



Land Acquisition

# Business Case

Project Name:	Acquisition of Rural property known as Winslade
Project Value:	\$7.5 M for purchase price.
Risk Assessment (high/med/low):	Low
Proposed Delivery Model:	Future Residential Subdivision
Requesting Directorate:	Treasury Directorate
Requesting Minister:	Andrew Barr

**Contact Officers**

Contact Officer, Requesting Directorate:

Dave Richardson, LDA

Reviewing Officer, Treasury:

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**Sign Offs**

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## 1. Purchase Outline

### 1.1 Property Overview

Winslade comprises of six (6) rural blocks with a total area of approximately 486 hectares held under a 99 year rural lease with considerable time to run by [REDACTED] ('the lessee'). The lease runs until 2101. The lease permits the use of Winslade principally for agriculture and the property has primarily operated as a Cattle farm.

The lease commenced in 2002 and is over Blocks 435, 439, 440, 441, 456 and 476 District of Stromlo. Winslade is currently being operated as a commercial farming operation.

The LDA was approached by the current owner to see if the LDA was interested in purchasing the property. The LDA undertook a market valuation of the property with the valuer Knight Frank determining a current rural value of \$6.5m to \$7.5m excluding GST. The owner indicated an interest to sell at a price consistent with the valuation. If purchased, the LDA would sublet the operations of the property until land development activity commences.

### 1.2 Land Acquisition Policy Framework

The *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* ('the framework') came into effect on 20 June 2014 allowing the LDA to undertake strategic land acquisitions in accordance with the framework. The acquisition of this property falls within this Framework.

#### **Acquisition Thresholds and Approved Decision Makers**

The Framework provides for a land acquisition limit of \$20 million (per financial year) after which Government agreement is required for each purchase.

Any land acquisitions:

- below \$5 million require agreement by the LDA Board with advice to the relevant Minister;
- between \$5 million and \$20 million requires agreement by the Chief Minister and Treasurer with a business case provided to ACT Treasury; and
- over \$20 million, agreement by Government.

Note that this acquisition falls within clause 2.2.1 (b) of the Framework and requires agreement by the Chief Minister and Treasurer. This business case is to address the requirements of the Framework by providing the acquisition details to ACT Treasury for this land acquisition.

Note also the Framework identifies that Government agreement is required for any acquisition by the LDA that results in a cumulative annual total of \$20 million in acquisition being exceeded. The cumulative annual total means all acquisitions within a financial year – 1 July to 30 June.

## Assessment Against Principles

The Framework also sets out principles by which to assess the acquisition. Below is an assessment against each of the principles:

- **The Intended Outcome Principle**

The purchase of this property by the LDA is to provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements.

- **The Policy Alignment Principle**

The *Canberra Plan* published in 2008 highlighted significant increases in population, the growth of the economy, gross household income, a small increase in the labour market and increases in housing numbers. This highlights growth in the economy and an increase in housing demand. The *ACT Planning Strategy – Planning for a Sustainable City (2012)* (the Planning Strategy) provides a clear indication of where the main areas of growth should be located. The Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong includes the Central Precinct of Molonglo as well as the property of Huntly and land surrounding Mt Stromlo, including Winslade. See Section 2.

- **The Value for Money Principle**

LDA sought land valuation from Knight Frank to assist in negotiating a fair market value. Knight Frank valued the site at \$6.5m to \$7.5m million GST free. The valuation noted that this valuation is at the upper end of the ACT rural leasehold market, but also noted the nature of prime ACT rural properties in the Stromlo area.

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, estimated at [REDACTED] (being Englobo value less capital works), as well as open the door to greater development opportunities with the surrounding blocks. The worst case position shows a [REDACTED] return to the Territory for a \$7,500,000 initial outlay plus \$4,000,000 for due diligence work to be undertaken over the next 10 years. See Section 4.

- **The Risk Management Principle**

A risk assessment has been undertaken which highlights that all key risks can be mitigated and the Territory is not exposed. It is considered that the outcome for the proposed acquisition is achievable. See Section 3.

### 1.3 LDA Board Approval

In June 2016, the LDA Board approved entering negotiations for the possible acquisition of Winslade up to a limit \$7.5m GST free.

Since that meeting the LDA has conducted a valuation review of farm operations and the financials of the property with the agreement of the current lessee as well as preparing this business case prior to discussion with Treasury to seek its support in accordance with the Framework.

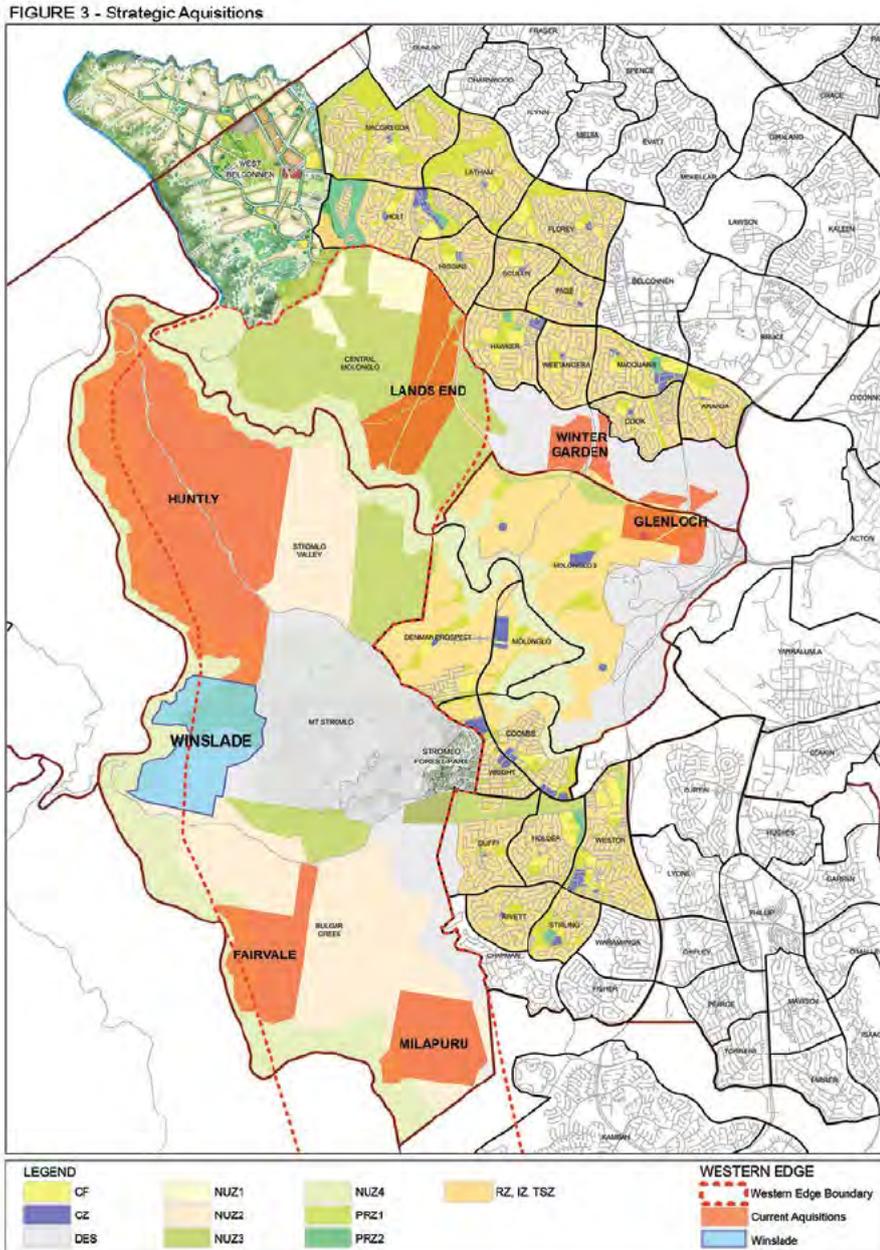


Figure 1 – Winslade Location

## 2. Needs Analysis

The purchase of this property by the LDA is to provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements as discussed in 2.1 below in accordance with the *ACT Planning Strategy – Planning for a Sustainable City (2012)* (the Planning Strategy).

This approach is predicated on the existing rural land use for Winslade, the fact that a number of the blocks in this area are adjacent to existing urban infrastructure, and advice that the lessee is a willing seller after first approaching the LDA.

The purchase of Winslade will add to the blocks north and south of the Molonglo River as well as south of the Cotter Road that have already been purchased by the LDA as a strategic acquisition in the District of Stromlo to create the potential for a greater developable area as set out in the Planning Strategy. These acquisitions are shown at Attachment 2.

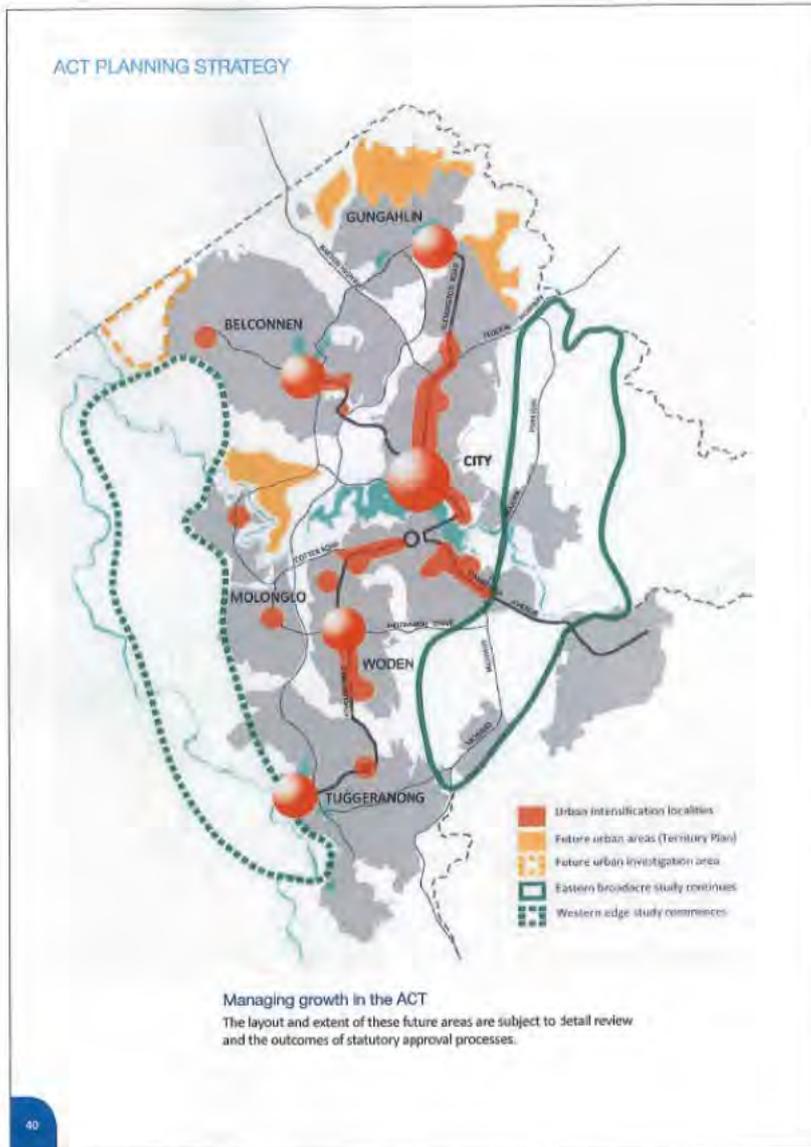
### 2.1 Suitability

The *Canberra Plan* published in 2008 highlighted significant increases in population, the growth of the economy, gross household income, a small increase in the labour market and increases in housing numbers. This highlights growth in the economy and an increase in housing demand. While the resultant Structure Plan that developed from these earlier considerations, it concentrated development focus in the Eastern Precinct, the key principles of the Canberra Spatial Plan would equally apply to cover the Stromlo region adjacent to Molonglo.

The key principles are:

- Containing growth
- Residential intensification
- Centralising new residential areas
- Locating employment
- Protecting biodiversity
- Good travel connections
- Sustainable growth of the region.

In the Planning Strategy there is . **Figure 2** from the Strategy indicates those areas where investigations should focus between 2012 and towards the end of the Strategy.



**Figure 2 – ACT Planning Strategy**

The areas identified include the remainder of Gungahlin (now well advanced), Molonglo Stage 3 (in the Land Release Program for first release in 2018-2019), West Belconnen (planning well advanced), the Eastern Broadacre Area (EPBC Strategic Assessment in process), and the Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong. This latter area includes the Central Precinct of Molonglo as well as the property of Huntly and land surrounding Mt Stromlo. The southern part of the Western Edge Study includes West Murrumbidgee which was the subject of detailed planning in the mid seventies by the former National Capital Development Commission (NCDC).

Wynslade also correlates well to other land purchases in the same area by the LDA. Huntly, Lands End in Central Precinct of Molonglo and Block 19 Stromlo to the west of Weston Creek also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further

properties in this area are likely to become available over the next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

As the Planning Strategy points out, short and longer term actions are critical to achieving current policy or to initiating more substantial, long lasting change opportunities.



The potential purchase of Winslade is considered a significant strategic acquisition in securing land ahead of time adjacent to the other already identified acquisitions in the Stromlo district. In the meantime the property would be maintained as a commercial rural operation until a variation to the Territory Plan was supported for future urban development.

## 2.2 Demand and Supply

A detailed analysis of Demand and Supply is included at **Attachment 4**.

In summary, the purchase of Winsalade is to add to available land supply for the period 2035 to 2045. The analysis of demand and supply indicates that at 2030:-

- Gungahlin supply is expected to be completed (by 2028);-
- West Belconnen (ACT) is likely to be 50% released by 2030, leaving 2,500 to 3,000 detached housing sites available, most of which are expected to be developed after

the NSW component of West Belconnen is developed. The NSW component will offer in the order of 3,500 to 4,500 detached housing sites (400 per year until 2045);

- Molonglo 3 is expected to have approximately 2,000 detached housing sites remaining at 2030 (400 per year until 2035);
- Ginninderra (CSIRO site) assuming the development proceeds will likely have approximately 3,500 detached housing sites remaining – (400 per year until 2039); and
- Developments in surrounding NSW, such as Tralee/Googong (or similar areas) will continue to provide supply to the region.

The development of Stromlo (Huntly, Winslade and land to the south of Mt Stromlo) and other strategic purchases West of Molonglo 3 will provide:

- Supply of approximately 400 detached housing sites per year until 2060;
- Be an addition, although likely a lower priced product, to Molonglo 3; and
- Provide a continuation of third development front within the ACT – in addition to West Belconnen (low priced supply) and Ginninderra (premium priced).

Overall supply from 2030 is likely to be provided by:-

- West Belconnen – estimated 400 detached housing sites per year;
- Molonglo 3 – estimated 400 detached housing sites per year for 5 years;
- Ginninderra – estimated 400 detached housing sites per year; and
- Stromlo – estimated 400 detached housing sites per year,

This totals approximately 1,600 detached housing sites per year.

### 2.3 Issues

Opportunities to purchase Greenfield land in strategic locations are limited. The landowner of Winslade has approached the LDA. Following negotiations the current landowner has indicated that they will accept an offer of \$7.5m GST free for the property, which is within the market range for a rural property of this kind according to the Knight Frank report.

### 2.4 Benefits

Winslade is in a strategically advantageous position for future development which would capture the uplift in value for the land rezoning from rural to residential purposes. An estimated [redacted] dwellings could be delivered on this property based on an assumption of 60% developable area.

The area is in the Stromlo district, approximately 3km west of Duffy/Wright, and is the middle of the Western Edge Study area. Winslade also correlates well to other land purchases in the same area by the LDA. Huntly, Lands End in Central Precinct of Molonglo and Block 19 Stromlo to the west of Weston Creek also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further properties in this area are likely to become available over the

next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

Initial assessments have confirmed the potential of Winslade to deliver the benefits outlined above and subsequent more detailed capability assessments will be commenced at an appropriate time once the acquisition has been agreed.

In the future the Territory will continue to explore the acquisition of potential urban land on privately owned land holdings as well as explore other options for development with neighbouring land holders.

### 3. Risk Assessment

#### Current

##### 3.1 Bushfire

There is a risk of bushfire impact on Winslade as evidenced by the 2003 bushfire. Winslade lost fencing, the shearing shed, associated yards and possibly stock in that fire.

- *Risk Mitigation - To reduce the risk, a bushfire risk strategy should be implemented immediately after the sale settlement if there isn't one in place with the current owner. A number of agencies including the Emergency Services Authority will be involved in the development of such a strategy. This will be implemented through the farmwise fire plan approved in the Land Management Agreement. The property will be fully insured through ACTIA.*

##### 3.2 Assets

There are a number of assets on the property excluding the stock and dams. The assets include the main residence, original homestead, guest accommodation and many improvements including sheds, storage tanks and a horse arena. The fencing was completely replaced after the 2003 fires.

- *Risk Mitigation - Management of these assets will be undertaken by the current owner on a lease back arrangement to maintain in good repair.*

#### Future

##### 3.3 Returns

Returns to Government in future urban development on Winslade are not as expected.

- *Risk Mitigation – Returns have been estimated using the best available information at the time. As due diligence and master planning proceeds, there will be updates to expected returns and Government will be kept informed. The financial analysis also estimates a conservative 60% development area to determine future returns.*

### 3.4 Management

The management of the property will be vested in the current owner under a lease back arrangement and management agreement. The risk is that the management put in place does not adequately address all the risks related to the property such as seasonal variations etc or inappropriate stocking and market conditions.

- *Risk Mitigation - Management of Winslade should take into account this risk and ensure adequate responses are included in the final agreement. Any agreement must be reviewable at agreed timeframes so that consequential management action can be taken as appropriate. A sublease and land management agreement will establish management obligations which if not met would result in termination of the lease.*

### 3.5 Commitment Risk

Commitment risk is the movement away from already publicly identified longer term planning strategies by Government for the future of the ACT growth areas. In order to implement any strategy involves ensuring that land is available for future development. The LDA is working towards implementing the Government's longer term planning strategy.

- *Risk Mitigation - If the planning strategy changes direction away from a western edge study area, the LDA may have undertaken abortive work. However, in bringing land back from leased land to Territory controlled land allows Government maximum flexibility going forward at near minimal land costs rather than allowing the increase in land value due to changes of land use to pass to the private lease holders. In addition, there will be ongoing evaluation and review. If there is a significant change to Government policy, the Government may consider resale of the land as a mitigation measure to recover costs.*

### 3.6 Landholding Protection

This is the risk that other existing private lease holders will be unwilling to offer their leases back to Government in the short term and instead wait for land use changes to drive up land valuations. Alternatively, there is a risk that existing private lease holders will put their properties on the open market with the result of also raising land valuations. Both of these actions can make the agglomeration and cost of land development difficult and more costly to develop in accordance with any planning strategy.

- *Risk Mitigation – Winslade is situated adjacent to existing LDA holdings with minimal private leases adjacent. There is connectivity with Huntly which is LDA leased land. Development is still possible with the current profile, but the LDA will continue to monitor willing sellers in the area. Alternative development mechanisms such as joint ventures maybe appropriate.*

### 3.7 Timing Risk

The risk from a timing perspective is that the conversion of the land use changes in the western edge study area is delayed significantly by Government due to slower population

growth forecasts or a drop in land demand or there is a change in Government commitment by changing the direction for future growth. The process of conversion will take several years to complete where structure planning and capital works lead times may be subject to budgetary constraints pushing out dates to commence those processes. Part of the risk is the increased difficulty where land within potential development areas is not released Territory land.

- *Risk Mitigation – Ensure that the strategic planning process with EPD takes into account the longer term opportunities including Government commitments regarding strategic acquisitions by actively participating in that process and positively influencing outcomes.*

### 3.8 Ecological

Winslade is bordered by the Murrumbidgee River Corridor to the West. The risk due to interface issues not being able to be resolved in a timely manner is apparent and is being experienced in Eastern Molonglo.

- *Risk Mitigation – A coordinated approach to balance Social, Economic and Environmental issues similar to what is being applied in West Belconnen is likely to provide a more positive outcome and ensure timeframes and outcomes are agreed.*

## 4. Purchase Cost and Return to LDA

### 4.1 Purchase Cost

LDA sought land valuation from Knight Frank to assist in negotiating a fair market value. Knight Frank valued the site at \$6.5m to \$7.5m million GST free. The valuation noted that this valuation is at the upper end of the ACT rural leasehold market, but also noted the nature of prime ACT rural properties in the Stromlo area. After negotiations the seller and the LDA have agreed that if the LDA receives the appropriate approvals from the LDA Board and from Government the price will be \$7.5m million GST free.

However, it is proposed that the property would be purchased as an ongoing concern and GST does not apply to the arrangements under the sales contract. Given the future intent to develop residential land in this location in the medium term, the purchase price represents fair market value.

### 4.2 Estimated Land Return

The strategy approved by the LDA Board for this property purchase provides flexibility for future use. The stand alone financial evaluation for the Winslade property at Stromlo is shown below in the summary table.

