

Shire of Christmas Island

**BUSINESS PLAN
TO UNDERTAKE A MAJOR LAND TRANSACTION
AND DISPOSE OF PROPERTY LOCATED AT
LOT 555 QUARRY ROAD CHRISTMAS ISLAND
KNOWN AS THE LIGHT INDUSTRIAL AREA
IN ACCORDANCE WITH SECTION 3.59
OF THE LOCAL GOVERNMENT ACT (Ci) 1995**

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1.0 INTRODUCTION

This Business Plan has been prepared in accordance with the requirements of Section 3.58 and 3.59 of the Local Government Act (CI) 1995 (The Act), which applies where a local government intends to dispose of property and enter into a major land transaction respectively. The purpose of the finalised Business Plan is to provide members of the public with the opportunity to consider the proposal and make an offer to purchase the land that Council is seeking to sell.

The Shire of Christmas Island has undertaken a process to prepare and dispose of Lot 555 located at Quarry Road, Christmas Island, known as the Light Industrial Area. A description of the process to date is provided in Section 2 of this document. Section 3 provides information in regard to a description of the proposal that SOCI intends to undertake. Section 4 of this document prescribes the legislative process required by SOCI to dispose of property and enter into a major land transaction respectively.

Section 5 relates to the Tender process for the sale of Stage 1 of the Light Industrial Area being Lots 508,509 and 510.

2.0 BACKGROUND

The Shire of Christmas Island purchased Lot 555 located on Quarry Road from the Commonwealth in 2006 for \$100k as one land lot entity. Lot 555 is approximately 8.6 ha in size dimension in accordance with Deposited Plan 61473 as appended. Since purchase of the land, SOCI had always intended to make Lot 555 available as an LIA to commercial business operators on Christmas Island to alleviate the pressures of industrial land availability on the Island.

Progress on development of the Lots commenced in 2011 with an expression of interest process to determine and confirm interest in the LIA lots. A total of thirteen expressions of interest were received that varied in size lot dimension requirements and intended uses for industrial commercial purposes.

In 2012, Council proceeded to request a valuation of the entire Lot 555 from WA based Landgate as an un-serviced Lot (refer to section 3 below).

In early 2012 SOCI engaged the services of Whelan's Surveyors to undertake surveying of Lot 555 in order to determine useful subdivided lot parcels based on approximate 2000 s/meter dimensions. The survey was completed late 2012 and Council resolved to engage the services of Design Engineers for the supply of subdivision design services of twelve lots within the total parcel of Lot 555.

Subdivision design work was completed and presented to Council at its ordinary meeting dated 26 March 2013. Council held a briefing workshop early April 2013 to discuss and consider the most appropriate way to proceed with the project.

The option subsequently chosen was to discuss and propose a 'Joint Venture' with Christmas Island Phosphates (CIP) on the basis of a Major Land Transaction Undertaking in accordance with section 3.58 and 3.59 of the Local Government (CI) 1995, and the relevant regulations of the associated Local Government (Functions and General) Regulations (CI) 1996.

CIP subsequently declined the offer as a 'Joint Venture' partner and Council has proceeded on the basis of a sole venture undertaking. At its ordinary meeting dated 23 April 2013 Council resolved to formally submit and lodge an application for the subdivision of Lot 555, Quarry Road Christmas Island in accordance with the Plan of subdivision to the West Australian Planning Commission (WAPC). Site works were committed to, with earthworks commencing on Lot 555 as well as utilities put into the lot for the first time.

3.0 DESCRIPTION OF PROPOSAL

3.1 GENERAL

With earthworks and design services being finalized in late-2016, the Stage 1 Lots will be deemed ready for sale upon their connection to services. Certificate of Titles for the LIA have/will be issued to SOCI in accordance with the subdivision approval submitted to the WAPC that will allow the development to be ready for sale. Subdivision approval has reflected twelve lots at between approximately 1500 to 2000 s/metre dimensions.

The Shire of Christmas Island intends to stage the sale of the lots with Stage 1 comprising of Lots 508, 509 and 510, available early 2017. Shire intends to use the demand for Stage 1 as a guide for the timing of development for Stage 2 and subsequently, Stage 3. That is, Stage 1 consisting of three lots are to be developed and sold at a satisfactory rate as a condition to progressing to further stages.

