10.5 Deferment of Developer Contributions

RECOMMENDATION

That Council:

1. receive the report by the Manager Development Engineering on the Deferment of Developer Contributions;

2. approve the deferment of Developer Contributions in connection with DA0152/2015 in accordance with the Water and Sewerage Development Service Plan, subject to the following conditions:

   • the applicant is to arrange for a Bank Guarantee to be prepared to the value of contributions payable as agreed to by the Council (this is to include indexation where applicable);

   • the Bank Guarantee is to be made in favour of Council;

   • Council is to be custodian of the original Bank Guarantee, and

   • the maximum time frame granted for deferment is six (6) months. Should the contributions not be paid by this time, Council will exercise it right under the agreement to call in the Bank Guarantee without notice. Should the approved deferment overlap into the following financial year, then the contribution(s) payable will be subject to indexation.

Executive summary

The Developer of the Bombira Estate, DA0152/2015, has made a request for the deferment of Developer Contributions in accordance with the Water and Sewerage Development Servicing Plan.

Disclosure of Interest

Nil

Detailed report

The Developer of the Bombira Estate, DA0152/2015, has made a request for the deferment of Developer Contributions in accordance with the Water and Sewerage Development Servicing Plan (DSP). In accordance with the DSP the deferral of payment of contributions is only permissible subject to resolution of Council.

The reasons for deferral are provided below (formal request letter attached):
• The high cost of stage one works due to major works on the infrastructure. Stage one works are the highest expense of any release due to lead in works from mains to the site such as electrical, NBN, roads, sewer, stormwater and water mains;
• Council owned mains are unlikely to be impacted during the 6 month time period as build program for residences are in the order of about 20 weeks; and
• It is unlikely that all properties will be yielded in the first 24 weeks, and therefore draw on the mains to which s64 and s94 contributions are designed to fund.

Deferral will be subject to the following conditions;

• The applicant is to arrange for a Bank Guarantee to be prepared to the value of contributions payable as agreed to by the Council (this is to include indexation where applicable)
• The Bank Guarantee is to be made in favour of Council
• Council is to be custodian of the original Bank Guarantee, and
• The maximum time frame granted for deferment is six (6) months. Should the contributions not be paid by this time, Council will exercise it right under the agreement to call in the Bank Guarantee without notice. Should the approved deferment overlap into the following financial year, then the contribution(s) payable will be subject to indexation.

Community Plan implications

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<thead>
<tr>
<th>Theme</th>
<th>Looking After Our Community</th>
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<td>Goal</td>
<td>Effective and efficient delivery of infrastructure</td>
</tr>
<tr>
<td>Strategy</td>
<td>Provide infrastructure and services to cater for the current and future needs of our community</td>
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Financial implications

Payment of Contributions will be deferred for a period up six (6) months which will have no financial implication.

DANIEL BUCKENS  
MANAGER DEVELOPMENT ENGINEERING  

6 March 2017

Attachments: 1. Formal request for deferment of contributions.

APPROVED FOR SUBMISSION:

BRAD CAM  
GENERAL MANAGER
Daniel,

As per our discussions in regards to the Bombira Estate Stage 1 release, we request deferment of the contributions for a period of 6 months with lodgement of a bank guarantee for $84 and $894 payments. Reason for this request of deferment are the following:

- High cost of stage 1 works, due to major works on the infrastructure. Traditionally stage 1 works are the highest expense of any release in subdivision works due to lead in works from mains to the site, i.e. Electrical, NBN, roads, sewer, stormwater and watermains. Using a bank guarantee makes available cash flow to allow initial infrastructure works to be delivered.
- The council owned mains is unlikely to be impacted during this time period (or the greater system) as build programs for residences are generally in the order of 20 weeks.
- It is unlikely that all properties will be yielded in the first 24 weeks, and therefore draw on the mains to which sections 64 and 94 are designed to fund.
- It is noted that bank guarantees provide deferment of 6 months, however should all properties be occupied prior to this date, MWRC would be legally entitled to call the bank guarantee with a notice of 14 days to ensure Section 64 and Section 94 payments are received by council.

Sincerely,

Dominic Wilson
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Email: dominicwilson@maasgroup.com.au