Summary - Estimated Financial Outcomes

	Commence 2035		Commence 2040	
	Lower \$'000	Higher \$'000	Lower \$'000	Higher \$'000
<b>Dwellings</b>				
<b>Development Period</b>	2035-2044	2035-2044	2040-2049	2040-2049
<b>LDA Estate</b>				
Total Revenue				
Total Expenditure				
<b>Surplus</b>				
Englobo sale	291 Hectares	291 Hectares	291 Hectares	291 Hectares
Total Revenue				
Capital works and land Cost				
<b>Surplus</b>				

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, estimated at [REDACTED] (being Englobo value less capital Works), as well as open the door to greater development opportunities with the surrounding blocks

The worst case position shows a [REDACTED] return to the Territory for a \$7,500,000 initial outlay plus \$4,000,000 for due diligence work to be undertaken over the next 10 years.

The analysis is based on the following assumptions:

1. Revenue and costs escalated at 2.5 %.
2. NPV calculated on annual cash flow.
3. Sale rate of 400 dwelling per annum.
4. Summary provided on two commencement dates 2035 and 2040 with an assumed 10 years sales program.
5. Revenue – low = [REDACTED] per block and high = [REDACTED] per block (pre escalation)
6. Civil Estate Works - [REDACTED]
7. Capital works – [REDACTED]

Additionally, should the situation arise that the site is unable to be developed for whatever reason, the asset can be sold back into the market. As the purchase price is based on rural land value it would be expected that a similar rate would be achieved if sold back into the

market for rural purposes. Given there are several houses on the estate, the LDA has the opportunity to subdivide and sell multiple parcels at a higher rate.

A do nothing option presents risks in that the current owner may choose to locate another buyer. This buyer would be a position to approach the LDA in future years once the western edge is progressing, and offer the property for sale at a greatly increased premium.

A summary in current dollars escalated at 2.5% per annum is included at **Attachment 5**.

#### 4.3 Due Diligence and Planning Steps

Winslade is being operated as a commercial farm that is located within the ACT Planning Strategy's identified western edge study area for managing growth in the ACT. In order to progress any changes of land use to allow the development of future urban areas within the study area, a number of planning steps are required. These include:

- Ecological assessments may be done for at least the first 3 years to provide a base case of likely environmental constraints and then at suitable intervals thereafter. Contamination assessments will determine likely areas that will need further assessment as the time for land use zoning changes occur. Likely sources of contamination are sheep dips, garbage pits, uncontrolled fill and possible asbestos contamination.
- Initial study into infrastructure requirements and identify likely budget requirements. Preliminary LDA master planning is required to test development potential and infrastructure requirements and discuss at regular intervals with EDD and EPD for support.
- Monitoring land supply and demand and provide updates to Government regarding possible timing for any land use changes and agreed processes.
- Undertake normal due diligence assessments and update master planning once Government has committed land use changes.
- At a future agreed time, seek formal EPD agreement to steps including variations and amendments to statutory plans and environmental clearances.

The following is a preliminary estimate of the expected LDA costs to undertake the necessary due diligence and other studies to convert the property to urban land use in the time period from 2016 through to 2035 and correlates closely with the preliminary indicative timing and the studies identified in Section 8 of this submission for the respective years shown. Note that the time period is dependent on Government policies directions.

- 2017 – 2020 – Initial LDA due diligence and infrastructure requirements, Estimated budget of \$300,000
- 2020 – 2030 – Continuation of LDA ecological monitoring, Estimated budget of \$300,000

- 2020 – 2030 – Preliminary LDA master planning and updating options, including initial capital works requirements, Estimated budget of \$200,000
- 2019 – 2030 – LDA undertake the remaining due diligence assessments and update master planning once Government has committed land use changes, participate in forward planning for capital works infrastructure, Estimated budget of \$1-2M
- 2025 – 2035 – Complete formal statutory assessments (Commonwealth and ACT), and finalise variation and amendment to both the Territory and National Capital Plans, Estimated budget of \$1M.

The estimated total for the above work is in the order of \$4M.

As seen by the above list, the timing indicates both a short term and longer term horizon that will be qualified as the work progresses. Also, it should be noted that the process and lead times to complete some of this work can be as long as 5 years especially when considering the provision of infrastructure and funding.

## 5. Timeline

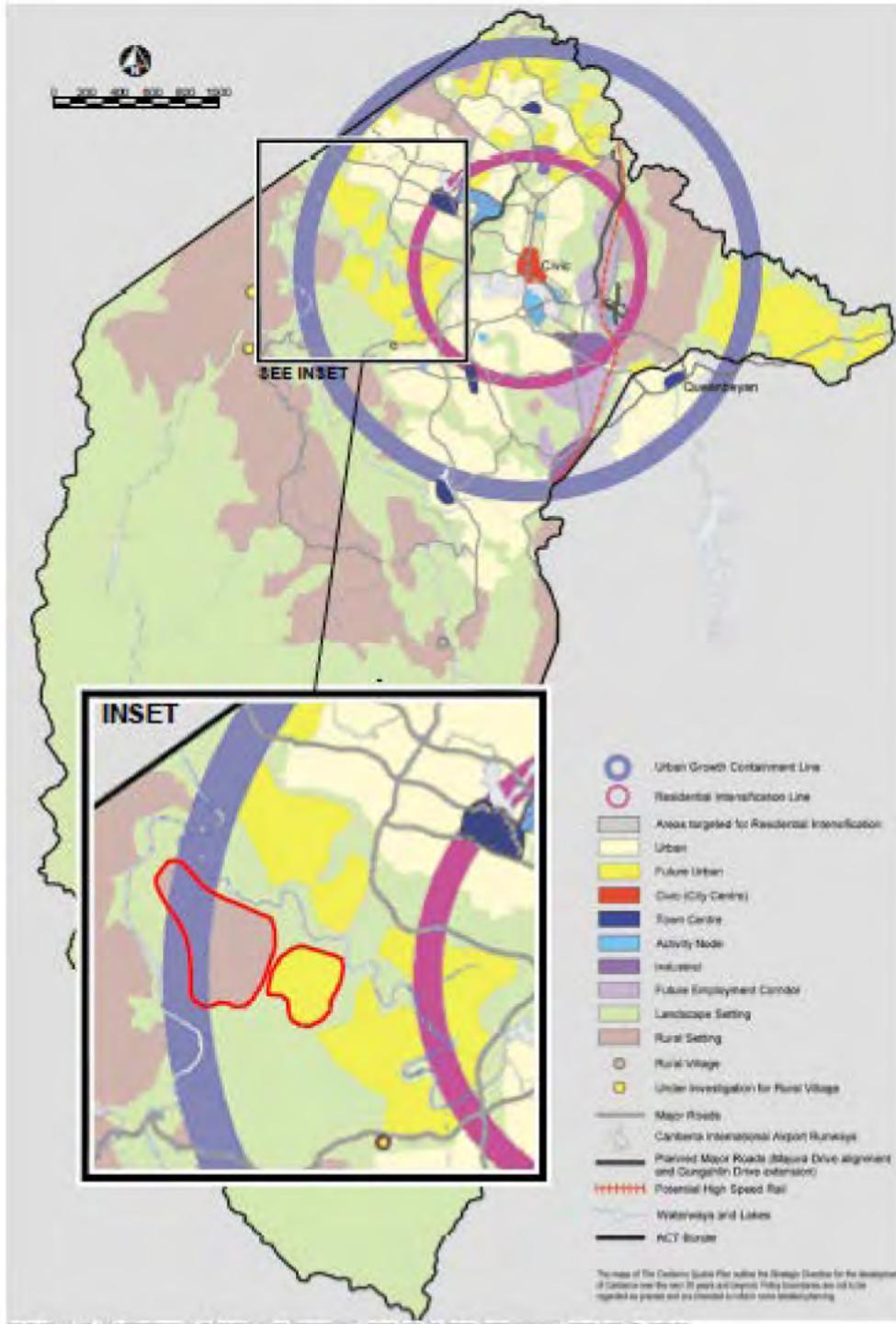
The expected timeframe for commencing the development of this property regardless of approach or scale with surrounding land owners is in the order of 10 years. The development period, depending on demand and other development fronts is in the order of 25 years.

## 6. Recommendation

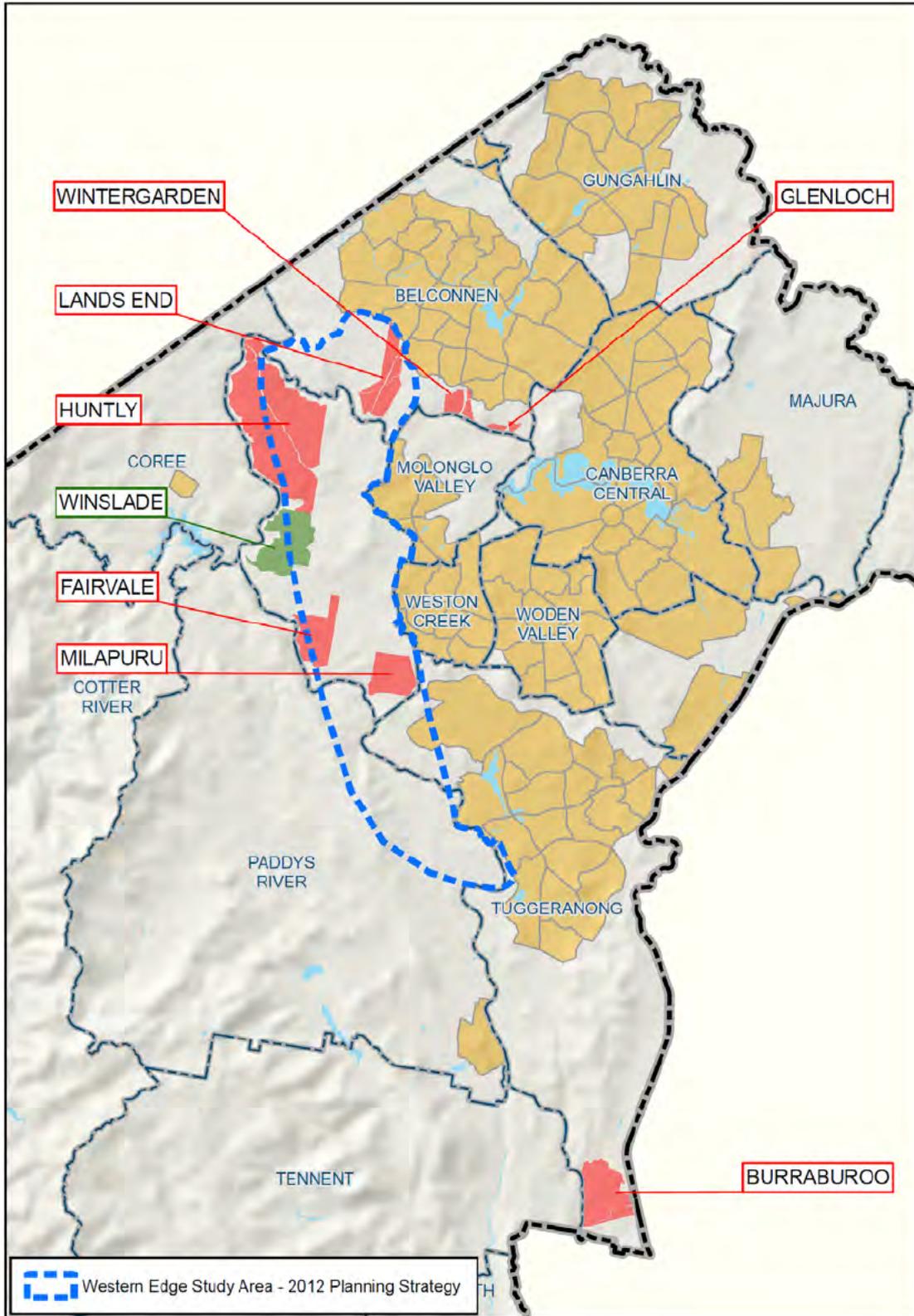
It is recommended that ACT Treasury support the LDA proceeding with the purchase of Winsalde in accordance with the *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* on the basis of its strategic value to the broader acquisitions and the significant potential for financial return.

The purchase of this property by the LDA will provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements as contemplated in the *ACT Planning Strategy*. It will add to the blocks north and south of the Molonglo River as well as south of the Cotter Road that have already been purchased by the LDA as a strategic acquisition in the District of Stromlo to create the potential for a greater developable area as set out in the Planning Strategy.

Attachment 1 – The Canberra Spatial Plan (2004) – Strategic Direction Map



Attachment 2 – LDA Acquisitions Map



### Attachment 3 – Preliminary Due Diligence

This paper reports on the desk-top due diligence investigation on the Winslade property. It should be noted that only brief site access was available to the lease for preliminary site inspection work so verification and on-site assessments have not been undertaken at this stage.

The analysis draws together material from:

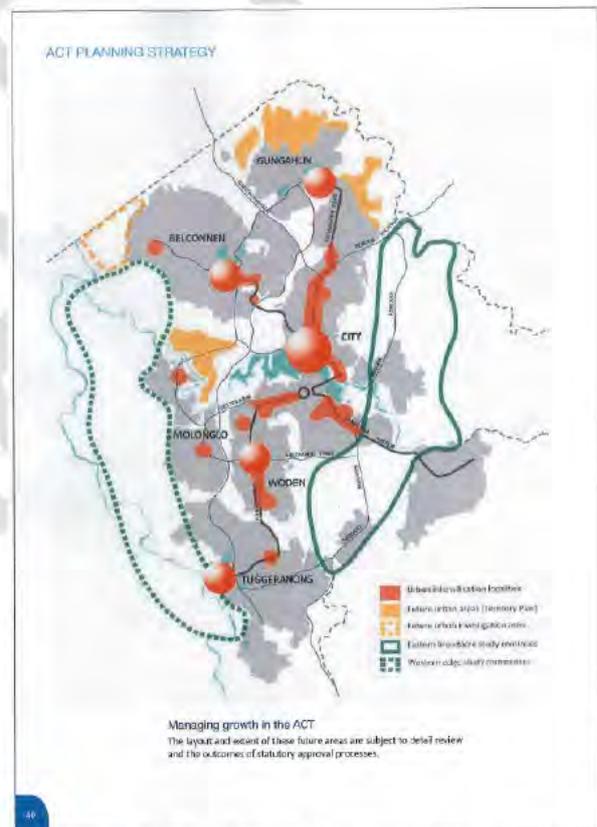
- An initial assessment of the potential risks or constraints from aerial photography, and brief site visit.
- a corporate knowledge of due diligence investigations by the Development Ready (Estates) unit for LDA land releases

As part of this study an estimate of potential dwelling yield for Winslade will be provided and the cost of necessary assessments and remediation will also be included.

#### 1. Planning Context

In the ACT Planning Strategy 2012 there is a clear indication of where the main areas of growth should be located. Figure 2 from the Strategy (shown right) indicates those areas where investigations should focus between 2012 and towards the end of the Strategy.

The areas identified include the remainder of Gungahlin (now well advanced), Molonglo Stage 3 (in the Land Release Program for first release in 2018-2019), West Belconnen (planning well advanced), the Eastern Broadacre Area (EPBC Strategic Assessment in process), and the Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong. This latter area includes the Central Precinct of Molonglo as well as the property of Winslade. The southern part of the Western Edge Study includes West Murrumbidgee which was the subject of detailed planning in the mid seventies by the former National Capital Development Commission (NCDC).



Winslade also correlates well to other land purchases in the same region by the LDA. Lands End in Central Precinct of Molonglo, Huntly, Fairvale and Block 19 Stromlo all to the west of Weston Creek also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further properties in this area are likely to become available over the next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

As the Planning Strategy points out, short and longer term actions are critical to achieving current policy or to initiating more substantial, long lasting change opportunities.



The potential purchase of Winslade is considered a beneficial strategic acquisition in securing land ahead of time in and adjacent to the other already identified precincts in Stromlo. In the meantime the property would be maintained as a commercial operation until a variation to the Territory Plan was supported for future urban development.

## 2. Issues

### Due Diligence

A desktop due diligence study is being conducted by the Development Ready (Estates) unit of LDA on Winslade to inform Executive in arriving at a decision regarding its suitability for strategic acquisition and future inclusion in the Land Release Programs in an appropriate time frame.

The desktop due diligence study considered a range of opportunities and constraint parameters including the following:

1. *Lease parcels and operational history*
2. *Land custodianship*

3. Existing constraints including the bulk water supply main from Stromlo
4. Current servicing infrastructure
5. Possible site contamination
6. Possible Aboriginal and European heritage constraints (but not natural heritage)
7. Possible bushfire impacts
8. Major infrastructure concept plans for water supply, sewer, storm water and electricity
9. Possible tree / ecological constraints
10. Arterial road options and land uses
11. Topographic Survey
12. Environmental clearances
13. National Capital Plan
14. Territory Plan
15. Likely Development Scenario

Each is discussed in detail below. Recommendations are made in each parameter regarding the need to carry out assessments and the likely cost to achieve the desired outcome for residential development. The final parameter of *Likely Development Scenario* will provide an estimate of dwelling yield and will make some assumptions about dealing with the opportunities and constraints discussed.

#### 4.1. Lease Parcels and Operational History

Winslade comprises of six (6) rural blocks with a total area of approximately 486 hectares held under a 99 year rural lease with considerable time to run by [REDACTED] ('the lessee'). The lease runs until 2101. The lease permits the use of Winslade principally for agriculture and the property has primarily operated as a Cattle farm. Attachment B sets out the lease components.

The lease commenced in 2002 and is over Blocks 435, 439, 440, 441, 456 and 476 District of Stromlo.

It should be noted that the existing boundary fencing does not necessarily coincide with the lease boundary. It is recommended that the lease will need a boundary survey to identify correct boundaries.

##### **Recommendation**

*A lease boundary survey should be undertaken to identify correct boundary location.*

##### **Estimated Cost**

*The estimated cost for a boundary survey is \$15,000 including GST which should also cover the preparation of a Deposited Plan and Plan registration.*

#### 4.2. Land Custodianship

Winslade is currently under rural lease to [REDACTED] (see Attachment B). Stromlo forest park is immediately to the east of Winslade is currently managed by Sport and Recreation and the contact officer is Rod Florence. The land to the west is river corridor under TAMS land

custodianship and contact officer is Darren Rosso. The land to the north is a LDA property known as Huntly and the contact officer is Dave Richardson.

**Recommendation**

*If the decision is made to proceed to purchase the Winslade lease, then land custodianship should be held by LDA as the lease is to be considered for addition to the Land Release Program in the future. This would allow for due diligence assessments recommended below to be undertaken and relevant clearances to be obtained prior to commencing urban development.*

*Winslade being directly adjacent to Huntly may make this property attractive to be added to Huntly's Land Management contract.*

**4.3. Existing Constraints including the Bulk Water Supply Main from Stromlo**

The Land within Winslade zoned Rural and Hills Ridges and Buffer is predominantly 10% or less, slope (58%) and only 2% of the Block is above 20% slope. See **Attachment C**.

**4.4. Current Servicing Infrastructure**

**Water Supply**

The Cotter to Stromlo bulk water main cuts through Block 470. While there are scours for cleaning the water main along the length of the interface, there is no potable water supply from the main. A further water main travels through Block 441, 439 and 435 and heads through Stromlo Forest Park towards the Mount Stromlo Water Treatment Plant. It appears that the residences do not have mains (potable) water supply.

Water licenses have not been investigated.

**Sewer**

Winslade homesteads and possibly other outbuildings appear to be serviced by septic tanks or equivalent.

**Electricity**

Electricity appears to be provided to the residences from an overhead low voltage power supply running through Block 476.

There is 11kv power line mounted on poles generally along the southern boundary of Block 456.

There is also an existing 132kv power line mounted on steel lattice towers running north south on the eastern side of Block 456 within a 60m wide easement granted in August 2015 to TRANSGRD. This easement was then transferred to NSW Electricity Works Operations PTY LTD in December 2016.

**Gas**

It is doubtful that piped gas is available to Winslade lease. It is more likely to have a bottled gas supply.

**Communications**

It is assumed that telephone services are available to the residences.

**Recommendation**

*An assessment of the existing infrastructure services would need to be undertaken to verify the location of services and their capacities.*

**Estimated Costs**

*A review of existing infrastructure services and their capacities is estimated to cost \$30,000 including GST.*

**4.5 Possible Site Contamination**

Generally, contamination is not a major show-stopper when it comes to residential development and there are no cases in the ACT where the LDA has had to modify development outcomes. All sites have been successfully remediated and certified suitable for residential use. Protocols are in place to deal with any unexpected contamination found during construction.

Proper testing, remediation, monitoring and Environment Protection Unit signoff is all required before development occurs with auditing where necessary. This is normal procedure and it should only take time and reasonable budget expenditure to overcome rural contamination. More concentrated contamination hotspots such as the Asbestos find at the Weston Creek Pond are not associated with rural operations.

Possible contamination areas of interest include existing dams and ponds, erosion contour banks, gully erosion, farm buildings including the homestead and miscellaneous outbuildings. Normal rural operations would also have fuel and chemical storage, machinery maintenance facilities, disposal pit and possibly a sheep-dip as other potential contamination hotspots.



There are approximately 21 dams or ponds on the total lease (Refer Attachment F). The majority of these dams or ponds appear to be small and could be areas of natural water pondage or could be a dam with little construction. Associated with these features are contour banks. These would be associated with normal farm runoff management.

It would be expected that the dams and ponds may collect residual silts from runoff and possible minor contamination from the use of pesticides and other agricultural applications such as pasture improvement during normal farm operations.