Stage 1 consists of selling Lots 508, 509 and 510. Lot 508 measures 3095sqm. Lot 509 measures 3026sqm. Lot 510 measures 2737sqm. There is around 2000sqm of immediate useable space on each lot, with the rear of each lot needing earthworks to access.



Refer Appendix 3 for LIA Deposited Plan 410358 & Subdivision Design Layout. High quality PDF available on www.shire.gov.cx

3.2 FINANCIAL

Civil earthworks and design services are estimated at an average cost for each Lot at \$300k, based on the total design service cost for the entire site being \$3.5m as stated by Landgate in *Market Unimproved Valuations Light Industrial Subdivision Quarry Road, Christmas Island, Landgate 2012*. In this regard the sale of each Lot on average is intended at between \$350k to \$400k dependent on the Lot location and size within the designated subdivision stage as valued by Landgate in 2012. A proportionate amount of valuation will also be factored into the total sale price for each parcel of land.

3.3 VALUE OF LAND

Landgate provided an evaluation of the entirety of Lot 555 in its *Market Unimproved Valuations Light Industrial Subdivision Quarry Road, Christmas Island 2012* as follows:

- Un-serviced value of entirety of Lot 555 at \$800k in total
- Serviced value of Lot 555 being 12 subdivision Lots of \$2.8m.

In taking into consideration the statutory valuation formula Landgate utilised in 2012, each Lot has a value of approximately \$380,000 after gross realization of infrastructure to the site (see Appendix of *Market Unimproved Valuations Light Industrial Subdivision Quarry Road, Christmas Island 2012*)

In this regard SOCI would seek to recover the cost of services/design incurred in addition to the current market value of each lot in Stage 1 and a reasonable profit margin for the sale of the lots permissible in accordance with sections 3.58 and 3.59 of the Local Government Act (CI) 1995 and the Local Government (Functions and General) Regulations (CI) 1996.

4. LOCAL GOVERNMENT ACT (CI) 1995 REQUIREMENTS

4.1 CREATION OF A BUSINESS PLAN

Sections 3.58 and 3.59 of the Local Government Act (CI) 1995 and associated Local Government (Functions and General) Regulations (CI) 1996, prescribes the requirements for a local government in disposing of property and/or entering into a major land transaction. A Business Plan must be prepared to include an overall assessment of the major trading undertaking or major land transaction and is include details of:

- Its expected effect on the provision of facilities and services provided by the local government,
- Its expected effect on other persons providing facilities and services in the district,
- Its expected financial effect on the local government,
- Its expected effect on matters referred to in the local government's Corporate Business Plan and in particularly its Long Term Financial Plan,
- The ability of the local government to manage the performance of the transaction, and
- Any other matter prescribed for the purpose of the relevant sections of the legislation.

4.2 DISPOSAL OF PROPERTY

If the local government intends to dispose of the property, clause 3.58 (2) (b) of the Local Government Act (CI) 1995 prescribes that the local government must only dispose of the property to;

- The highest bidder at a public auction, or
- The person who at public tender called by the local government makes what is, in the opinion of the local government, the most acceptable tender, whether or not it is the highest tender.

SOCI intends to dispose of the property following civil earthworks and design services being completed and the final subdivision approval has been granted by the WAPC. In this regard any of the developments direct cost incurred by SOCI will be recovered by service ready sale value of the Lots in accordance with the provision of clause 3.58 (2) (b) of the Local Government Act (CI) 1995. This can be by proceeding with Stage 1 of the development in the first instance whereby sale value of Stage 1 can be utilized to progress the development to Stage 2 and/or Stage 3. In this regard the completion of Stage 1 will be used as an indicative benchmark to the success of the remainder of the development project.

4.3 MATTERS REGARDING COUNCILS CORPORATE BUSINESS PLAN

In accordance with the provisions of the Local Government Act (CI) 1995, SOCI developed its Our Future Community Strategic Plan 2011 – 2021 as adopted by SOCI that identifies the LIA project at LU4 and LU6 extracted as follows:

*One of the areas considered important by almost everyone consulted throughout the preparation of this Plan was **Land Use Planning**. It was agreed by many that Christmas Island has suffered in the past from insufficient or ineffective land use planning. The land use plan currently in place was first released for public comment in 2003 and is purely a statutory regulatory Scheme.*

The following actions provide guidance for the Council regarding the establishment of realistic and agreed outcomes in the land use planning area. It is noted that all these actions are considered to be of a high importance.

