Independence and Other Ethical Requirements**

We have complied with the relevant independence and other ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### **Auditor's Responsibilities**

Our responsibility is to express an opinion on the reasonability of the methodology used, in calculating and estimating cell costs for the remaining cell works, and assess the documentation provided to certify that the cell costs are incurred and estimated as per the DPS 2. We conducted our audit in accordance with Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the methodology used in forming the basis of cost incurring, ICPL rate calculation and estimation is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the methodology used in forming the basis on the relevance of cell costs incurred and estimations made for the remaining cell development works.

The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the methodology used. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the methodology used in forming the basis of cost incurring and cell cost estimations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

#### **ACCOUNTANTS & ADVISORS**

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the City, as well as the City's alignment to DPS 2.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Limitation on the scope**

- We have not performed any market valuation assessment of lands and relied on third party valuation reports of McGees Property signed by certified practicing valuers, for validating the reliability of land acquisition costs estimated.
- We have not applied any requirements of the State Planning Policy 3.6 ("SPP 3.6") for evaluating the cost review of Cell 9, as there is no such requirement stated in DPS 2 to consider SPP 3.6 for Cell 9.

**Audit Opinion**

In our opinion, other than stated under the Limitation of Scope Paragraph above, in all material respects, the cell costs incurred, estimated for remaining cell development works, and the calculated ICPL rate of \$20,508.26 from its current ICPL rate of \$29,947 were fairly stated and in compliance to DPS 2.

**Basis of accounting and restriction of distribution**

Without modifying our opinion, we draw your attention to Part 8 Finance and Administration section of the DPS 2, which describes the basis of accounting and the City's methodology and basis used in cell cost incurring, cost estimation of future cell development works and calculating the proposed ICPL rate, for the purpose of reporting to the City. As a result, the methodology used in forming the basis of this may not be suitable for another purpose. Our report is intended solely for the City and should not be distributed or used by other parties' other than the City. The Audit Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advices or any information contained within this Audit Report.

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William Buck Audit (WA) Pty Ltd  
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A handwritten signature in black ink, appearing to be 'C Manifis', written over a faint horizontal line.

Conley Manifis  
Director

Dated this 2<sup>nd</sup> day of October 2020