Also evident are numerous overland flow paths that may have possible erosion but the extent of the impact does not appear to be significant from examination of aerial photography. Note however that rural practices in the past has seen dumping of uncontrolled fill and even general farm waste including Asbestos and old machinery in an effort to try and prevent active erosion from continuing.

Normally a sheep dip would be associated with rural properties especially where a shearing shed or stock yards are constructed. Winslade has a shearing shed and sheep and cattle yards. A sheep dip is not evident from an examination of the aerial photograph. However, one may be present.



There is an array of pits located in the centre of block 435 with an approximate surface area of 2500m<sup>2</sup>. Farm dumps and animal pits are common occurrences on leases in the ACT. Farm dumps can contain household garbage, old machinery, fencing, Asbestos, chemical drums and other poisons. Animal pits can contain dead animals such as sheep, cattle, kangaroos etc. In both cases it would be expected that the dumps and pits would require proper contamination assessment and full remediation before being suitable for residential land use.

Aerial photography and the site visit revealed a number of silage pits used for the storage of fodder. These are a common occurrence and drought proof the property without the need for storage sheds, silos or purchasing fodder in times of drought.



The property has formed tracks which may contain imported materials especially where they cross depressions or overland flow paths.



Given the age of the original homestead and structures, it would be expected that products containing Asbestos may have been used in these constructions both in sheet form and possible lagging of pipes. Removal of Asbestos is expected to be required to retain the use of these buildings in the future urban area.

A new residence was constructed post 2012 which should not contain any Asbestos.

Other features observed on the aerial photography included:

- Small unidentifiable structures in several paddocks that could be old machinery, stock feeders etc.
- Previous cropping history is also visible using aerial photography.
- Numerous planted windbreaks throughout the property.

### **Recommendations**

*A formal search of the Contaminated Land Register must be undertaken to identify any registered contaminated sites. This will be a required action in any contamination assessment.*

*Further, depending on the contamination found, the services of an accredited site auditor may be required during assessments and remediation processes.*

*The series of assessments required would include:*

- *Phase 1 Assessment – this is the initial assessment undertaken on any site.*
- *Phase 2 Assessment – this picks up from the outcomes of the Phase 1 study and further tests any recommended AECs. At this stage the need for an accredited auditor to be engaged to monitor and audit further work to the satisfaction of the EPU is identified. An SAQP can be done as a Phase 2 assessment. Following this a RAP is prepared to allow for remediation of AECs.*
- *Phase 3 or Remediation Assessment – remediates the AECs to required standards (usually for residential development).*

### **Estimated Costs**

- *Phase 1 Assessment – estimate \$50,000 including GST*
- *Phase 2 Assessment (or SAQP) – estimate \$300,000 including GST assuming site auditor required*
- *Phase 3 Assessment – estimate \$1,000,000 including GST based on possible sheep dip and asbestos finds*

## **4.6. Possible Aboriginal & European Heritage Constraints**

Within Block 456 records indicate (1) Aboriginal artefact scatter (7/9 9H1) of at least 2 stone artefacts located on a forest track. Recorded by Bulbeck & Boot 1990.

### **Recommendations**

*A full process of assessments for Aboriginal and European heritage artefacts will need to be undertaken across the site.*

*The assessments involve firstly a desktop study including Heritage Register checks and walkover for discovery of likely areas of interest (Stage 1). Stage 2 involves on-site test pitting and recovery of artefacts and signoff by the Heritage Council. Time to complete is usually an issue.*

#### **Estimated Costs**

- *Stage 1 Assessment – estimate \$50,000 including GST*
- *Stage 2 Assessment – estimate \$300,000 including GST*

*(Note that 4 RAOs (Registered Aboriginal Organisations) are invited to participate in the studies and managed by the consultant. Over 50% of the above costs go to the RAOs for their participation.)*

#### **4.7. Possible Bushfire Impacts**

Saturday 18 January 2003 was the day of the significant bushfire that struck the Stromlo and Molonglo Valleys from the west coming out of the Brindabella's at great speed and travelled up the valley into the developed areas of Duffy, Chapman, Holder and Kambah destroying a total of around 500 dwellings. That event has been called a "firestorm" and was accompanied by strong winds.

Ember attack was responsible for a large number of houses lost and was thought to be driven by the presence of mature pine forests to the north west of the impact area immediately adjacent to the developed area. The events of 2003 in the ACT and significant fires in other States around that time saw the revision and strengthening of bushfire risk assessments in the ACT.

#### **Recommendation**

*A Preliminary bushfire risk assessment be undertaken against the likely scenario for development to guide further planning and design. In the interim a Farmwise Fire Plan be developed and the property managed in accordance with whilst a Rural Property.*

#### **Estimated Costs**

*Estimated cost is \$25,000 including GST.*

#### **4.8. Major Infrastructure Concept Plans for Water Supply, Sewer, Storm Water and Electricity**

##### **Water Supply**

No studies have been undertaken to date.

The Property falls from 640m AHD down to 500m AHD adjacent to the river corridor. There looks to be opportunity to locate a reservoir in block 435 or in the adjacent Stromlo Forest Park at around the 640m contour.

##### **Sewer**

No studies have been undertaken to date.

### **Storm Water**

No studies have been undertaken to date.

Careful consideration of Stormwater and WSUD will be needed as the property is up slope of Stony Creek Nature Reserve. All WSUD may be required to be undertaken outside of the nature reserve.

### **Electricity**

No studies have been undertaken to date.

At the present time a 132kV power line runs north-south through the eastern edge of the property (refer **Attachment E**). Due to the location of this alignment, it is unlikely that options to relocate these powerlines will need to be considered. The length of relocation would be 635m and the gain to the developable area would only be 1.5ha. This could provide opportunity to collocate a Zone Substation to service Stromlo within this 1.5ha area.

Lower voltage 11kV lines should be available as normal from the nearest zone substation. Usually within urban areas these lines are undergrounded wherever possible and practical to minimise visual and residential amenity impacts. Low voltage power to each individual house would be by normal underground reticulation as normal in new estates.

### **Recommendations**

*Discussion with the various service providers is required during early structure planning to ensure capital works, easements and other access requirements can be finalised with certainty. Timing for substation or any relocation or upgrading of 132kV power lines needs to be carefully considered in the planning stage.*

### **Estimated Costs**

*The estimated cost for Preliminary services Masterplan is \$250,000 including GST.*

#### **4.9. Possible Tree / Ecological Constraints**

From aerial photography tree coverage is scattered throughout the Winslade lease, with higher densities to the southern and eastern part of the lease (block 456) thinning out towards the north.

There appears to be a majority of native species of trees. Around the original homestead there appears to be a combination of deciduous and other evergreen trees but these are hard to identify from the aerial.



Further, there are a number of windbreak plantings throughout the property generally in a north-south orientation.

Block 435 which is part of this lease appears to be heavily timbered similar if not denser than the adjacent Stromlo Forest Park.

It appears from the aerial photography that between 2012 and 2015 there has been a significant amount of weed spraying adjacent to the river corridor. This is more than likely blackberry which has a history to spread out of the Murrumbidgee River Corridor.

Core ecological connections could also be incorporated between Stony Creek Nature Reserve and Stromlo Forest Park into the future development of this area strengthening the connectivity corridor for wildlife movement linking Namadji National Park to Kama and the Pinnacle Nature Reserves.

***Recommendation***

*A tree survey and assessment will be required closer to land development and should cover all Blocks in the property. This will provide an up to date aboricultural assessment of regulated and other trees.*

***Estimated Cost***

*A tree survey and assessment is estimated to cost \$70,000 including GST.*

#### **4.10. Arterial Road Options and Land Uses**

No studies have been undertaken to date.

***Recommendation***

*The LDA work closely with EDD to ensure the best possible fit for any arterial roads, adjacent land uses and playing fields given the constraints and impacts on residential development and housing affordability.*

*Support the need for a fine grained geotechnical study across Stromlo to better understand the underlying geology and its engineering and development constraints.*

***Estimated Cost***

*A preliminary Geotechnical Investigation is estimated to cost \$100,000 including GST.*

#### 4.11. Topographic Survey

Recently the ACT Government has commissioned a LiDAR Project for the whole of the ACT. This property has been captured at 4points per metre. This will be adequate for all master planning work and preliminary due diligence investigations.

A full topographic land survey needs to be undertaken across property. This is required for the preparation later of EDPs and subsequent detail design. It also locates all above ground structures including the location of all trees to allow the tree survey and assessment to be undertaken.

##### **Recommendation**

*A full topographic land survey should be undertaken of the property closer to land development. This may include alternate technology including drone aerial surveys to possibly reduce cost with a similar relative accuracy.*

##### **Estimated Costs**

*The estimated cost for a topographic land survey is \$300,000 including GST.*

#### 4.12. Environmental Clearances

Checking the known ecological constraints on ACTMAPi it appears that there is a location in the north of block 456 that may contain the threatened plant Pale Pomaderris. There also appears to be a small amount of ACT listed BGWL within Block 456 adjacent to the river corridor. The land within Stromlo Forest Park adjacent to block 435 is mapped EPBC listed BGWL, there is a possibility that the woodland within 435 is a continuation of that community and currently unmapped.

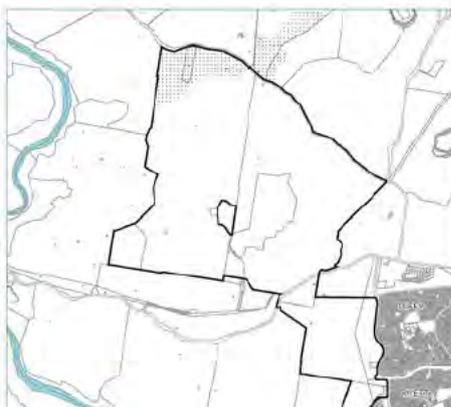
The remainder of block 456 looks significantly pasture improved and unlikely to meet the listing requirements for BGWL.

##### **Recommendation**

*A preliminary vegetation assessment should be undertaken to establish a baseline as soon as practical.*

##### **Estimated Cost**

*A preliminary vegetation assessment is estimated to cost \$25,000 including GST.*



#### 4.13. National Capital Plan

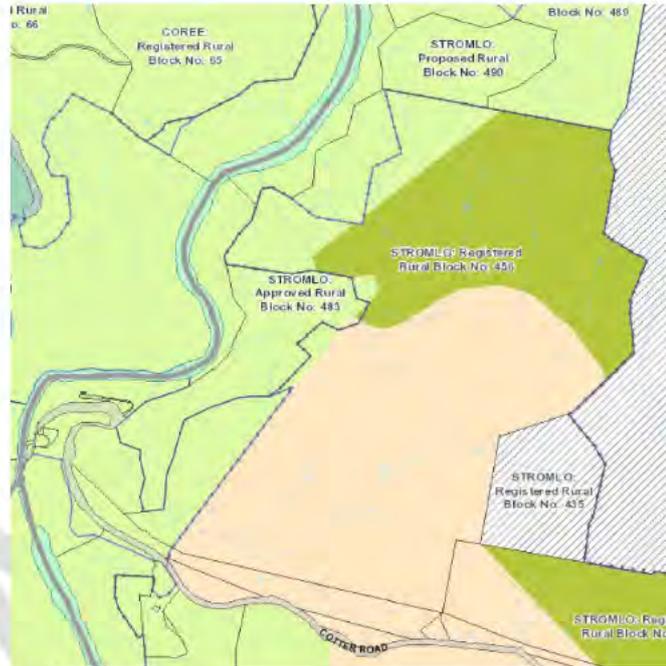
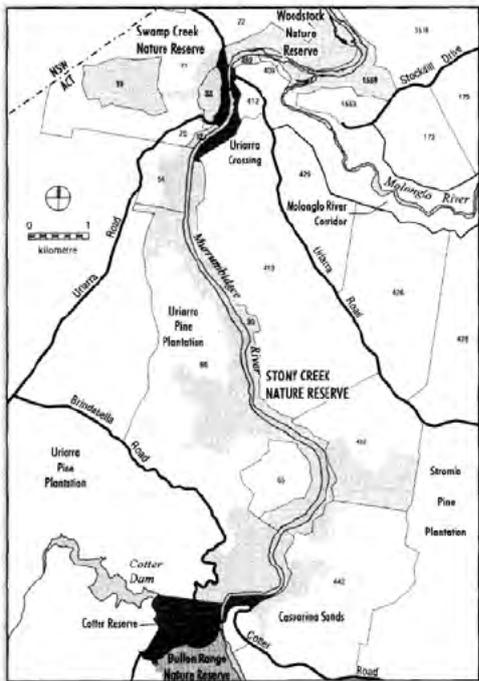
Block 435 on the eastern side of the property is part of the Designated Area (the Inner Hills) of the National Capital Plan and particular design and siting conditions apply to

ensure the maintenance and enhancement of the character of the national capital is maintained.

Therefore the available area for possible development of Block 435 as part of future development is unknown and has not been included in the developable area calculations.

**4.14. Territory Plan**

The Territory Plan zones the majority of the blocks within Winslade as Non-Urban Rural with the north of the property as Non-Urban Hills, Ridges and Buffer. The Western part of the property is zoned Non-Urban River Corridor with a proportion of this lease inside the Stony Creek Nature Reserve.



Specific management objectives for the Stony Creek Nature Reserve are:

- to provide continuity of management for river bank communities between Uriarra Crossing and Casuarina Sands;
- to maintain a corridor for the movement of native fauna, and for recreational access between the Uriarra and Stromlo areas; and
- to improve access for management activities.

LDA could undertake the necessary planning investigation, prepare a master plan for the whole of Stromlo and prepare an EDP for the initial release area. Based on the timelines of past and current projects, this process could commence when required.

Proposed Process	Estimated Completion Date
Planning investigations	6 Months
Prepare Urban Development Framework	6 Months
Prepare Structure Plan and Environmental Approvals	2 years

Prepare Masterplan	12 Months
Prepare EDP	12 Months

**Recommendation**

*It is recommended that LDA undertake a planning report for all of Stromlo that may lead to a Structure plan for the Stromlo Valley. At some stage in the future a variation to the Territory Plan should be undertaken to reflect the intent of future land releases and capital infrastructure works.*

**Estimated Costs**

*A planning report for Stromlo is estimated to cost \$100,000 including GST.*

*An Urban Development Framework that may inform the Structure Plan of Stromlo is estimated to cost \$250,000 including GST.*

**4.15. Likely Development Scenario / Potential Land Return**

As discussed in the document 98% of the land in Winslade is less than 20% slope which is optimal for urban development (Attachment D). The land is severely modified from past agricultural use so is unlikely to have significant environmental value. Core connections between Stony Creek Nature Reserve and Stromlo Forest Park could be incorporated into the future development.

Term: 99 Years

Ownership: ACT Government, LDA custodianship

Size: 486ha

Developable Area: 291ha (60%)

Dwellings: [REDACTED]

Raw Rural Land Value: \$6.5-7.5M

Raw Residential Land Value: [REDACTED]

Gross Realisation: [REDACTED]

\* Assumptions:

- Low density dwellings at approx [REDACTED]
- Land sales at an average of [REDACTED] per medium sized block.
- Raw residential land value calculated at [REDACTED] per dwelling.
- Development coverage applied at approx 60% of total area.

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, as well as unlocking greater development opportunities with the surrounding blocks.

Winslade is perfectly situated between Huntly and Fairvale closing Gap between the two properties.

**Attachment 4 – Demand and Supply Assumptions**

**Drivers of Demand**

Recently, the Territory population growth rate has eased to an average rate of 1.2%. This easing is considered a temporary lull and growth will return in line with current projections, which assume an average rate of 1.5% for the next 10 years, before progressively easing to 1.1% by 2041.

A mid-range growth estimate of 1.5% is adopted for future land supply and land release planning purposes to buffer unanticipated upswings in demand. It is easier to delay the release of sites to the market than accelerate land development to meet a sudden increase in demand, which may result from changes in broader economic conditions and stimulate demand beyond what could typically be expected based only on population growth. According to Economic Development’s Housing Demand Model, a population growth rate of 1.5% will generate an annual demand for 2,800 dwelling sites while a 1.2% growth rate generates annual demand for approximately 2,000 dwelling sites.

The *ACT Planning Strategy (2012)* indicates a strategy of delivering 50% or more of new housing delivered through urban intensification. Assuming a population growth rate of 1.5% this equating currently to an annual demand of 1,400 greenfield dwelling sites.

The 4-year average over the current indicative land release program indicates an average annual release of 1,691 greenfield dwelling sites which constitutes 40% of dwelling sites delivered through greenfield estates. (Table1)

**Table 1 Proportion of greenfield dwelling releases**

Year	Greenfield Dwelling Sites Released	% of Dwelling sites Released
2013-14	930	39%
2014-15	1500	40%
2015-16	1650	46%
2016-17	1900	51%
2017-18	1100	24%
2018-19	2114	39%

4 year average	1691	40%
----------------	------	-----

The proportion of greenfield dwelling sites proposed for release in 2017-18 is particularly low due to the significant contribution to overall number of (infill) dwelling sites from the disposal of government property assets as part of the Australian Government's asset Recycling Initiative. The indicative ARI disposal program could subject to change.

#### *Available Supply*

Housing supply in the immediate ACT-NSW region has also increased with demand in Queanbeyan being met with releases in Googong and Tralee.

Googong is a 20-25 year project yielding 5,550 dwellings with an annual release target of 270 dwellings. Initial land releases commenced in February 2012, construction commenced August 2013, and occupations February 2014.

Tralee is a 6-year project yielding 1,221 dwellings over 4 stages. Initial releases commenced in January 2014 with construction commencing November 2016-17. Strategically the, 25-year Sydney to Canberra Regional Strategy aims to provide up to 25,200 new homes for 46, 350 additional people expected to living in the region by 2031, including a minimum of 2,500 dwellings in Goulburn Mulwaree.

Ginninderra is a new urban area and residential estate proposed for the 701-hectare CSIRO land between Belconnen and Gungahlin. Preliminary plans indicate a 25-year project yielding at least 7,500 dwelling sites (6,500 blocks), with a proposed annual release of 300 dwellings. The land is highly developable and relatively unconstrained but will be subject to Commonwealth and Territory planning and approval processes. Optimistically, initial land releases could commence in 2018-19 and dwelling occupations from 2020.

Table 2 details available greenfield dwelling sites in the ACT (including NSW component of West Belconnen), planned but yet to be released to the market. Potential for dwelling sites in Gungahlin Town Centre are not included, and could contribute at least 1,000 dwellings to overall supply.

**Table 2 Dwelling sites in greenfield estates (planned and not yet released)**

<b>Estate</b>	<b>Total Dwelling Sites</b>
<b>West Belconnen Total</b>	<b>11,500</b>
ACT	6,500
NSW	5,000
<b>Gungahlin Total*</b>	<b>6,600</b>
Moncrieff	870
Taylor	2,500
Throsby	1,080
Jacka	1,153
Kenny	1,000
<b>Molonglo Total</b>	<b>15,800</b>
Denman Prospect	1,800
Molonglo	2,000
Molonglo 3	12,000
<b>Total LDA Greenfield Dwelling Sites</b>	<b><u>33,903</u></b>
<i>Ginninderra</i>	<i>7,500</i>
<b>Total Greenfield Dwelling Sites</b>	<b>41,403</b>

\* does not include dwellings in Gungahlin Town Centre.

Assuming 33,900 planned greenfield dwelling sites remaining for urban development in LDA estates, and 50% of annual dwelling releases are in greenfield areas, Table 3 sets out the estimated years remaining for the current greenfield land supply. In summary,

- a medium growth scenario: equates to 24 years supply (2039), with an annual target of 1,400 greenfield dwelling sites from a population growth of 1.5%.

**Table 3 Greenfield land supply – Years remaining**

<b>Dwelling Sites in Greenfield Estates</b>						<b>33,903</b>
						<b>as at 2015</b>
<b>Scenario</b>	<b>Population Growth Rate</b>	<b>Total Dwelling Demand</b>	<b>Greenfield</b>		<b>Years Remaining</b>	<b>Year</b>
			<b>Dwelling Demand</b>	<b>Dwelling Demand</b>		
Low growth	1.2%	2,200	1,100		30.8	2046
Medium growth	1.5%	2,800	1,400		24.2	2039
High Growth	1.8%	3,100	1,550		21.9	2037

<b>Dwelling Sites in LDA Greenfield Estates</b>						<b>28,903</b>
						<b>as at 2015</b>
<b>Scenario</b>	<b>Population Growth Rate</b>	<b>Total Dwelling Demand</b>	<b>Greenfield</b>		<b>Years Remaining</b>	<b>Year</b>
			<b>Dwelling Demand</b>	<b>Dwelling Demand</b>		
Low growth	1.2%	2,200	1,100		26.3	2041
Medium growth	1.5%	2,800	1,400		20.6	2036
High Growth	1.8%	3,100	1,550		18.6	2033.6

*Gungahlin, Molonglo & West Belconnen(ACT)*

<b>Dwelling Sites Greenfield Estates, Including Ginninderra</b>						<b>41,403</b>
						<b>as at 2015</b>
<b>Scenario</b>	<b>Population Growth Rate</b>	<b>Total Dwelling Demand</b>	<b>Greenfield</b>		<b>Years Remaining</b>	<b>Year</b>
			<b>Dwelling Demand</b>	<b>Dwelling Demand</b>		
Low growth	1.2%	2,200	1,100		37.6	2052.6
Medium growth	1.5%	2,800	1,400		29.6	2044.6
High Growth	1.8%	3,100	1,550		26.7	2041.7

### **Implications for long term land supply options**

According to Economic Development's 30-year dwelling occupations forecast (by dwelling type and suburb), Gungahlin is expected to be predominantly completed by 2028 and Riverview (ACT) will be 50% released.