The proposal contained within this Business Plan addresses the priorities identified in Land Use Planning 4 and 6 (LU4 and LU6) of the SOCI Our Future Community Strategic Plan 2011 – 2021. In this regard the development of the LIA will provide purpose developed land for light industrial use that maximises the potential for the location for retail and commercial use.

4.4 COUNCIL DEVELOPMENT EXPECTATIONS

Council expects that the LIA lots will consolidate Industrial Use to this precinct zoned as such under the Town Planning Scheme 2. Traders concentrating their business activities in this one precinct which includes several industrial tenants already will be able to realize efficiency measures such as exploring opportunities for cost savings previously unable because of proximity challenges.

Council expects the financial gain from the sale of Stage 1 Lots to inform their approach to developing Stage 2.

To assist Council in a transparent sales process, all bids and inquiries are to go to the conveyancer on the mainland.

4. TENDER PROCESS

The Shire of Christmas Island is selling by tender Lots 508, 509 and 510 of the Light Industrial Area on Christmas Island. All lots are service ready and zoned for Industrial use under the Council's Town Planning Scheme 2.

Interested parties are to submit their tender bid for their lot(s) by close of business Christmas Island time FRIDAY MAY 12th by email to Origen Legal at details below. Please direct all technical queries, requests for information and tender submissions to Origen Legal and not directly to the Shire of Christmas Island.

Canvassing of Shire Councillors or staff will disqualify parties from the tender.

Please contact:

Ryan Moss of Origen Legal

68 South Terrace, SOUTH PERTH, WA 6151

Tel: +61 86323 2318

Fax: +61 8 94676135

Email: ryan@origenlegal.com.au

Web: www.origenlegal.com.au

APPENDIX

ONE – EXTRACT COUNCIL COMMUNITY STRATEGIC PLAN REFERENCE – PAGE 19

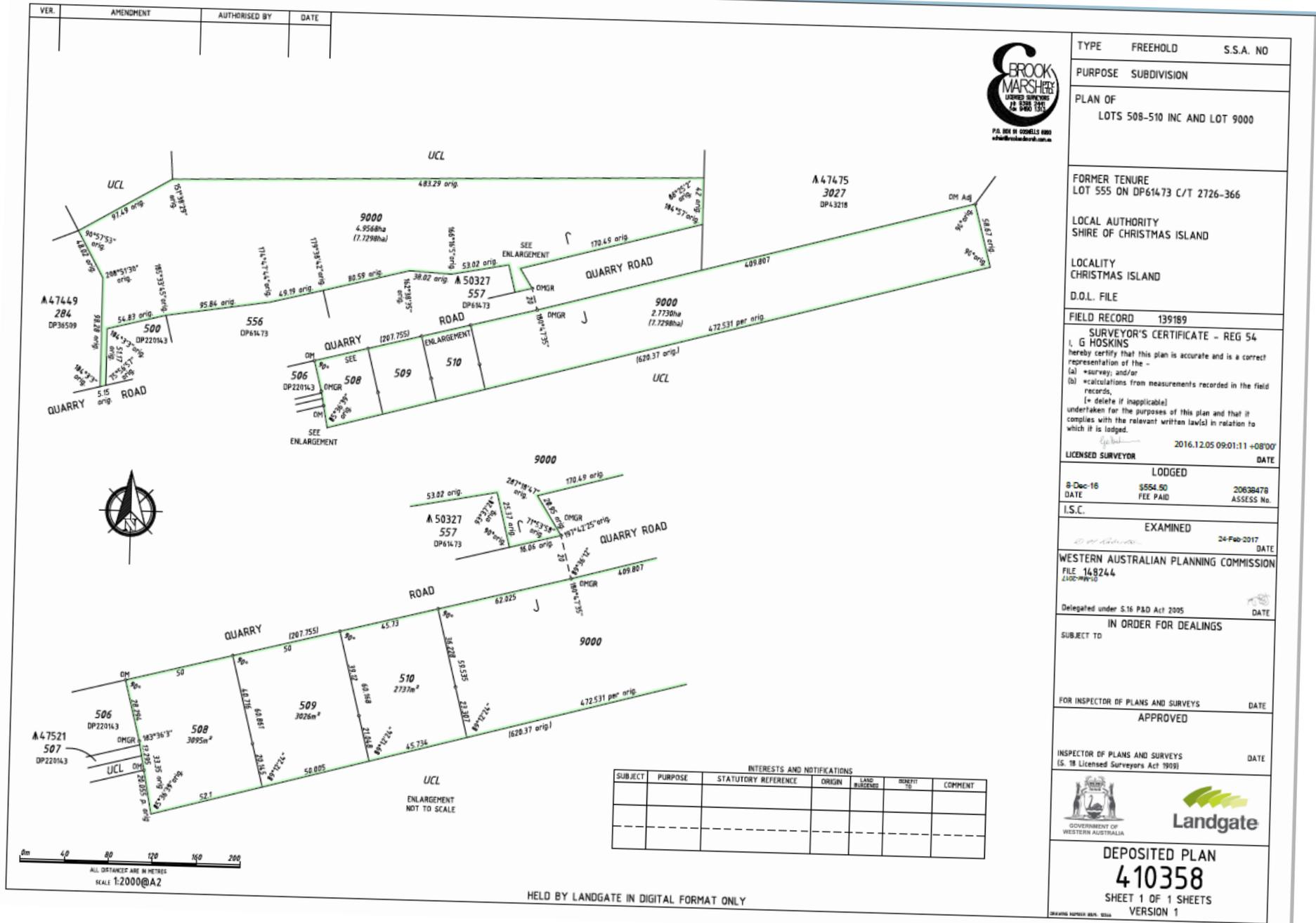
LU4	<i>Determine and identify the extent of land needed and optimal locations for retail and commercial uses, social and community uses. Ensure appropriate demand analysis techniques are utilised.</i>	SOCI CEO MPBH	<i>Outline Development Plan for LIA completed. Urban Design Master plans for Gaze Road and Vagabond Road Completed 2012 (Implementation Group established)</i>
LU6	<i>Draft and implement a land release and development plan as part of the Local Planning Strategy and Town Planning Scheme. Ensure that land identified for release includes all required land uses. Ensure that land uses are appropriately located and sequenced in such a way that the market can respond to demands as required. Locations of land uses and sequencing of release should seek to minimise infrastructure costs.</i>	SOCI/CEO/ MPBH DRALGAS	<i>Increase use of identified land & locations</i>
2012/13 & Ongoing review	CI Local Planning Strategy Crown Land Management Plan		
2014/15	CI Local Planning Strategy CI Destination Development Plan Crown Land Management Plan		