Molonglo 3 (north of Molonglo River) would be the only remaining greenfield area supplying detached dwelling sites, unless Ginninderra proceeds with initial releases commencing 2018-19. Molonglo 3 may have 2,000 detached house sites remaining and Ginninderra an additional 3,500 detached house sites remaining. Supply from Riverview (NSW) may not have come online by this stage, offering a further 3,500 to 4,500 detached house sites.

Housing choice would be limited with Riverview supplying more affordable housing on the urban edge, while the later stages of Molonglo supplying a premium product given its 6km proximity to the City. Ginninderra's accessibility, via Barton Highway to the Northbourne corridor, may also deliver a premium product to the market.

The risks associated with too few development fronts in relation to housing type, price and location have direct implications for housing choice and affordability.

Demand in the ACT has eased, attributed in part with the increase in housing supply in the immediate ACT-NSW region and Googong and Tralee are offering a more affordable product.

Sustained cross-border development is likely to have a corresponding impact on land sales revenue and timing of developers delivering a completed housing product to the ACT market.

Despite the focus on urban renewal, active development along the Northbourne Avenue corridor and the City, or an increase to the strategic planning target of 60% of all new dwellings delivered as urban infill (40% greenfield areas), there is an ongoing need to maintain supply of detached housing in greenfield areas.

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Attachment 5 - Estimated Financial Outcome

**Current \$ escalated.**

	Commence 2035		Commence 2040	
	Lower \$'000	Higher \$'000	Lower \$'000	Higher \$'000
<b>Dwellings</b>	[REDACTED]			
<b>Period</b>	2035-2044	2035-2044	2040-2049	2040-2049
<b>Revenue</b>				
Sales	[REDACTED]			
<b>Total Revenue</b>				
<b>Expenditure</b>				
Land Purchase	7,500	7,500	7,500	7,500
Land Ready Costs	[REDACTED]			
Capital Works	[REDACTED]			
Civil/Estate Works	[REDACTED]			
<b>Total Expenditure</b>				
<b>Cumulative Cash Flow (surplus)</b>	[REDACTED]			

NOTES

1. Revenue and costs escalated at 2.5 %.
2. NPV calculated on annual cash flow.
3. Sale rate of 400 dwelling per annum.
4. Summary provided on two commencement dates 2035 and 2040 with an assumed 10 years sales program.
5. Revenue – low = [REDACTED] per block and high = [REDACTED] per block (pre escalation)
6. Civil Estate Works - [REDACTED]
7. Capital works – [REDACTED]



Land Acquisition

# Business Case

Project Name:	Acquisition of Rural property known as Winslade
Project Value:	\$7.5 M for purchase price.
Risk Assessment (high/med/low):	Low
Proposed Delivery Model:	Future Residential Subdivision
Requesting Directorate:	Treasury Directorate
Requesting Minister:	Andrew Barr

**Contact Officers**

Contact Officer, Requesting Directorate:

Dave Richardson, LDA

Reviewing Officer, Treasury:

**Sign Offs**

Tom Gordon

Acting Executive Director, Land Development Agency:

\_\_\_\_\_

Anita Hargreaves

CFO, Land Development Agency:

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David Dawes

CEO, Land Development Agency:

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## 1. Purchase Outline

### 1.1 Property Overview

Winslade comprises of six (6) rural blocks with a total area of approximately 486 hectares held under a 99 year rural lease with considerable time to run by [REDACTED] ('the lessee'). The lease runs until 2101. The lease permits the use of Winslade principally for agriculture and the property has primarily operated as a Cattle farm.

The lease commenced in 2002 and is over Blocks 435, 439, 440, 441, 456 and 476 District of Stromlo. Winslade is currently being operated as a commercial farming operation.

The LDA was approached by the current owner to see if the LDA was interested in purchasing the property. The LDA undertook a market valuation of the property with the valuer Knight Frank determining a current rural value of \$6.5m to \$7.5m excluding GST. The owner indicated an interest to sell at a price consistent with the valuation. If purchased, the LDA would sublet the rural operations of the property until land development activity commences.

The LDA has recently prepared the draft Stromlo District Master Plan to provide a "strategy" with which both CMTEDD Treasury and the LDA Board can have confidence to support the previous and proposed acquisitions in the Stromlo District. Winslade forms an integral part of that strategy in joining the northern node of Huntly around Uriarra Road and the southern node along Cotter Road thus providing a more complete strategic proposition for future urban land development opportunities for Government

If development in Stromlo District was to proceed without Winslade then the economies of scale as well as road, major infrastructure linkages and bushfire protection would be bifurcated with the two areas developing as separate new towns.

### 1.2 Land Acquisition Policy Framework

The *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* ('the framework') came into effect on 20 June 2014 allowing the LDA to undertake strategic land acquisitions in accordance with the framework. The acquisition of this property falls within this Framework.

#### **Acquisition Thresholds and Approved Decision Makers**

The Framework provides for a land acquisition limit of \$20 million (per financial year) after which Government agreement is required for each purchase.

Any land acquisitions:

- below \$5 million require agreement by the LDA Board with advice to the relevant Minister;
- between \$5 million and \$20 million requires agreement by the Chief Minister and Treasurer with a business case provided to ACT Treasury; and
- over \$20 million, agreement by Government.

Note that this acquisition falls within clause 2.2.1 (b) of the Framework and requires agreement by the Chief Minister and Treasurer. This business case is to address the requirements of the Framework by providing the acquisition details to ACT Treasury for this land acquisition.

Note also the Framework identifies that Government agreement is required for any acquisition by the LDA that results in a cumulative annual total of \$20 million in acquisition being exceeded. The cumulative annual total means all acquisitions within a financial year – 1 July to 30 June.

### Assessment Against Principles

The Framework also sets out principles by which to assess the acquisition. Below is an assessment against each of the principles:

- **The Intended Outcome Principle**  
The purchase of this property by the LDA is to provide security for future Greenfield land, unlocking the potential of adjacent properties already owned by the LDA in the Stromlo District and respond to future growth requirements.
- **The Policy Alignment Principle**  
The *Canberra Plan* published in 2008 highlighted significant increases in population, the growth of the economy, gross household income, a small increase in the labour market and increases in housing numbers. This highlights growth in the economy and an increase in housing demand. The *ACT Planning Strategy – Planning for a Sustainable City (2012)* (the Planning Strategy) provides a clear indication of where the main areas of growth should be located. The Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong includes the Central Precinct of Molonglo as well as the property of Huntly and land surrounding Mt Stromlo, including Winslade. See Section 2.
- **The Value for Money Principle**  
LDA sought land valuation from Knight Frank to assist in negotiating a fair market value. Knight Frank valued the site at \$6.5m to \$7.5m million GST free. The valuation noted that this valuation is at the upper end of the ACT rural leasehold market, but also noted the nature of prime ACT rural properties in the Stromlo area.

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, estimated at [REDACTED] (being Englobo value less capital works), as well as open the door to greater development opportunities with the surrounding blocks. The worst case position shows a [REDACTED] return to the Territory for a \$7,500,000 initial outlay plus \$4,000,000 for due diligence work to be undertaken over the next 10 years. See Section 4 for details.

- The Risk Management Principle**  
 A risk assessment has been undertaken which highlights that all key risks can be mitigated and the Territory is not exposed. It is considered that the outcome for the proposed acquisition is achievable. See Section 3.

### 1.3 LDA Board Approval

In June 2016, the LDA Board approved entering negotiations for the possible acquisition of Winslade up to a limit of \$7.5m GST free.

Since that meeting the LDA has conducted a valuation review of farm operations and the financials of the property with the agreement of the current lessee as well as preparing this business case prior to discussion with Treasury to seek its support in accordance with the Framework.

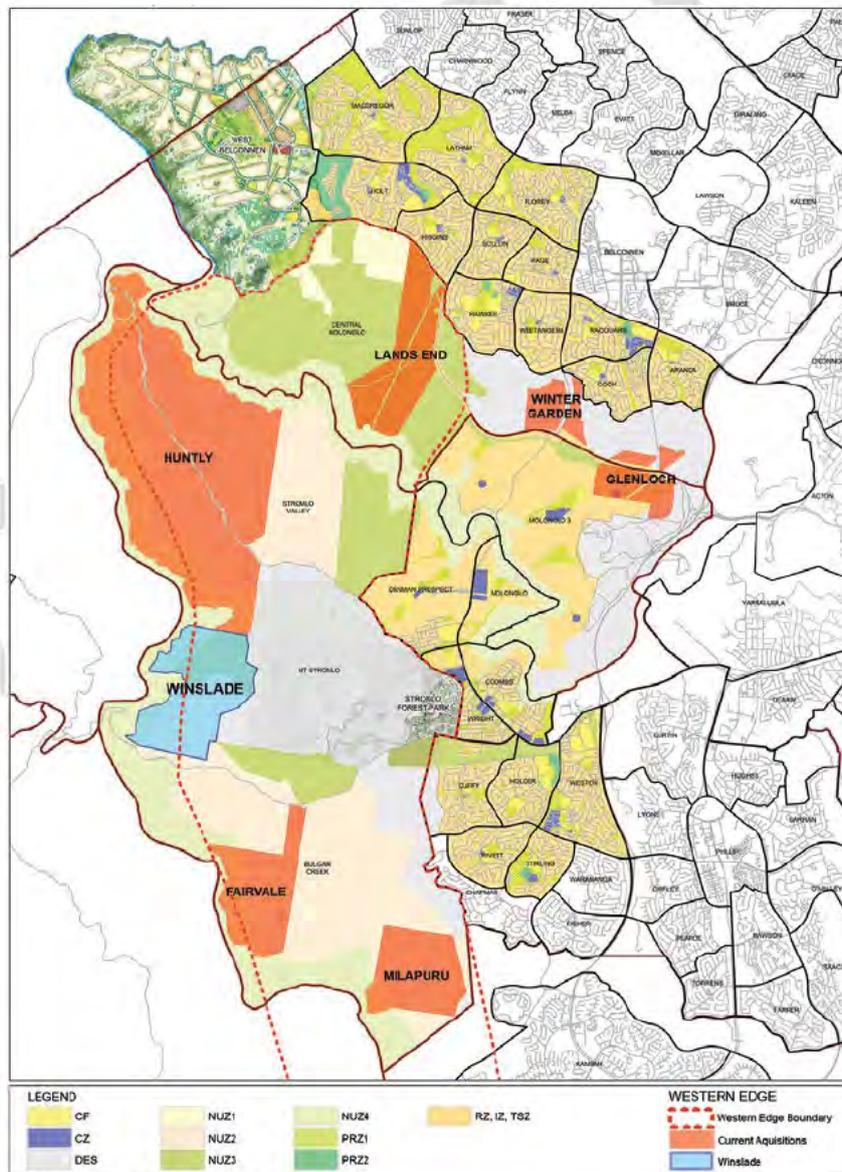


Figure 1 – Winslade Location

## 2. Needs Analysis

The purchase of this property by the LDA is to provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements as discussed in 2.1 below in accordance with the *ACT Planning Strategy – Planning for a Sustainable City (2012)* (the Planning Strategy).

This approach is predicated on the existing rural land use for Winslade, the fact that a number of the blocks in this area are adjacent to existing urban infrastructure, and advice that the lessee is a willing seller after first approaching the LDA.

The purchase of Winslade will add to the blocks north and south of the Molonglo River as well as south of the Cotter Road that have already been purchased by the LDA as a strategic acquisition in the District of Stromlo to create the potential for a greater developable area as set out in the Planning Strategy. These acquisitions are shown at Attachment 2.

### 2.1 Suitability

The *Canberra Plan* published in 2008 highlighted significant increases in population, the growth of the economy, gross household income, a small increase in the labour market and increases in housing numbers. This highlights growth in the economy and an increase in housing demand. While the resultant Structure Plan that developed from these earlier considerations, it concentrated development focus in the Eastern Precinct, the key principles of the Canberra Spatial Plan would equally apply to cover the Stromlo region adjacent to Molonglo.

The key principles are:

- Containing growth
- Residential intensification
- Centralising new residential areas
- Locating employment
- Protecting biodiversity
- Good travel connections
- Sustainable growth of the region.

In the Planning Strategy there is a plan that indicates those areas where investigations should focus between 2012 and towards the end of the Strategy. (Figure 2)

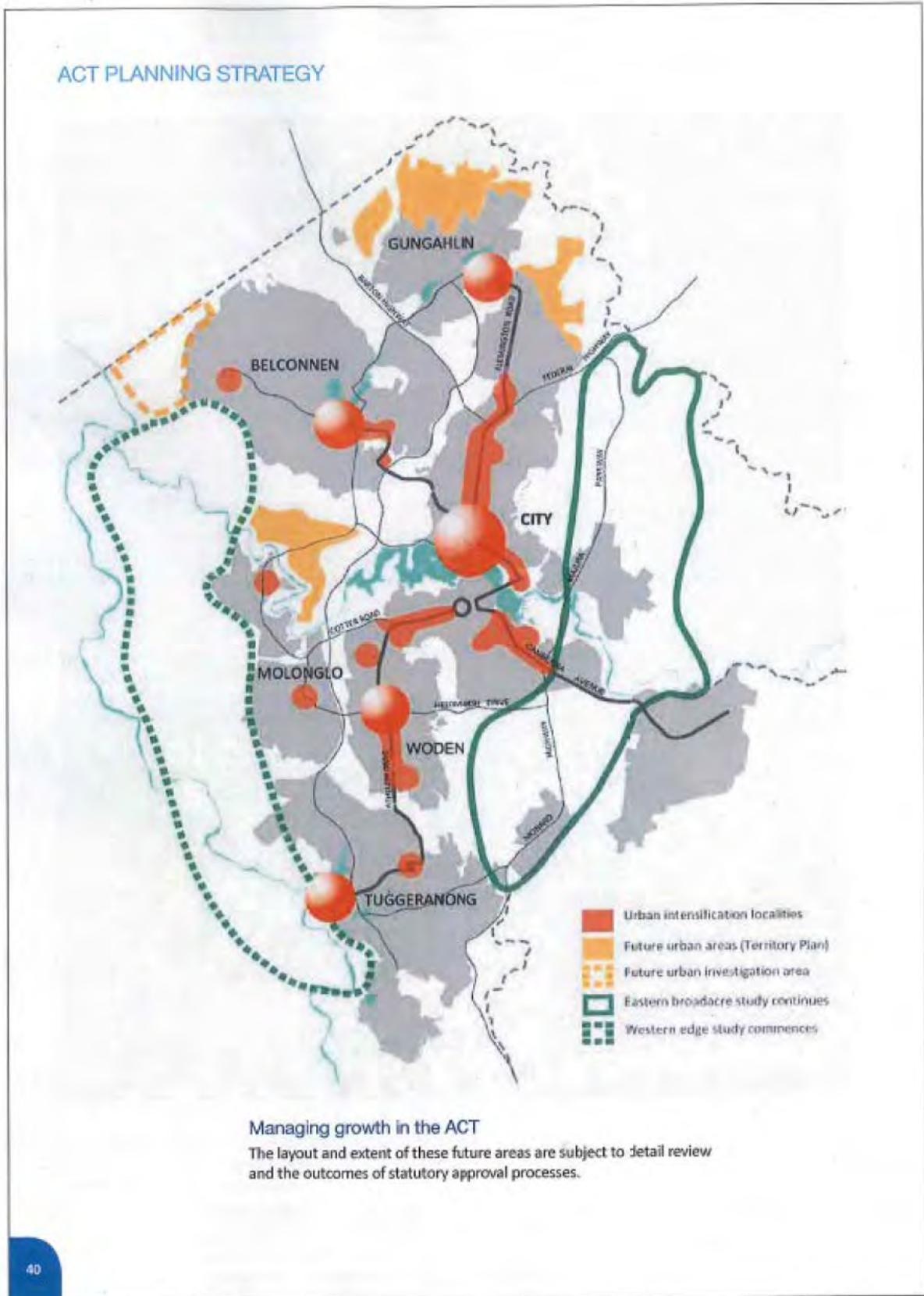


Figure 2 – ACT Planning Strategy

The areas identified include the remainder of Gungahlin (now well advanced), Molonglo Stage 3 (in the Land Release Program for first release in 2018-2019), West Belconnen (planning well advanced), the Eastern Broadacre Area (EPBC Strategic Assessment in process), and the Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong. This latter area includes the Central Precinct of Molonglo as well as land surrounding Mt Stromlo. The southern part of the Western Edge Study includes West Murrumbidgee which was the subject of detailed planning in the mid seventies by the former National Capital Development Commission (NCDC).

Winslade correlates well to land purchases by the LDA in the Western Edge Study area identified in the ACT Planning Strategy, Lands End in Central Precinct of Molonglo, Huntly in northern Stromlo, Fairvale and Block 19 Stromlo to the west of Weston Creek. After Winslade there is only one major property in this area that may become available which will provide Government with development opportunities that until now have not been considered.

The rural property of Kerrabee is under investigation as the last large property in the Cotter Road area. It is in a central position within that area, and has similar characteristics as Winslade in the context of being a central piece of the southern development around Mt Stromlo. It provides connectivity east to west for traffic and servicing infrastructure and provides a more complete and efficient planning outcome than if it were to remain in private land ownership.

As the Planning Strategy points out, short and longer term actions are critical to achieving current policy or to initiating more substantial, long lasting change opportunities.



The potential purchase of Winslade is considered a significant strategic acquisition in securing land ahead of time connecting the other already identified acquisitions in the Stromlo district. In the meantime the property would be maintained as a commercial rural operation until a variation to the Territory Plan was supported for future urban development.

## 2.2 Demand and Supply

A detailed analysis of Demand and Supply is included at **Attachment 4**.

In summary, the purchase of Winslade is to add to available land supply for the period 2035 to 2045. The analysis of demand and supply indicates that at 2030:-

- Gungahlin supply is expected to be completed (by 2028);-
- West Belconnen (ACT) is likely to be 50% released by 2030, leaving 2,500 to 3,000 detached housing sites available, most of which are expected to be developed after the NSW component of West Belconnen is developed. The NSW component will offer in the order of 3,500 to 4,500 detached housing sites (400 per year until 2045);
- Molonglo 3 is expected to have approximately 2,000 detached housing sites remaining at 2030 (400 per year until 2035);
- Ginninderra (CSIRO site) assuming the development proceeds will likely have approximately 3,500 detached housing sites remaining – (400 per year until 2039); and
- Developments in surrounding NSW, such as Tralee/Googong (or similar areas) will continue to provide supply to the region.

The development of Stromlo (Huntly, Winslade and land to the south of Mt Stromlo) and other strategic purchases West of Molonglo 3 will provide:

- Supply of approximately 400 detached housing sites per year until 2060;
- Be an addition, although likely a lower priced product, to Molonglo 3; and
- Provide a continuation of third development front within the ACT – in addition to West Belconnen (low priced supply) and Ginninderra (premium priced).

Overall supply from 2030 is likely to be provided by:-

- West Belconnen – estimated 400 detached housing sites per year;
- Molonglo 3 – estimated 400 detached housing sites per year for 5 years;
- Ginninderra – estimated 400 detached housing sites per year; and
- Stromlo – estimated 400 detached housing sites per year,

This totals approximately 1,600 detached housing sites per year.

## 2.3 Issues

Opportunities to purchase Greenfield land in strategic locations are limited. The landowner of Winslade has approached the LDA. Following negotiations the current landowner has indicated that they will accept an offer of \$7.5m GST free for the property, which is within the market range for a rural property of this kind according to the Knight Frank report.

## 2.4 Benefits

Winslade is in a strategically advantageous position for future development which would capture the uplift in value for the land rezoning from rural to residential purposes. An estimated [REDACTED] dwellings could be delivered on this property based on an assumption of 60% developable area.

The area is in the Stromlo district, approximately 3km west of Duffy/Wright, and is the middle of the Western Edge Study area. Winslade also correlates well to other land purchases in the same area by the LDA. Lands End, Huntly, Fairvale and Block 19 also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further properties in this area are likely to become available over the next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

Initial assessments have confirmed the potential of Winslade to deliver the benefits outlined above and subsequent more detailed capability assessments will be commenced at an appropriate time once the acquisition has been agreed.

In the future the Territory will continue to explore the acquisition of potential urban land on privately owned land holdings as well as explore other options for development with neighbouring land holders.

## 3. Risk Assessment

### Current

#### 3.1 Bushfire

There is a risk of bushfire impact on Winslade as evidenced by the 2003 bushfire. Winslade lost fencing, the shearing shed, associated yards and possibly stock in that fire.

- *Risk Mitigation - To reduce the risk, a bushfire risk strategy should be implemented immediately after the sale settlement if there isn't one in place with the current owner. A number of agencies including the Emergency Services Authority will be involved in the development of such a strategy. This will be implemented through the farmwise fire plan approved in the Land Management Agreement. The property will be fully insured through ACTIA.*

### 3.2 Assets

There are a number of assets on the property excluding the stock and dams. The assets include the main residence, original homestead, guest accommodation and many improvements including sheds, storage tanks and a horse arena. The fencing was completely replaced after the 2003 fires.