TWO – PROPERTY VALUATION

“Market Unimproved Valuations Light Industrial Subdivision, Quarry Road, Christmas Island,” Landgate, 2012

PDF available on www.shire.gov.cx

THREE – LIA DEPOSITED PLAN 61473 & SUBDIVISION DESIGN LAYOUT (PDF available on www.shire.gov.cx)



TYPE	FREEHOLD	S.S.A. NO
PURPOSE	SUBDIVISION	
PLAN OF	LOTS 508-510 INC AND LOT 9000	
FORMER TENURE	LOT 555 ON DP61473 C/T 2726-366	
LOCAL AUTHORITY	SHIRE OF CHRISTMAS ISLAND	
LOCALITY	CHRISTMAS ISLAND	
D.O.L. FILE		
FIELD RECORD	139189	
SURVEYOR'S CERTIFICATE - REG 54 I. G. HOSKINS hereby certify that this plan is accurate and is a correct representation of the - (a) survey; and/or (b) calculations from measurements recorded in the field records, (= delete if inapplicable) undertaken for the purposes of this plan and that it complies with the relevant written law(s) in relation to which it is lodged.		
LICENSED SURVEYOR	2016.12.05 09:01:11 +08'00'	DATE
LODGED		
8-Dec-16	\$554.50	20638478
DATE	FILE PAID	ASSESS No.
I.S.C.		
EXAMINED	24-Feb-2017	DATE
WESTERN AUSTRALIAN PLANNING COMMISSION		
FILE 149244		
Delegated under S.16 P&D Act 2005		DATE
IN ORDER FOR DEALINGS		
SUBJECT TO		
FOR INSPECTOR OF PLANS AND SURVEYS		DATE
APPROVED		
INSPECTOR OF PLANS AND SURVEYS		DATE
(S. 18 Licensed Surveyors Act 1909)		
DEPOSITED PLAN		
410358		
SHEET 1 OF 1 SHEETS		
VERSION 1		