- *Risk Mitigation - Management of these assets will be undertaken by the current owner on a lease back arrangement to maintain in good repair.*

## Future

### 3.3 Returns

Returns to Government in future urban development on Winslade are not as expected.

- *Risk Mitigation – Returns have been estimated using the best available information at the time. As due diligence and master planning proceeds, there will be updates to expected returns and Government will be kept informed. The financial analysis also estimates a conservative 60% development area to determine future returns.*

### 3.4 Management

The management of the property will be vested in the current owner under a lease back arrangement and management agreement. The risk is that the management put in place does not adequately address all the risks related to the property such as seasonal variations etc or inappropriate stocking and market conditions.

- *Risk Mitigation - Management of Winslade should take into account this risk and ensure adequate responses are included in the final agreement. Any agreement must be reviewable at agreed timeframes so that consequential management action can be taken as appropriate. A sublease and land management agreement will establish management obligations which if not met would result in termination of the lease.*

### 3.5 Commitment Risk

Commitment risk is the movement away from already publicly identified longer term planning strategies by Government for the future of the ACT growth areas. In order to implement any strategy involves ensuring that land is available for future development. The LDA is working towards implementing the Government's longer term planning strategy.

- *Risk Mitigation - If the planning strategy changes direction away from a western edge study area, the LDA may have undertaken abortive work. However, in bringing land back from leased land to Territory controlled land allows Government maximum flexibility going forward at near minimal land costs rather than allowing the increase in land value due to changes of land use to pass to the private lease holders. In addition, there will be ongoing evaluation and review. If there is a significant change to Government policy, the Government may consider resale of the land as a mitigation measure to recover costs.*

### 3.6 Landholding Protection

This is the risk that other existing private lease holders will be unwilling to offer their leases back to Government in the short term and instead wait for land use changes to drive up land valuations. Alternatively, there is a risk that existing private lease holders will put their properties on the open market with the result of also raising land valuations. Both of these actions can make the agglomeration and cost of land development difficult and more costly to develop in accordance with any planning strategy.

- *Risk Mitigation – Winslade is situated adjacent to existing LDA holdings with minimal private leases adjacent. There is connectivity with Huntly which is LDA leased land. Development is still possible with the current profile, but the LDA will continue to monitor willing sellers in the area. Alternative development mechanisms such as joint ventures maybe appropriate.*

### 3.7 Timing Risk

The risk from a timing perspective is that the conversion of the land use changes in the western edge study area is delayed significantly by Government due to slower population growth forecasts or a drop in land demand or there is a change in Government commitment by changing the direction for future growth. The process of conversion will take several years to complete where structure planning and capital works lead times may be subject to budgetary constraints pushing out dates to commence those processes. Part of the risk is the increased difficulty where land within potential development areas is not unleased Territory land.

- *Risk Mitigation – Ensure that the strategic planning process with EPD takes into account the longer term opportunities including Government commitments regarding strategic acquisitions by actively participating in that process and positively influencing outcomes.*

### 3.8 Ecological

Winslade is bordered by the Murrumbidgee River Corridor to the West. The risk due to interface issues not being able to be resolved in a timely manner is apparent and is being experienced in Eastern Molonglo.

- *Risk Mitigation – A coordinated approach to balance Social, Economic and Environmental issues similar to what is being applied in West Belconnen is likely to provide a more positive outcome and ensure timeframes and outcomes are agreed.*

## 4. Purchase Cost and Return to LDA

### 4.1 Purchase Cost

LDA sought land valuation from Knight Frank to assist in negotiating a fair market value. Knight Frank valued the site at \$6.5m to \$7.5m million GST free. The valuation noted that this valuation is at the upper end of the ACT rural leasehold market, but also noted the nature of prime ACT rural properties in the Stromlo area. After negotiations the seller and the LDA have agreed that if the LDA receives the appropriate approvals from the LDA Board and from Government the price will be \$7.5m million GST free.

However, it is proposed that the property would be purchased as an ongoing concern and GST does not apply to the arrangements under the sales contract. Given the future intent to develop residential land in this location in the medium term, the purchase price represents fair market value.

### 4.2 Estimated Land Return

The strategy approved by the LDA Board for this property purchase provides flexibility for future use. The stand alone financial evaluation for the Winslade property at Stromlo is shown below in the summary table.

#### Summary - Estimated Financial Outcomes

	Commence 2035		Commence 2040	
	Lower \$'000	Higher \$'000	Lower \$'000	Higher \$'000
<b>Dwellings</b>				
<b>Development Period</b>	2035-2044	2035-2044	2040-2049	2040-2049
<b>LDA Estate</b>				
Total Revenue				
Total Expenditure				
<b>Surplus</b>				
Englobo sale	291 Hectares	291 Hectares	291 Hectares	291 Hectares
Total Revenue				
Capital works and land Cost				
<b>Surplus</b>				

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, estimated at [REDACTED] (being Englobo value less capital Works), as well as open the door to greater development opportunities with the surrounding blocks

The worst case position shows a [REDACTED] return to the Territory for a \$7,500,000 initial outlay plus \$4,000,000 for due diligence work to be undertaken over the next 10 years.

The analysis is based on the following assumptions:

1. Revenue and costs escalated at 2.5 %.
2. NPV calculated on annual cash flow.
3. Sale rate of 400 dwelling per annum.
4. Summary provided on two commencement dates 2035 and 2040 with an assumed 10 years sales program.
5. Revenue – low = [REDACTED] per block and high = [REDACTED] per block (pre escalation)
6. Civil Estate Works - [REDACTED]
7. Capital works – [REDACTED]

Additionally, should the situation arise that the site is unable to be developed for whatever reason, the asset can be sold back into the market. As the purchase price is based on rural land value it would be expected that a similar rate would be achieved if sold back into the market for rural purposes. Given there are several houses on the estate, the LDA has the opportunity to subdivide and sell multiple parcels at a higher rate.

A do nothing option presents risks in that the current owner may choose to locate another buyer. This buyer would be a position to approach the LDA in future years once the western edge is progressing, and offer the property for sale at a greatly increased premium.

A summary in current dollars escalated at 2.5% per annum is included at **Attachment 5**.

#### 4.3 Due Diligence and Planning Steps

Winslade is being operated as a commercial farm that is located within the ACT Planning Strategy's identified western edge study area for managing growth in the ACT. In order to progress any changes of land use to allow the development of future urban areas within the study area, a number of planning steps are required. These include:

- Ecological assessments may be done for at least the first 3 years to provide a base case of likely environmental constraints and then at suitable intervals thereafter. Contamination assessments will determine likely areas that will need further assessment as the time for land use zoning changes occur. Likely sources of contamination are sheep dips, garbage pits, uncontrolled fill and possible asbestos contamination.
- Initial study into infrastructure requirements and identify likely budget requirements. Preliminary LDA master planning is required to test development potential and infrastructure requirements and discuss at regular intervals with EDD and EPD for support.

- Monitoring land supply and demand and provide updates to Government regarding possible timing for any land use changes and agreed processes.
- Undertake normal due diligence assessments and update master planning once Government has committed land use changes.
- At a future agreed time, seek formal EPD agreement to steps including variations and amendments to statutory plans and environmental clearances.

The following is a preliminary estimate of the expected LDA costs to undertake the necessary due diligence and other studies to convert the property to urban land use in the time period from 2016 through to 2035 and correlates closely with the preliminary indicative timing and the studies identified in Section 8 of this submission for the respective years shown. Note that the time period is dependent on Government policies directions.

- 2017 – 2020 – Initial LDA due diligence and infrastructure requirements, Estimated budget of \$300,000
- 2020 – 2030 – Continuation of LDA ecological monitoring, Estimated budget of \$300,000
- 2020 – 2030 – Preliminary LDA master planning and updating options, including initial capital works requirements, Estimated budget of \$200,000
- 2019 – 2030 – LDA undertake the remaining due diligence assessments and update master planning once Government has committed land use changes, participate in forward planning for capital works infrastructure, Estimated budget of \$1-2M
- 2025 – 2035 – Complete formal statutory assessments (Commonwealth and ACT), and finalise variation and amendment to both the Territory and National Capital Plans, Estimated budget of \$1M.

The estimated total for the above work is in the order of \$4M.

As seen by the above list, the timing indicates both a short term and longer term horizon that will be qualified as the work progresses. Also, it should be noted that the process and lead times to complete some of this work can be as long as 5 years especially when considering the provision of infrastructure and funding.

## 5. Timeline

The expected timeframe for commencing the development of this property regardless of approach or scale with surrounding land owners is in the order of 10 years. The development period, depending on demand and other development fronts is in the order of 25 years.

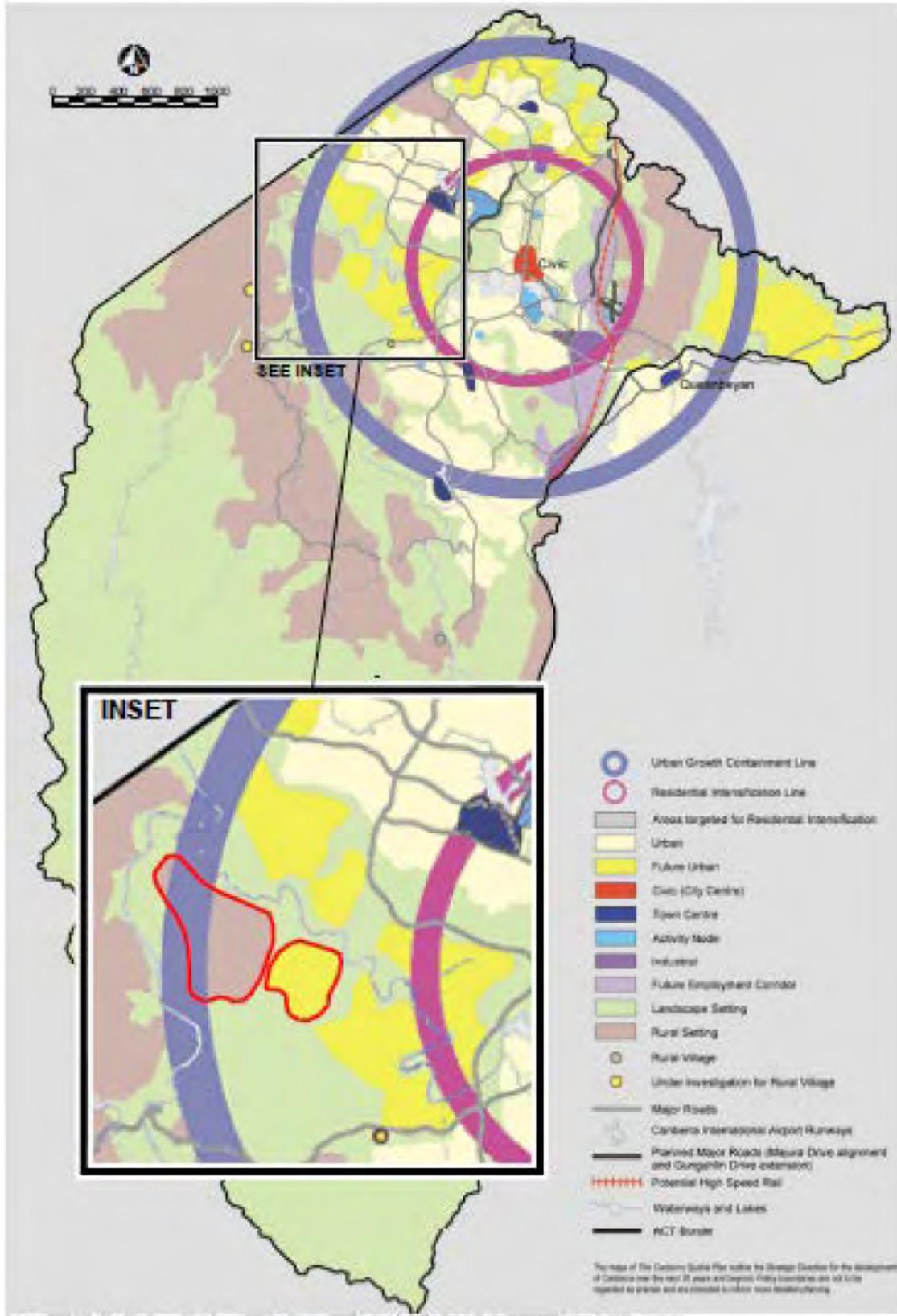
## 6. Recommendation

It is recommended that ACT Treasury support the LDA proceeding with the purchase of Winslade in accordance with the *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* on the basis of its strategic value to the broader acquisitions and the significant potential for financial return.

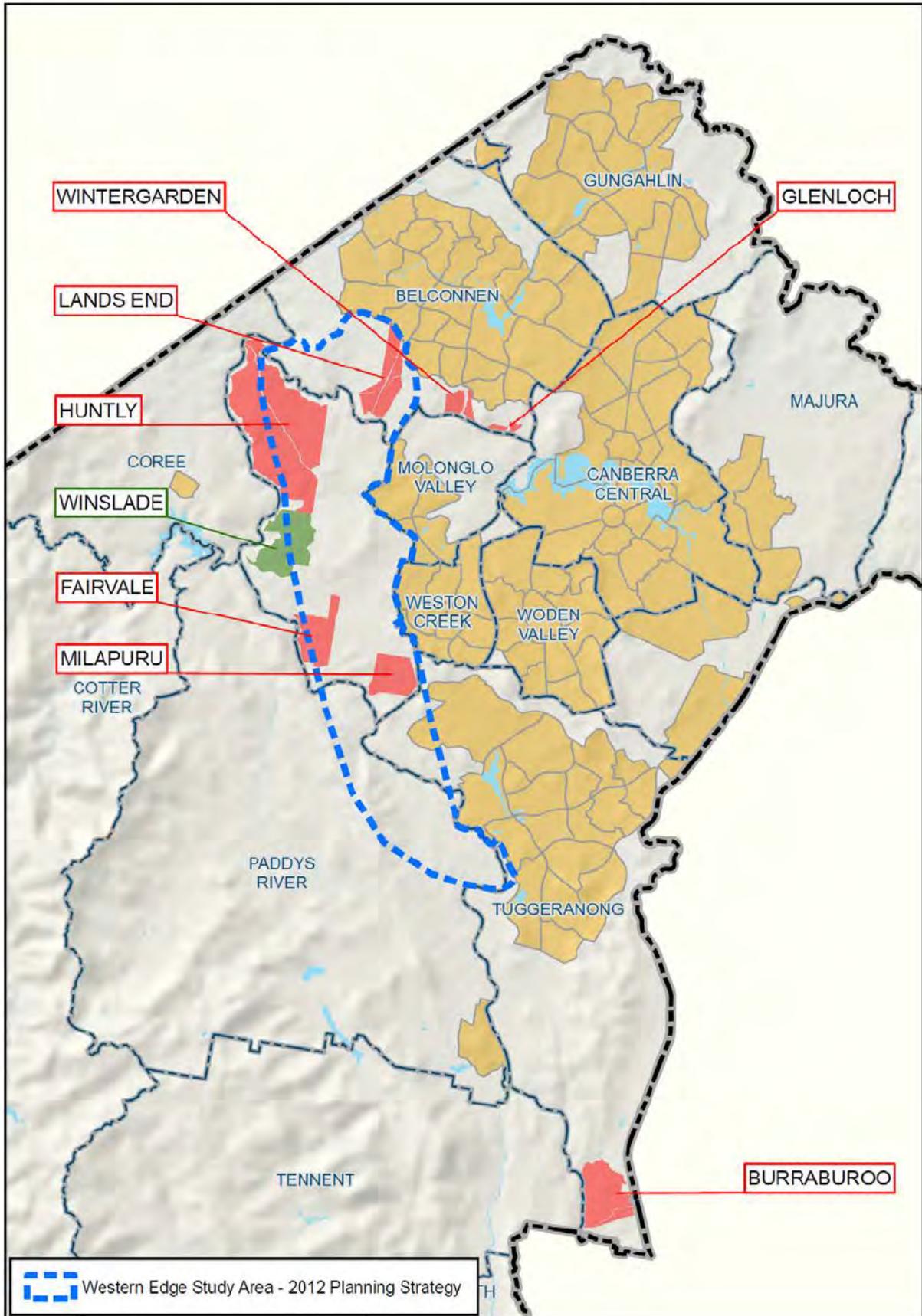
The purchase of this property by the LDA will provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements as contemplated in the *ACT Planning Strategy*. It will add to the blocks north and south of the Molonglo River as well as connect Huntly to the properties south of the Cotter Road that have already been purchased by the LDA. Winslade connects the north and south of the Stromlo District to create the potential for a greater developable area as set out in the *Planning Strategy*.

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Attachment 1 – The Canberra Spatial Plan (2004) – Strategic Direction Map



Attachment 2 – LDA Acquisitions Map



### Attachment 3 – Preliminary Due Diligence

This paper reports on the desk-top due diligence investigation on the Winslade property. It should be noted that only brief site access was available to the lease for preliminary site inspection work so verification and on-site assessments have not been undertaken at this stage.

The analysis draws together material from:

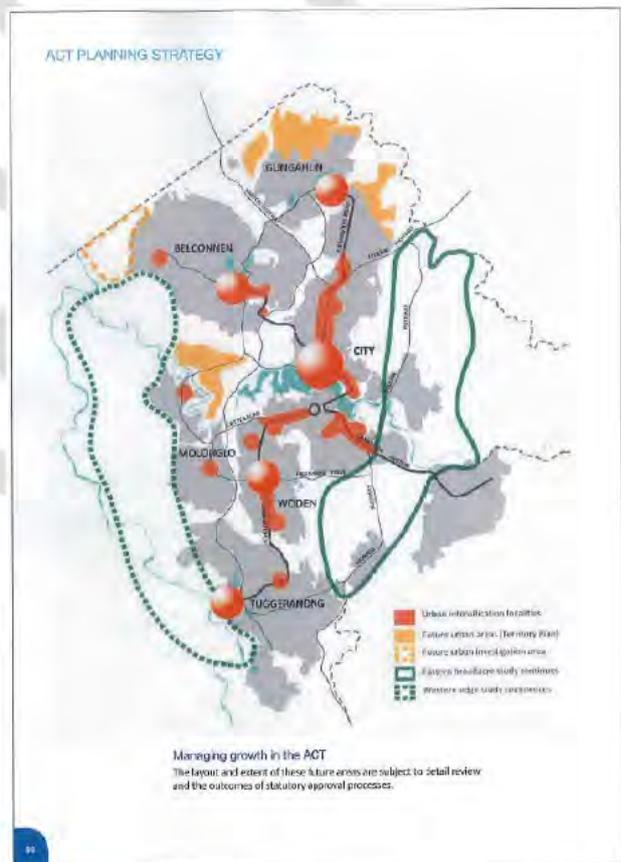
- An initial assessment of the potential risks or constraints from aerial photography, and brief site visit.
- a corporate knowledge of due diligence investigations by the Development Ready (Estates) unit for LDA land releases

As part of this study an estimate of potential dwelling yield for Winslade will be provided and the cost of necessary assessments and remediation will also be included.

#### 1. Planning Context

In the ACT Planning Strategy 2012 there is a clear indication of where the main areas of growth should be located. **Figure 2** from the Strategy (shown right) indicates those areas where investigations should focus between 2012 and towards the end of the Strategy.

The areas identified include the remainder of Gungahlin (now well advanced), Molonglo Stage 3 (in the Land Release Program for first release in 2018-2019), West Belconnen (planning well advanced), the Eastern Broadacre Area (EPBC Strategic Assessment in process), and the Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong. This latter area includes the Central Precinct of Molonglo as well as the property of Winslade. The southern part of the Western Edge Study includes West Murrumbidgee which was the subject of detailed planning in the mid seventies by the former National Capital Development Commission (NCDC).



Winslade also correlates well to other land purchases in the same region by the LDA. Lands End in Central Precinct of Molonglo, Huntly, Fairvale and Block 19 Stromlo all to the west of Weston Creek also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further properties in this area are likely to become available over the next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

As the Planning Strategy points out, short and longer term actions are critical to achieving current policy or to initiating more substantial, long lasting change opportunities.



The potential purchase of Winslade is considered a beneficial strategic acquisition in securing land ahead of time in and adjacent to the other already identified precincts in Stromlo. In the meantime the property would be maintained as a commercial operation until a variation to the Territory Plan was supported for future urban development.

## 2. Issues

### Due Diligence

A desktop due diligence study is being conducted by the Development Ready (Estates) unit of LDA on Winslade to inform Executive in arriving at a decision regarding its suitability for strategic acquisition and future inclusion in the Land Release Programs in an appropriate time frame.

The desktop due diligence study considered a range of opportunities and constraint parameters including the following:

1. *Lease parcels and operational history*
2. *Land custodianship*
3. *Existing constraints including the bulk water supply main from Stromlo*
4. *Current servicing infrastructure*
5. *Possible site contamination*
6. *Possible Aboriginal and European heritage constraints (but not natural heritage)*
7. *Possible bushfire impacts*
8. *Major infrastructure concept plans for water supply, sewer, storm water and electricity*
9. *Possible tree / ecological constraints*
10. *Arterial road options and land uses*
11. *Topographic Survey*
12. *Environmental clearances*
13. *National Capital Plan*
14. *Territory Plan*
15. *Likely Development Scenario*

Each is discussed in detail below. Recommendations are made in each parameter regarding the need to carry out assessments and the likely cost to achieve the desired outcome for residential development. The final parameter of *Likely Development Scenario* will provide an estimate of dwelling yield and will make some assumptions about dealing with the opportunities and constraints discussed.

#### 4.1. Lease Parcels and Operational History

Winslade comprises of six (6) rural blocks with a total area of approximately 486 hectares held under a 99 year rural lease with considerable time to run by [REDACTED] ('the lessee'). The lease runs until 2101. The lease permits the use of Winslade principally for agriculture and the property has primarily operated as a Cattle farm. Attachment B sets out the lease components.

The lease commenced in 2002 and is over Blocks 435, 439, 440, 441, 456 and 476 District of Stromlo.

It should be noted that the existing boundary fencing does not necessarily coincide with the lease boundary. It is recommended that the lease will need a boundary survey to identify correct boundaries.

##### **Recommendation**

*A lease boundary survey should be undertaken to identify correct boundary location.*

##### **Estimated Cost**

*The estimated cost for a boundary survey is \$15,000 including GST which should also cover the preparation of a Deposited Plan and Plan registration.*

#### 4.2. Land Custodianship

Winslade is currently under rural lease to [REDACTED] (see Attachment B). Stromlo forest park is immediately to the east of Winslade is currently managed by Sport and Recreation and the contact officer is Rod Florence. The land to the west is river corridor under TAMS land

custodianship and contact officer is Darren Rosso. The land to the north is a LDA property known as Huntly and the contact officer is Dave Richardson.

**Recommendation**

*If the decision is made to proceed to purchase the Winslade lease, then land custodianship should be held by LDA as the lease is to be considered for addition to the Land Release Program in the future. This would allow for due diligence assessments recommended below to be undertaken and relevant clearances to be obtained prior to commencing urban development.*

*Winslade being directly adjacent to Huntly may make this property attractive to be added to Huntly's Land Management contract.*

**4.3. Existing Constraints including the Bulk Water Supply Main from Stromlo**

The Land within Winslade zoned Rural and Hills Ridges and Buffer is predominantly 10% or less, slope (58%) and only 2% of the Block is above 20% slope. See Attachment C.

**4.4. Current Servicing Infrastructure**

**Water Supply**

The Cotter to Stromlo bulk water main cuts through Block 470. While there are scours for cleaning the water main along the length of the interface, there is no potable water supply from the main. A further water main travels through Block 441, 439 and 435 and heads through Stromlo Forest Park towards the Mount Stromlo Water Treatment Plant. It appears that the residences do not have mains (potable) water supply.

Water licenses have not been investigated.

**Sewer**

Winslade homesteads and possibly other outbuildings appear to be serviced by septic tanks or equivalent.

**Electricity**

Electricity appears to be provided to the residences from an overhead low voltage power supply running through Block 476.

There is 11kv power line mounted on poles generally along the southern boundary of Block 456.

There is also an existing 132kV power line mounted on steel lattice towers running north south on the eastern side of Block 456 within a 60m wide easement granted in August 2015 to TRANSGRD. This easement was then transferred to NSW Electricity Works Operations PTY LTD in December 2016.

**Gas**

It is doubtful that piped gas is available to Winslade lease. It is more likely to have a bottled gas supply.

**Communications**

It is assumed that telephone services are available to the residences.

**Recommendation**

*An assessment of the existing infrastructure services would need to be undertaken to verify the location of services and their capacities.*

**Estimated Costs**

*A review of existing infrastructure services and their capacities is estimated to cost \$30,000 including GST.*

**4.5 Possible Site Contamination**

Generally, contamination is not a major show-stopper when it comes to residential development and there are no cases in the ACT where the LDA has had to modify development outcomes. All sites have been successfully remediated and certified suitable for residential use. Protocols are in place to deal with any unexpected contamination found during construction.

Proper testing, remediation, monitoring and Environment Protection Unit signoff is all required before development occurs with auditing where necessary. This is normal procedure and it should only take time and reasonable budget expenditure to overcome rural contamination. More concentrated contamination hotspots such as the Asbestos find at the Weston Creek Pond are not associated with rural operations.

Possible contamination areas of interest include existing dams and ponds, erosion contour banks, gully erosion, farm buildings including the homestead and miscellaneous outbuildings. Normal rural operations would also have fuel and chemical storage, machinery maintenance facilities, disposal pit and possibly a sheep-dip as other potential contamination hotspots.



There are approximately 21 dams or ponds on the total lease (Refer Attachment F). The majority of these dams or ponds appear to be small and could be areas of natural water pondage or could be a dam with little construction. Associated with these features are contour banks. These would be associated with normal farm runoff management.

It would be expected that the dams and ponds may collect residual silts from runoff and possible minor contamination from the use of

pesticides and other agricultural applications such as pasture improvement during normal farm operations.

Also evident are numerous overland flow paths that may have possible erosion but the extent of the impact does not appear to be significant from examination of aerial photography. Note however that rural practices in the past has seen dumping of uncontrolled fill and even general farm waste including Asbestos and old machinery in an effort to try and prevent active erosion from continuing.

Normally a sheep dip would be associated with rural properties especially where a shearing shed or stock yards are constructed. Winslade has a shearing shed and sheep and cattle yards. A sheep dip is not evident from an examination of the aerial photograph. However, one may be present.

There is an array of pits located in the centre of block 435 with an approximate surface area of 2500m<sup>2</sup>. Farm dumps and animal pits are common occurrences on leases in the ACT. Farm dumps can contain household garbage, old machinery, fencing, Asbestos, chemical drums and other poisons. Animal pits can contain dead animals such as sheep, cattle, kangaroos etc. In both cases it would be expected that the dumps and pits would require proper contamination assessment and full remediation before being suitable for residential land use.



Aerial photography and the site visit revealed a number of silage pits used for the storage of fodder. These are a common occurrence and drought proof the property without the need for storage sheds, silos or purchasing fodder in times of drought.



The property has formed tracks which may contain imported materials especially where they cross depressions or overland flow paths.



Given the age of the original homestead and structures, it would be expected that products containing Asbestos may have been used in these constructions both in sheet form and possible

lagging of pipes. Removal of Asbestos is expected to be required to retain the use of these buildings in the future urban area.

A new residence was constructed post 2012 which should not contain any Asbestos.

Other features observed on the aerial photography included:

- Small unidentifiable structures in several paddocks that could be old machinery, stock feeders etc.
- Previous cropping history is also visible using aerial photography.
- Numerous planted windbreaks throughout the property.

### **Recommendations**

*A formal search of the Contaminated Land Register must be undertaken to identify any registered contaminated sites. This will be a required action in any contamination assessment.*

*Further, depending on the contamination found, the services of an accredited site auditor may be required during assessments and remediation processes.*

*The series of assessments required would include:*

- *Phase 1 Assessment – this is the initial assessment undertaken on any site.*
- *Phase 2 Assessment – this picks up from the outcomes of the Phase 1 study and further tests any recommended AECs. At this stage the need for an accredited auditor to be engaged to monitor and audit further work to the satisfaction of the EPU is identified. An SAQP can be done as a Phase 2 assessment. Following this a RAP is prepared to allow for remediation of AECs.*
- *Phase 3 or Remediation Assessment – remediates the AECs to required standards (usually for residential development).*

### **Estimated Costs**

- *Phase 1 Assessment – estimate \$50,000 including GST*
- *Phase 2 Assessment (or SAQP) – estimate \$300,000 including GST assuming site auditor required*
- *Phase 3 Assessment – estimate \$1,000,000 including GST based on possible sheep dip and asbestos finds*

## **4.6. Possible Aboriginal & European Heritage Constraints**

Within Block 456 records indicate (1) Aboriginal artefact scatter (7/9 9H1) of at least 2 stone artefacts located on a forest track. Recorded by Bulbeck & Boot 1990.

### **Recommendations**

*A full process of assessments for Aboriginal and European heritage artefacts will need to be undertaken across the site.*

*The assessments involve firstly a desktop study including Heritage Register checks and walkover for discovery of likely areas of interest (Stage 1). Stage 2 involves on-site test pitting and recovery of artefacts and signoff by the Heritage Council. Time to complete is usually an issue.*

**Estimated Costs**

- *Stage 1 Assessment*—estimate \$50,000 including GST
- *Stage 2 Assessment*—estimate \$300,000 including GST

*(Note that 4 RAOs (Registered Aboriginal Organisations) are invited to participate in the studies and managed by the consultant. Over 50% of the above costs go to the RAOs for their participation.)*

**4.7. Possible Bushfire Impacts**

Saturday 18 January 2003 was the day of the significant bushfire that struck the Stromlo and Molonglo Valleys from the west coming out of the Brindabella's at great speed and travelled up the valley into the developed areas of Duffy, Chapman, Holder and Kambah destroying a total of around 500 dwellings. That event has been called a "firestorm" and was accompanied by strong winds.

Ember attack was responsible for a large number of houses lost and was thought to be driven by the presence of mature pine forests to the north west of the impact area immediately adjacent to the developed area. The events of 2003 in the ACT and significant fires in other States around that time saw the revision and strengthening of bushfire risk assessments in the ACT.

**Recommendation**

*A Preliminary bushfire risk assessment be undertaken against the likely scenario for development to guide further planning and design. In the interim a Farmwise Fire Plan be developed and the property managed in accordance with whilst a Rural Property.*

**Estimated Costs**

*Estimated cost is \$25,000 including GST.*

**4.8. Major Infrastructure Concept Plans for Water Supply, Sewer, Storm Water and Electricity****Water Supply**

No studies have been undertaken to date.

The Property falls from 640m AHD down to 500m AHD adjacent to the river corridor. There looks to be opportunity to locate a reservoir in block 435 or in the adjacent Stromlo Forest Park at around the 640m contour.

**Sewer**

No studies have been undertaken to date.

**Storm Water**

No studies have been undertaken to date.

Careful consideration of Stormwater and WSUD will be needed as the property is up slope of Stony Creek Nature Reserve. All WSUD may be required to be undertaken outside of the nature reserve.

**Electricity**

No studies have been undertaken to date.

At the present time a 132kV power line runs north-south through the eastern edge of the property (refer **Attachment E**). Due to the location of this alignment, it is unlikely that options to relocate these powerlines will need to be considered. The length of relocation would be 635m and the gain to the developable area would only be 1.5ha. This could provide opportunity to collocate a Zone Substation to service Stromlo within this 1.5ha area.

Lower voltage 11kV lines should be available as normal from the nearest zone substation. Usually within urban areas these lines are undergrounded wherever possible and practical to minimise visual and residential amenity impacts. Low voltage power to each individual house would be by normal underground reticulation as normal in new estates.

**Recommendations**

*Discussion with the various service providers is required during early structure planning to ensure capital works, easements and other access requirements can be finalised with certainty. Timing for substation or any relocation or upgrading of 132kV power lines needs to be carefully considered in the planning stage.*

**Estimated Costs**

*The estimated cost for Preliminary services Masterplan is \$250,000 including GST.*

**4.9. Possible Tree / Ecological Constraints**

From aerial photography tree coverage is scattered throughout the Winslade lease, with higher densities to the southern and eastern part of the lease (block 456) thinning out towards the north.

There appears to be a majority of native species of trees. Around the original homestead there appears to be a combination of deciduous and other evergreen trees but these are hard to identify from the aerial.

Further, there are a number of windbreak plantings throughout the property generally in a north-south orientation.

Block 435 which is part of this lease appears to be heavily timbered similar if not denser than the adjacent Stromlo Forest Park.

It appears from the aerial photography that between 2012 and 2015 there has been a significant amount of



weed spraying adjacent to the river corridor. This is more than likely blackberry which has a history to spread out of the Murrumbidgee River Corridor.

Core ecological connections could also be incorporated between Stony Creek Nature Reserve and Stromlo Forest Park into the future development of this area strengthening the connectivity corridor for wildlife movement linking Namadji National Park to Kama and the Pinnacle Nature Reserves.

**Recommendation**

*A tree survey and assessment will be required closer to land development and should cover all Blocks in the property. This will provide an up to date arboricultural assessment of regulated and other trees.*

**Estimated Cost**

*A tree survey and assessment is estimated to cost \$70,000 including GST.*

#### 4.10. Arterial Road Options and Land Uses

No studies have been undertaken to date.

**Recommendation**

*The LDA work closely with EDD to ensure the best possible fit for any arterial roads, adjacent land uses and playing fields given the constraints and impacts on residential development and housing affordability.*

*Support the need for a fine grained geotechnical study across Stromlo to better understand the underlying geology and its engineering and development constraints.*

**Estimated Cost**

*A preliminary Geotechnical Investigation is estimated to cost \$100,000 including GST.*

#### 4.11. Topographic Survey

Recently the ACT Government has commissioned a LiDAR Project for the whole of the ACT. This property has been captured at 4 points per metre. This will be adequate for all master planning work and preliminary due diligence investigations.

A full topographic land survey needs to be undertaken across property. This is required for the preparation later of EDPs and subsequent detail design. It also locates all above ground structures including the location of all trees to allow the tree survey and assessment to be undertaken.

**Recommendation**

*A full topographic land survey should be undertaken of the property closer to land development. This may include alternate technology including drone aerial surveys to possibly reduce cost with a similar relative accuracy.*

**Estimated Costs**

The estimated cost for a topographic land survey is \$300,000 including GST.

**4.12. Environmental Clearances**

Checking the known ecological constraints on ACTMAPi it appears that there is a location in the north of block 456 that may contain the threatened plant Pale Pomaderris. There also appears to be a small amount of ACT listed BGWL within Block 456 adjacent to the river corridor. The land within Stromlo Forest Park adjacent to block 435 is mapped EPBC listed BGWL, there is a possibility that the woodland within 435 is a continuation of that community and currently unmapped.

The remainder of block 456 looks significantly pasture improved and unlikely to meet the listing requirements for BGWL.

**Recommendation**

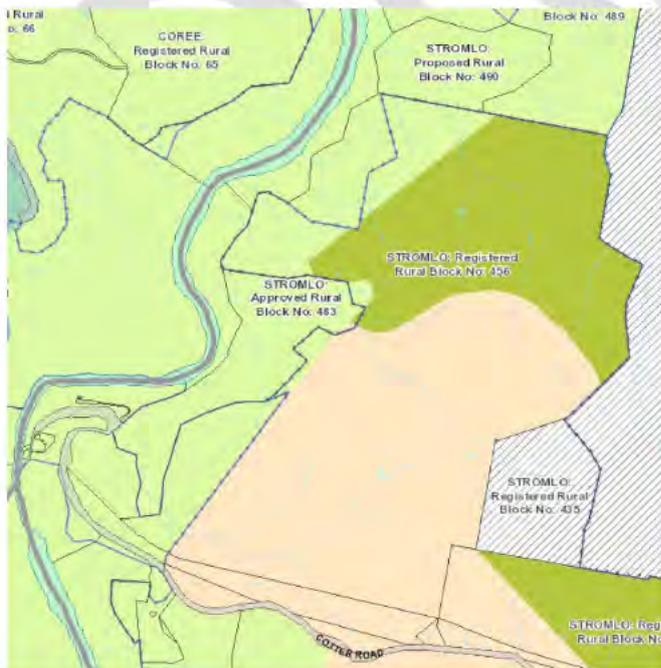
A preliminary vegetation assessment should be undertaken to establish a baseline as soon as practical.

**Estimated Cost**

A preliminary vegetation assessment is estimated to cost \$25,000 including GST.

**4.13. National Capital Plan**

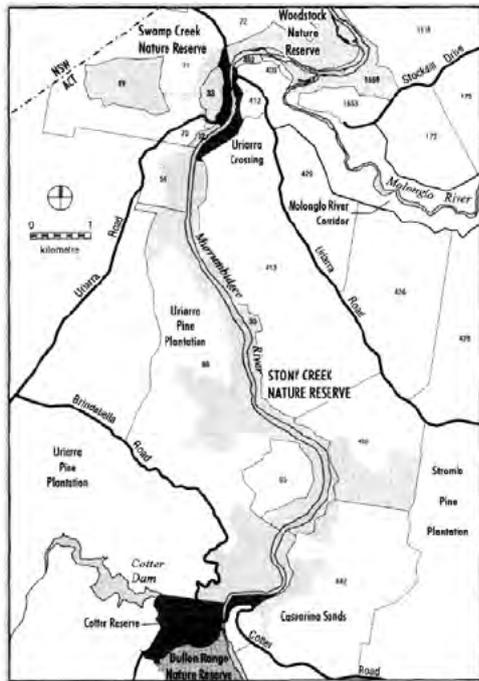
Block 435 on the eastern side of the property is part of the Designated Area (the Inner Hills) of the National Capital Plan and particular design and siting conditions apply to ensure the maintenance and enhancement of the character of the national capital is maintained.



Therefore the available area for possible development of Block 435 as part of future development is unknown and has not been included in the developable area calculations.

**4.14. Territory Plan**

The Territory Plan zones the majority of the blocks within Winslade as Non-Urban Rural with the north of the property as Non-Urban Hills, Ridges and Buffer. The Western part of the property is zoned Non-Urban River Corridor with a proportion of this lease inside the Stony Creek Nature Reserve.



Specific management objectives for the Stony Creek Nature Reserve are:

- to provide continuity of management for river bank communities between Uriarra Crossing and Casuarina Sands;
- to maintain a corridor for the movement of native fauna, and for recreational access between the Uriarra and Stromlo areas; and
- to improve access for management activities.

LDA could undertake the necessary planning investigation, prepare a master plan for the whole of Stromlo and prepare an EDP for the initial release area. Based on the timelines of past and current projects, this process could commence when required.

Proposed Process	Estimated Completion Date
Planning investigations	6 Months
Prepare Urban Development Framework	6 Months
Prepare Structure Plan and Environmental Approvals	2 years
Prepare Masterplan	12 Months
Prepare EDP	12 Months

**Recommendation**

*It is recommended that LDA undertake a planning report for all of Stromlo that may lead to a Structure plan for the Stromlo Valley. At some stage in the future a variation to the Territory Plan should be undertaken to reflect the intent of future land releases and capital infrastructure works.*

**Estimated Costs**

*A planning report for Stromlo is estimated to cost \$100,000 including GST.*

*An Urban Development Framework that may inform the Structure Plan of Stromlo is estimated to cost \$250,000 including GST.*

#### 4.15. Likely Development Scenario / Potential Land Return

As discussed in the document 98% of the land in Winslade is less than 20% slope which is optimal for urban development (**Attachment D**). The land is severely modified from past agricultural use so is unlikely to have significant environmental value. Core connections between Stony Creek Nature Reserve and Stromlo Forest Park could be incorporated into the future development.

Term: 99 Years

Ownership: ACT Government, LDA custodianship

Size: 486ha

Developable Area: 291ha (60%)

Dwellings: [REDACTED]

Raw Rural Land Value: \$6.5-7.5M

Raw Residential Land Value: [REDACTED]

Gross Realisation: [REDACTED]

\*Assumptions:

- Low density dwellings at approx [REDACTED]
- Land sales at an average of [REDACTED] per medium sized block.
- Raw residential land value calculated at [REDACTED] per dwelling.
- Development coverage applied at approx 60% of total area.

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, as well as unlocking greater development opportunities with the surrounding blocks.

Winslade is perfectly situated between Huntly and Fairvale closing Gap between the two properties.

**Attachment 4 – Demand and Supply Assumptions**

**Drivers of Demand**

Recently, the Territory population growth rate has eased to an average rate of 1.2%. This easing is considered a temporary lull and growth will return in line with current projections, which assume an average rate of 1.5% for the next 10 years, before progressively easing to 1.1% by 2041.

A mid-range growth estimate of 1.5% is adopted for future land supply and land release planning purposes to buffer unanticipated upswings in demand. It is easier to delay the release of sites to the market than accelerate land development to meet a sudden increase in demand, which may result from changes in broader economic conditions and stimulate demand beyond what could typically be expected based only on population growth. According to Economic Development’s Housing Demand Model, a population growth rate of 1.5% will generate an annual demand for 2,800 dwelling sites while a 1.2% growth rate generates annual demand for approximately 2,000 dwelling sites.

The *ACT Planning Strategy (2012)* indicates a strategy of delivering 50% or more of new housing delivered through urban intensification. Assuming a population growth rate of 1.5% this equating currently to an annual demand of 1,400 greenfield dwelling sites.

The 4-year average over the current indicative land release program indicates an average annual release of 1,691 greenfield dwelling sites which constitutes 40% of dwelling sites delivered through greenfield estates. (Table1)

**Table 1 Proportion of greenfield dwelling releases**

Year	Greenfield Dwelling Sites Released	% of Dwelling sites Released
2013-14	930	39%
2014-15	1500	40%
2015-16	1650	46%
2016-17	1900	51%
2017-18	1100	24%
2018-19	2114	39%
4 year average	1691	40%

The proportion of greenfield dwelling sites proposed for release in 2017-18 is particularly low due to the significant contribution to overall number of (infill) dwelling sites from the disposal of government property assets as part of the Australian Government's asset Recycling Initiative. The indicative ARI disposal program could subject to change.

#### *Available Supply*

Housing supply in the immediate ACT-NSW region has also increased with demand in Queanbeyan being met with releases in Googong and Tralee.

Googong is a 20-25 year project yielding 5,550 dwellings with an annual release target of 270 dwellings. Initial land releases commenced in February 2012, construction commenced August 2013, and occupations February 2014.

Tralee is a 6-year project yielding 1,221 dwellings over 4 stages. Initial releases commenced in January 2014 with construction commencing November 2016-17. Strategically the, 25-year Sydney to Canberra Regional Strategy aims to provide up to 25,200 new homes for 46, 350 additional people expected to living in the region by 2031, including a minimum of 2,500 dwellings in Goulburn Mulwaree.

Ginninderra is a new urban area and residential estate proposed for the 701-hectare CSIRO land between Belconnen and Gungahlin. Preliminary plans indicate a 25-year project yielding at least 7,500 dwelling sites (6,500 blocks), with a proposed annual release of 300 dwellings. The land is highly developable and relatively unconstrained but will be subject to Commonwealth and Territory planning and approval processes. Optimistically, initial land releases could commence in 2018-19 and dwelling occupations from 2020.

Table 2 details available greenfield dwelling sites in the ACT (including NSW component of West Belconnen), planned but yet to be released to the market. Potential for dwelling sites in Gungahlin Town Centre are not included, and could contribute at least 1,000 dwellings to overall supply.

**Table 2 Dwelling sites in greenfield estates (planned and not yet released)**

<b>Estate</b>	<b>Total Dwelling Sites</b>
<b>West Belconnen Total</b>	<b>11,500</b>
ACT	6,500
NSW	5,000
<b>Gungahlin Total*</b>	<b>6,600</b>
Moncrieff	870
Taylor	2,500
Throsby	1,080
Jacka	1,153
Kenny	1,000
<b>Molonglo Total</b>	<b>15,800</b>
Denman Prospect	1,800
Molonglo	2,000
Molonglo 3	12,000
<b>Total LDA Greenfield Dwelling Sites</b>	<b><u>33,903</u></b>
<i>Ginninderra</i>	<i>7,500</i>
<b>Total Greenfield Dwelling Sites</b>	<b>41,403</b>

\* does not include dwellings in Gungahlin Town Centre.

Assuming 33,900 planned greenfield dwelling sites remaining for urban development in LDA estates, and 50% of annual dwelling releases are in greenfield areas, Table 3 sets out the estimated years remaining for the current greenfield land supply. In summary,

- a medium growth scenario: equates to 24 years supply (2039), with an annual target of 1,400 greenfield dwelling sites from a population growth of 1.5%.

**Table 3 Greenfield land supply – Years remaining**

<b>Dwelling Sites in Greenfield Estates</b>						<b>33,903</b>
		as at	2015			
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
					Low growth	1.2%
Medium growth	1.5%	2,800	1,400	24.2	2039	
High Growth	1.8%	3,100	1,550	21.9	2037	

<b>Dwelling Sites in LDA Greenfield Estates</b>						<b>28,903</b>
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
					Low growth	1.2%
Medium growth	1.5%	2,800	1,400	20.6	2036	
High Growth	1.8%	3,100	1,550	18.6	2033.6	

*Gungahlin, Molonglo & West Belconnen(ACT)*

<b>Dwelling Sites Greenfield Estates, Including Ginninderra</b>						<b>41,403</b>
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
					Low growth	1.2%
Medium growth	1.5%	2,800	1,400	29.6	2044.6	
High Growth	1.8%	3,100	1,550	26.7	2041.7	

### Implications for long term land supply options

According to Economic Development's 30-year dwelling occupations forecast (by dwelling type and suburb), Gungahlin is expected to be predominantly completed by 2028 and Riverview (ACT) will be 50% released.

Molonglo 3 (north of Molonglo River) would be the only remaining greenfield area supplying detached dwelling sites, unless Ginninderra proceeds with initial releases commencing 2018-19. Molonglo 3 may have 2,000 detached house sites remaining and Ginninderra an additional 3,500 detached house sites remaining. Supply from Riverview (NSW) may not have come online by this stage, offering a further 3,500 to 4,500 detached house sites.

Housing choice would be limited with Riverview supplying more affordable housing on the urban edge, while the later stages of Molonglo supplying a premium product given its 6km proximity to the City. Ginninderra's accessibility, via Barton Highway to the Northbourne corridor, may also deliver a premium product to the market.

The risks associated with too few development fronts in relation to housing type, price and location have direct implications for housing choice and affordability.

Demand in the ACT has eased, attributed in part with the increase in housing supply in the immediate ACT-NSW region and Googong and Tralee are offering a more affordable product.

Sustained cross-border development is likely to have a corresponding impact on land sales revenue and timing of developers delivering a completed housing product to the ACT market.

Despite the focus on urban renewal, active development along the Northbourne Avenue corridor and the City, or an increase to the strategic planning target of 60% of all new dwellings delivered as urban infill (40% greenfield areas), there is an ongoing need to maintain supply of detached housing in greenfield areas.

DRAFT

Attachment 5 - Estimated Financial Outcome

**Current \$ escalated.**

	Commence 2035		Commence 2040	
	Lower \$'000	Higher \$'000	Lower \$'000	Higher \$'000
Dwellings	[REDACTED]			
Period	2035-2044	2035-2044	2040-2049	2040-2049
Revenue				
Sales	[REDACTED]			
Total Revenue	[REDACTED]			
Expenditure				
Land Purchase	7,500	7,500	7,500	7,500
Land Ready Costs	[REDACTED]			
Capital Works	[REDACTED]			
Civil/Estate Works	[REDACTED]			
Total Expenditure	[REDACTED]			
Cumulative Cash Flow (surplus)	[REDACTED]			

NOTES

1. Revenue and costs escalated at 2.5 %.
2. NPV calculated on annual cash flow.
3. Sale rate of 400 dwelling per annum.
4. Summary provided on two commencement dates 2035 and 2040 with an assumed 10 years sales program.
5. Revenue – low = [REDACTED] per block and high = [REDACTED] per block (pre escalation)
6. Civil Estate Works - [REDACTED]
7. Capital works – [REDACTED]



Land Acquisition

# Business Case

<b>Project Name:</b>	<b>Acquisition of Rural property known as Winslade</b>
<b>Project Value:</b>	<b>\$7.5 M for purchase price.</b>
<b>Risk Assessment (high/med/low):</b>	<b>Low</b>
<b>Proposed Delivery Model:</b>	<b>Future Residential Subdivision</b>
<b>Requesting Directorate:</b>	<b>Treasury Directorate</b>
<b>Requesting Minister:</b>	<b>Andrew Barr</b>

**Contact Officers**

**Contact Officer, Requesting Directorate:**

**Dave Richardson, LDA**

**Reviewing Officer, Treasury:**


**Sign Offs**

**Tom Gordon**

**Acting Executive Director, Land Development Agency:**

\_\_\_\_\_

**Anita Hargreaves**

**CFO, Land Development Agency:**

\_\_\_\_\_

**David Dawes**

**CEO, Land Development Agency:**

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## 1. Purchase Outline

### 1.1 Property Overview

Winslade comprises of six (6) rural blocks with a total area of approximately 486 hectares held under a 99 year rural lease with considerable time to run by [REDACTED] ('the lessee'). The lease runs until 2101. The lease permits the use of Winslade principally for agriculture and the property has primarily operated as a Cattle farm.

The lease commenced in 2002 and is over Blocks 435, 439, 440, 441, 456 and 476 District of Stromlo. Winslade is currently being operated as a commercial farming operation.

The LDA was approached by the current owner to see if the LDA was interested in purchasing the property. The LDA undertook a market valuation of the property with the valuer Knight Frank determining a current rural value of \$6.5m to \$7.5m excluding GST. The owner indicated an interest to sell at a price consistent with the valuation. If purchased, the LDA would sublet the rural operations of the property until land development activity commences.

The LDA has recently prepared the draft Stromlo District Master Plan to provide a "strategy" with which both CMTEDD Treasury and the LDA Board can have confidence to support the previous and proposed acquisitions in the Stromlo District. Winslade forms an integral part of that strategy in joining the northern node of Huntly around Uriarra Road and the southern node along Cotter Road thus providing a more complete strategic proposition for future urban land development opportunities for Government

If development in Stromlo District was to proceed without Winslade then the economies of scale as well as road, major infrastructure linkages and bushfire protection would be bifurcated with the two areas developing as separate new towns.

### 1.2 Land Acquisition Policy Framework

The *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* ('the framework') came into effect on 20 June 2014 allowing the LDA to undertake strategic land acquisitions in accordance with the framework. The acquisition of this property falls within this Framework.

#### **Acquisition Thresholds and Approved Decision Makers**

The Framework provides for a land acquisition limit of \$20 million (per financial year) after which Government agreement is required for each purchase.

Any land acquisitions:

- below \$5 million require agreement by the LDA Board with advice to the relevant Minister;
- between \$5 million and \$20 million requires agreement by the Chief Minister and Treasurer with a business case provided to ACT Treasury; and
- over \$20 million, agreement by Government.

Note that this acquisition falls within clause 2.2.1 (b) of the Framework and requires agreement by the Chief Minister and Treasurer. This business case is to address the requirements of the Framework by providing the acquisition details to ACT Treasury for this land acquisition.

Note also the Framework identifies that Government agreement is required for any acquisition by the LDA that results in a cumulative annual total of \$20 million in acquisition being exceeded. The cumulative annual total means all acquisitions within a financial year – 1 July to 30 June.

### **Assessment Against Principles**

The Framework also sets out principles by which to assess the acquisition. Below is an assessment against each of the principles:

- **The Intended Outcome Principle**

The purchase of this property by the LDA is to provide security for future Greenfield land, unlocking the potential of adjacent properties already owned by the LDA in the Stromlo District and respond to future growth requirements.

- **The Policy Alignment Principle**

The *Canberra Plan* published in 2008 highlighted significant increases in population, the growth of the economy, gross household income, a small increase in the labour market and increases in housing numbers. This highlights growth in the economy and an increase in housing demand. The *ACT Planning Strategy – Planning for a Sustainable City (2012)* (the Planning Strategy) provides a clear indication of where the main areas of growth should be located. The Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong includes the Central Precinct of Molonglo as well as the property of Huntly and land surrounding Mt Stromlo, including Winslade. See Section 2.

- **The Value for Money Principle**

LDA sought land valuation from Knight Frank to assist in negotiating a fair market value. Knight Frank valued the site at \$6.5m to \$7.5m million GST free. The valuation noted that this valuation is at the upper end of the ACT rural leasehold market, but also noted the nature of prime ACT rural properties in the Stromlo area.

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, estimated at [REDACTED] (being Englobo value less capital works), as well as open the door to greater development opportunities with the surrounding blocks. The worst case position shows a [REDACTED] return to the Territory for a \$7,500,000 initial outlay plus \$4,000,000 for due diligence work to be undertaken over the next 10 years. See Section 4 for details.

- **The Risk Management Principle**

A risk assessment has been undertaken which highlights that all key risks can be mitigated and the Territory is not exposed. It is considered that the outcome for the proposed acquisition is achievable. See Section 3.

### 1.3 LDA Board Approval

In June 2016, the LDA Board approved entering negotiations for the possible acquisition of Winslade up to a limit of \$7.5m GST free.

Since that meeting the LDA has conducted a valuation review of farm operations and the financials of the property with the agreement of the current lessee as well as preparing this business case prior to discussion with Treasury to seek its support in accordance with the Framework.

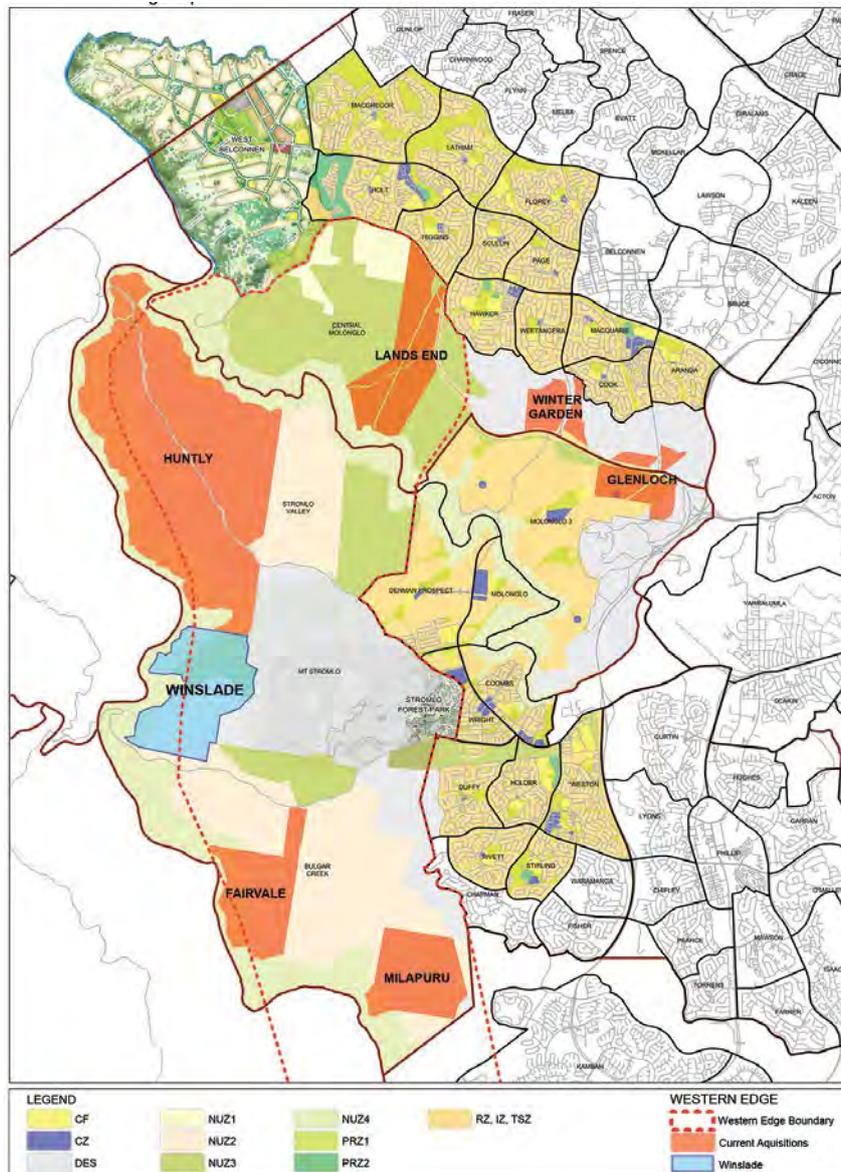


Figure 1 – Winslade Location

## 2. Needs Analysis

The purchase of this property by the LDA is to provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements as discussed in 2.1 below in accordance with the *ACT Planning Strategy – Planning for a Sustainable City (2012)* (the Planning Strategy).

This approach is predicated on the existing rural land use for Winslade, the fact that a number of the blocks in this area are adjacent to existing urban infrastructure, and advice that the lessee is a willing seller after first approaching the LDA.

The purchase of Winslade will add to the blocks north and south of the Molonglo River as well as south of the Cotter Road that have already been purchased by the LDA as a strategic acquisition in the District of Stromlo to create the potential for a greater developable area as set out in the Planning Strategy. These acquisitions are shown at Attachment 2.

### 2.1 Suitability

The *Canberra Plan* published in 2008 highlighted significant increases in population, the growth of the economy, gross household income, a small increase in the labour market and increases in housing numbers. This highlights growth in the economy and an increase in housing demand. While the resultant Structure Plan that developed from these earlier considerations, it concentrated development focus in the Eastern Precinct, the key principles of the Canberra Spatial Plan would equally apply to cover the Stromlo region adjacent to Molonglo.

The key principles are:

- Containing growth
- Residential intensification
- Centralising new residential areas
- Locating employment
- Protecting biodiversity
- Good travel connections
- Sustainable growth of the region.

In the Planning Strategy there is a plan that indicates those areas where investigations should focus between 2012 and towards the end of the Strategy. **(Figure 2)**



The areas identified include the remainder of Gungahlin (now well advanced), Molonglo Stage 3 (in the Land Release Program for first release in 2018-2019), West Belconnen (planning well advanced), the Eastern Broadacre Area (EPBC Strategic Assessment in process), and the Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong. This latter area includes the Central Precinct of Molonglo as well as land surrounding Mt Stromlo. The southern part of the Western Edge Study includes West Murrumbidgee which was the subject of detailed planning in the mid seventies by the former National Capital Development Commission (NCDC).

Winslade correlates well to land purchases by the LDA in the Western Edge Study area identified in the ACT Planning Strategy, Lands End in Central Precinct of Molonglo, Huntly in northern Stromlo, Fairvale and Block 19 Stromlo to the west of Weston Creek. After Winslade there is only one major property in this area that may become available which will provide Government with development opportunities that until now have not been considered.

The rural property of [REDACTED] is under investigation [REDACTED] [REDACTED] It is in a central position within that area, and has similar characteristics as Winslade in the context of being a central piece of the southern development around Mt Stromlo. It provides connectivity east to west for traffic and servicing infrastructure and provides a more complete and efficient planning outcome than if it were to remain in private land ownership.

As the Planning Strategy points out, short and longer term actions are critical to achieving current policy or to initiating more substantial, long lasting change opportunities.



The potential purchase of Winslade is considered a significant strategic acquisition in securing land ahead of time connecting the other already identified acquisitions in the Stromlo district. In the meantime the property would be maintained as a commercial rural operation until a variation to the Territory Plan was supported for future urban development.

## 2.2 Demand and Supply

A detailed analysis of Demand and Supply is included at **Attachment 4**.

In summary, the purchase of Winslade is to add to available land supply for the period 2035 to 2045. The analysis of demand and supply indicates that at 2030:-

- Gungahlin supply is expected to be completed (by 2028);-
- West Belconnen (ACT) is likely to be 50% released by 2030, leaving 2,500 to 3,000 detached housing sites available, most of which are expected to be developed after the NSW component of West Belconnen is developed. The NSW component will offer in the order of 3,500 to 4,500 detached housing sites (400 per year until 2045);
- Molonglo 3 is expected to have approximately 2,000 detached housing sites remaining at 2030 (400 per year until 2035);
- Ginninderra (CSIRO site) assuming the development proceeds will likely have approximately 3,500 detached housing sites remaining – (400 per year until 2039); and
- Developments in surrounding NSW, such as Tralee/Googong (or similar areas) will continue to provide supply to the region.

The development of Stromlo (Huntly, Winslade and land to the south of Mt Stromlo) and other strategic purchases West of Molonglo 3 will provide:

- Supply of approximately 400 detached housing sites per year until 2060;
- Be an addition, although likely a lower priced product, to Molonglo 3; and
- Provide a continuation of third development front within the ACT – in addition to West Belconnen (low priced supply) and Ginninderra (premium priced).

Overall supply from 2030 is likely to be provided by:-

- West Belconnen – estimated 400 detached housing sites per year;
- Molonglo 3 – estimated 400 detached housing sites per year for 5 years;
- Ginninderra – estimated 400 detached housing sites per year; and
- Stromlo – estimated 400 detached housing sites per year,

This totals approximately 1,600 detached housing sites per year.

## 2.3 Issues

Opportunities to purchase Greenfield land in strategic locations are limited. The landowner of Winslade has approached the LDA. Following negotiations the current landowner has indicated that they will accept an offer of \$7.5m GST free for the property, which is within the market range for a rural property of this kind according to the Knight Frank report.

## 2.4 Benefits

Winslade is in a strategically advantageous position for future development which would capture the uplift in value for the land rezoning from rural to residential purposes. An estimated [REDACTED] dwellings could be delivered on this property based on an assumption of 60% developable area.

The area is in the Stromlo district, approximately 3km west of Duffy/Wright, and is the middle of the Western Edge Study area. Winslade also correlates well to other land purchases in the same area by the LDA. Lands End, Huntly, Fairvale and Block 19 also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further properties in this area are likely to become available over the next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

Initial assessments have confirmed the potential of Winslade to deliver the benefits outlined above and subsequent more detailed capability assessments will be commenced at an appropriate time once the acquisition has been agreed.

In the future the Territory will continue to explore the acquisition of potential urban land on privately owned land holdings as well as explore other options for development with neighbouring land holders.

## 3. Risk Assessment

### Current

#### 3.1 Bushfire

There is a risk of bushfire impact on Winslade as evidenced by the 2003 bushfire. Winslade lost fencing, the shearing shed, associated yards and possibly stock in that fire.

- *Risk Mitigation - To reduce the risk, a bushfire risk strategy should be implemented immediately after the sale settlement if there isn't one in place with the current owner. A number of agencies including the Emergency Services Authority will be involved in the development of such a strategy. This will be implemented through the farmwise fire plan approved in the Land Management Agreement. The property will be fully insured through ACTIA.*

### 3.2 Assets

There are a number of assets on the property excluding the stock and dams. The assets include the main residence, original homestead, guest accommodation and many improvements including sheds, storage tanks and a horse arena. The fencing was completely replaced after the 2003 fires.

- *Risk Mitigation - Management of these assets will be undertaken by the current owner on a lease back arrangement to maintain in good repair.*

## Future

### 3.3 Returns

Returns to Government in future urban development on Winslade are not as expected.

- *Risk Mitigation – Returns have been estimated using the best available information at the time. As due diligence and master planning proceeds, there will be updates to expected returns and Government will be kept informed. The financial analysis also estimates a conservative 60% development area to determine future returns.*

### 3.4 Management

The management of the property will be vested in the current owner under a lease back arrangement and management agreement. The risk is that the management put in place does not adequately address all the risks related to the property such as seasonal variations etc or inappropriate stocking and market conditions.

- *Risk Mitigation - Management of Winslade should take into account this risk and ensure adequate responses are included in the final agreement. Any agreement must be reviewable at agreed timeframes so that consequential management action can be taken as appropriate. A sublease and land management agreement will establish management obligations which if not met would result in termination of the lease.*

### 3.5 Commitment Risk

Commitment risk is the movement away from already publicly identified longer term planning strategies by Government for the future of the ACT growth areas. In order to implement any strategy involves ensuring that land is available for future development. The LDA is working towards implementing the Government's longer term planning strategy.

- *Risk Mitigation - If the planning strategy changes direction away from a western edge study area, the LDA may have undertaken abortive work. However, in bringing land back from leased land to Territory controlled land allows Government maximum flexibility going forward at near minimal land costs rather than allowing the increase in land value due to changes of land use to pass to the private lease holders. In addition, there will be ongoing evaluation and review. If there is a significant change to Government policy, the Government may consider resale of the land as a mitigation measure to recover costs.*

### 3.6 Landholding Protection

This is the risk that other existing private lease holders will be unwilling to offer their leases back to Government in the short term and instead wait for land use changes to drive up land valuations. Alternatively, there is a risk that existing private lease holders will put their properties on the open market with the result of also raising land valuations. Both of these actions can make the agglomeration and cost of land development difficult and more costly to develop in accordance with any planning strategy.

- *Risk Mitigation – Winslade is situated adjacent to existing LDA holdings with minimal private leases adjacent. There is connectivity with Huntly which is LDA leased land. Development is still possible with the current profile, but the LDA will continue to monitor willing sellers in the area. Alternative development mechanisms such as joint ventures maybe appropriate.*

### 3.7 Timing Risk

The risk from a timing perspective is that the conversion of the land use changes in the western edge study area is delayed significantly by Government due to slower population growth forecasts or a drop in land demand or there is a change in Government commitment by changing the direction for future growth. The process of conversion will take several years to complete where structure planning and capital works lead times may be subject to budgetary constraints pushing out dates to commence those processes. Part of the risk is the increased difficulty where land within potential development areas is not unleased Territory land.

- *Risk Mitigation – Ensure that the strategic planning process with EPD takes into account the longer term opportunities including Government commitments regarding strategic acquisitions by actively participating in that process and positively influencing outcomes.*

### 3.8 Ecological

Winslade is bordered by the Murrumbidgee River Corridor to the West. The risk due to interface issues not being able to be resolved in a timely manner is apparent and is being experienced in Eastern Molonglo.

- *Risk Mitigation – A coordinated approach to balance Social, Economic and Environmental issues similar to what is being applied in West Belconnen is likely to provide a more positive outcome and ensure timeframes and outcomes are agreed.*

## 4. Purchase Cost and Return to LDA

### 4.1 Purchase Cost

LDA sought land valuation from Knight Frank to assist in negotiating a fair market value. Knight Frank valued the site at \$6.5m to \$7.5m million GST free. The valuation noted that this valuation is at the upper end of the ACT rural leasehold market, but also noted the nature of prime ACT rural properties in the Stromlo area. After negotiations the seller and the LDA have agreed that if the LDA receives the appropriate approvals from the LDA Board and from Government the price will be \$7.5m million GST free.

However, it is proposed that the property would be purchased as an ongoing concern and GST does not apply to the arrangements under the sales contract. Given the future intent to develop residential land in this location in the medium term, the purchase price represents fair market value.

### 4.2 Estimated Land Return

The strategy approved by the LDA Board for this property purchase provides flexibility for future use. The stand alone financial evaluation for the Winslade property at Stromlo is shown below in the summary table.

#### Summary - Estimated Financial Outcomes

	Commence 2035		Commence 2040	
	Lower \$'000	Higher \$'000	Lower \$'000	Higher \$'000
<b>Dwellings</b>				
<b>Development Period</b>	2035-2044	2035-2044	2040-2049	2040-2049
<b>LDA Estate</b>				
Total Revenue				
Total Expenditure				
<b>Surplus</b>				
Englobo sale	291 Hectares	291 Hectares	291 Hectares	291 Hectares
Total Revenue				
Capital works and land Cost				
<b>Surplus</b>				

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, estimated at [REDACTED] (being Englobo value less capital Works), as well as open the door to greater development opportunities with the surrounding blocks

The worst case position shows a [REDACTED] return to the Territory for a \$7,500,000 initial outlay plus \$4,000,000 for due diligence work to be undertaken over the next 10 years.

The analysis is based on the following assumptions:

1. Revenue and costs escalated at 2.5 %.
2. NPV calculated on annual cash flow.
3. Sale rate of 400 dwelling per annum.
4. Summary provided on two commencement dates 2035 and 2040 with an assumed 10 years sales program.
5. Revenue – low = [REDACTED] per block and high = [REDACTED] per block (pre escalation)
6. Civil Estate Works - [REDACTED]
7. Capital works – [REDACTED]

Additionally, should the situation arise that the site is unable to be developed for whatever reason, the asset can be sold back into the market. As the purchase price is based on rural land value it would be expected that a similar rate would be achieved if sold back into the market for rural purposes. Given there are several houses on the estate, the LDA has the opportunity to subdivide and sell multiple parcels at a higher rate.

A do nothing option presents risks in that the current owner may choose to locate another buyer. This buyer would be a position to approach the LDA in future years once the western edge is progressing, and offer the property for sale at a greatly increased premium.

A summary in current dollars escalated at 2.5% per annum is included at **Attachment 5**.

#### 4.3 Due Diligence and Planning Steps

Winslade is being operated as a commercial farm that is located within the ACT Planning Strategy's identified western edge study area for managing growth in the ACT. In order to progress any changes of land use to allow the development of future urban areas within the study area, a number of planning steps are required. These include:

- Ecological assessments may be done for at least the first 3 years to provide a base case of likely environmental constraints and then at suitable intervals thereafter. Contamination assessments will determine likely areas that will need further assessment as the time for land use zoning changes occur. Likely sources of contamination are sheep dips, garbage pits, uncontrolled fill and possible asbestos contamination.
- Initial study into infrastructure requirements and identify likely budget requirements. Preliminary LDA master planning is required to test development potential and infrastructure requirements and discuss at regular intervals with EDD and EPD for support.

- Monitoring land supply and demand and provide updates to Government regarding possible timing for any land use changes and agreed processes.
- Undertake normal due diligence assessments and update master planning once Government has committed land use changes.
- At a future agreed time, seek formal EPD agreement to steps including variations and amendments to statutory plans and environmental clearances.

The following is a preliminary estimate of the expected LDA costs to undertake the necessary due diligence and other studies to convert the property to urban land use in the time period from 2016 through to 2035 and correlates closely with the preliminary indicative timing and the studies identified in Section 8 of this submission for the respective years shown. Note that the time period is dependent on Government policies directions.

- 2017 – 2020 – Initial LDA due diligence and infrastructure requirements, Estimated budget of \$300,000
- 2020 – 2030 – Continuation of LDA ecological monitoring, Estimated budget of \$300,000
- 2020 – 2030 – Preliminary LDA master planning and updating options, including initial capital works requirements, Estimated budget of \$200,000
- 2019 – 2030 – LDA undertake the remaining due diligence assessments and update master planning once Government has committed land use changes, participate in forward planning for capital works infrastructure, Estimated budget of \$1-2M
- 2025 – 2035 – Complete formal statutory assessments (Commonwealth and ACT), and finalise variation and amendment to both the Territory and National Capital Plans, Estimated budget of \$1M.

The estimated total for the above work is in the order of \$4M.

As seen by the above list, the timing indicates both a short term and longer term horizon that will be qualified as the work progresses. Also, it should be noted that the process and lead times to complete some of this work can be as long as 5 years especially when considering the provision of infrastructure and funding.

## 5. Timeline

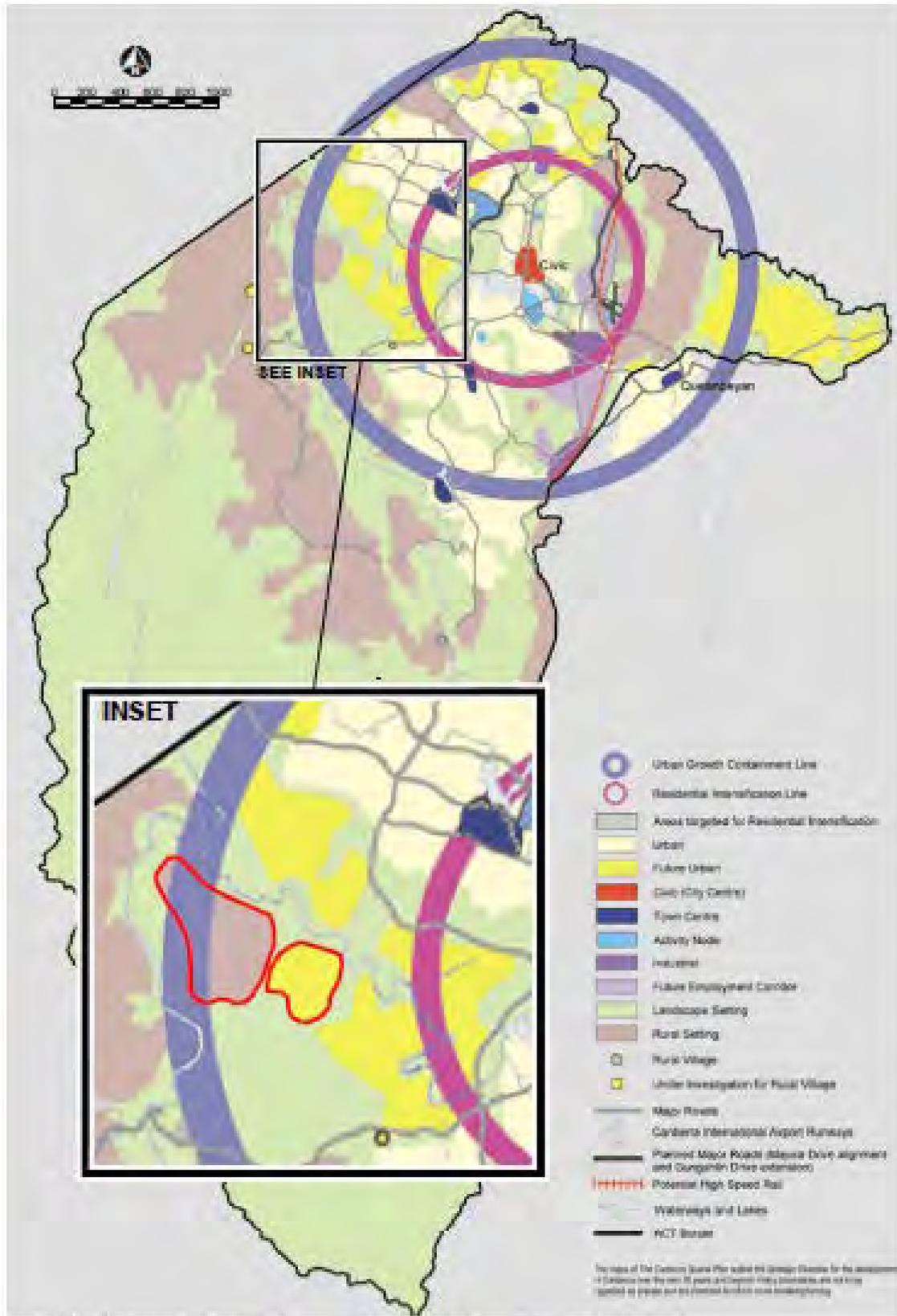
The expected timeframe for commencing the development of this property regardless of approach or scale with surrounding land owners is in the order of 10 years. The development period, depending on demand and other development fronts is in the order of 25 years.

## 6. Recommendation

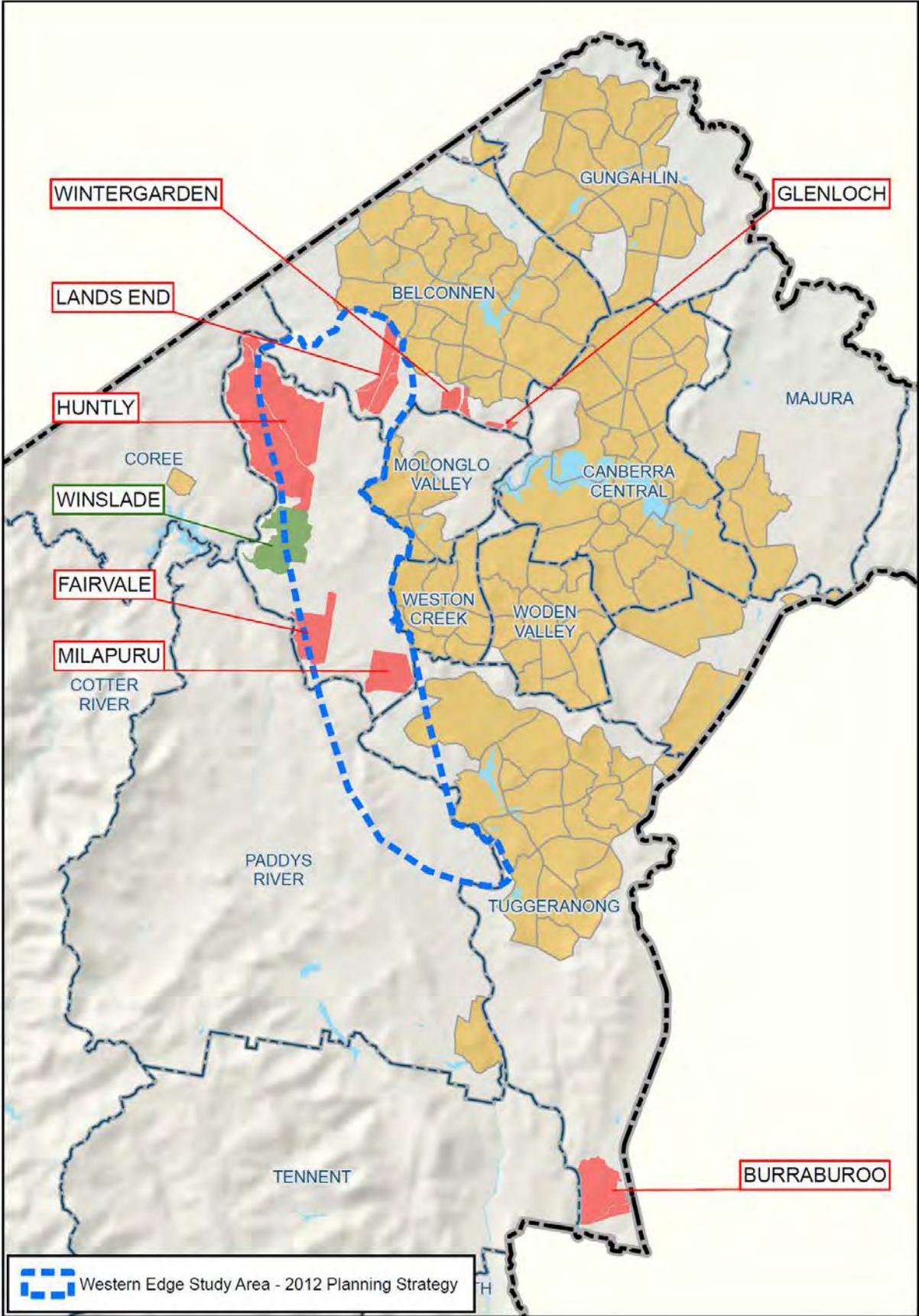
It is recommended that ACT Treasury support the LDA proceeding with the purchase of Winsalde in accordance with the *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* on the basis of its strategic value to the broader acquisitions and the significant potential for financial return.

The purchase of this property by the LDA will provide security for future Greenfield land, unlock the potential for future acquisition of adjacent properties and respond to future growth requirements as contemplated in the *ACT Planning Strategy*. It will add to the blocks north and south of the Molonglo River as well as connect Huntly to the properties south of the Cotter Road that have already been purchased by the LDA. Winslade connects the north and south of the Stromlo District to create the potential for a greater developable area as set out in the Planning Strategy.

Attachment 1 – The Canberra Spatial Plan (2004) – Strategic Direction Map



Attachment 2 – LDA Acquisitions Map



### Attachment 3 – Preliminary Due Diligence

This paper reports on the desk-top due diligence investigation on the Winslade property. It should be noted that only brief site access was available to the lease for preliminary site inspection work so verification and on-site assessments have not been undertaken at this stage.

The analysis draws together material from:

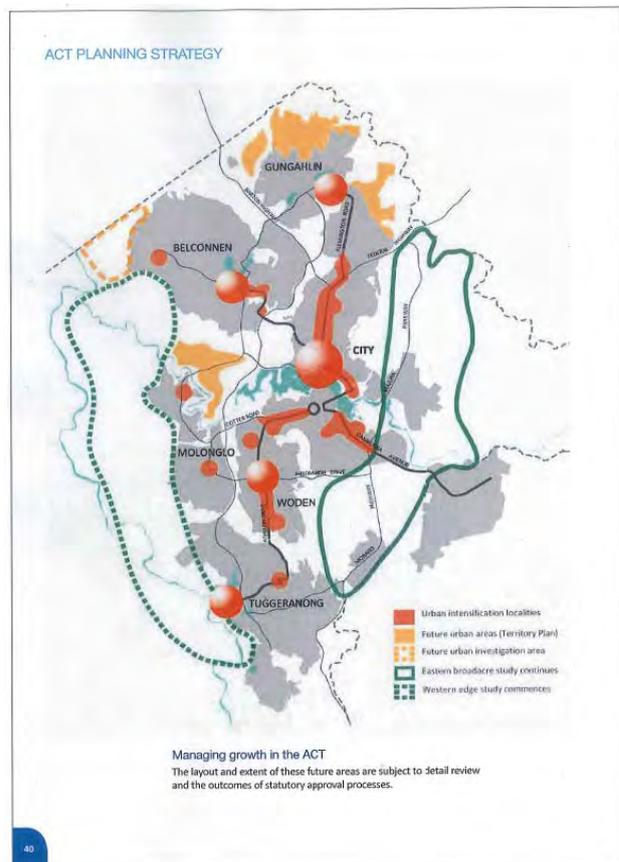
- An initial assessment of the potential risks or constraints from aerial photography, and brief site visit.
- a corporate knowledge of due diligence investigations by the Development Ready (Estates) unit for LDA land releases

As part of this study an estimate of potential dwelling yield for Winslade will be provided and the cost of necessary assessments and remediation will also be included.

#### 1. Planning Context

In the ACT Planning Strategy 2012 there is a clear indication of where the main areas of growth should be located. **Figure 2** from the Strategy (shown right) indicates those areas where investigations should focus between 2012 and towards the end of the Strategy.

The areas identified include the remainder of Gungahlin (now well advanced), Molonglo Stage 3 (in the Land Release Program for first release in 2018-2019), West Belconnen (planning well advanced), the Eastern Broadacre Area (EPBC Strategic Assessment in process), and the Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong. This latter area includes the Central Precinct of Molonglo as well as the property of Winslade. The southern part of the Western Edge Study includes West Murrumbidgee which was the subject of detailed planning in the mid seventies by the former National Capital Development Commission (NDC).



Winslade also correlates well to other land purchases in the same region by the LDA. Lands End in Central Precinct of Molonglo, Huntly, Fairvale and Block 19 Stromlo all to the west of Weston Creek also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further properties in this area are likely to become available over the next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

As the Planning Strategy points out, short and longer term actions are critical to achieving current policy or to initiating more substantial, long lasting change opportunities.



The potential purchase of Winslade is considered a beneficial strategic acquisition in securing land ahead of time in and adjacent to the other already identified precincts in Stromlo. In the meantime the property would be maintained as a commercial operation until a variation to the Territory Plan was supported for future urban development.

## **2. Issues**

### **Due Diligence**

A desktop due diligence study is being conducted by the Development Ready (Estates) unit of LDA on Winslade to inform Executive in arriving at a decision regarding its suitability for strategic acquisition and future inclusion in the Land Release Programs in an appropriate time frame.

The desktop due diligence study considered a range of opportunities and constraint parameters including the following:

1. *Lease parcels and operational history*
2. *Land custodianship*
3. *Existing constraints including the bulk water supply main from Stromlo*
4. *Current servicing infrastructure*
5. *Possible site contamination*
6. *Possible Aboriginal and European heritage constraints (but not natural heritage)*
7. *Possible bushfire impacts*
8. *Major infrastructure concept plans for water supply, sewer, storm water and electricity*
9. *Possible tree / ecological constraints*
10. *Arterial road options and land uses*
11. *Topographic Survey*
12. *Environmental clearances*
13. *National Capital Plan*
14. *Territory Plan*
15. *Likely Development Scenario*

Each is discussed in detail below. Recommendations are made in each parameter regarding the need to carry out assessments and the likely cost to achieve the desired outcome for residential development. The final parameter of *Likely Development Scenario* will provide an estimate of dwelling yield and will make some assumptions about dealing with the opportunities and constraints discussed.

#### 4.1. Lease Parcels and Operational History

Winslade comprises of six (6) rural blocks with a total area of approximately 486 hectares held under a 99 year rural lease with considerable time to run by [REDACTED] ('the lessee'). The lease runs until 2101. The lease permits the use of Winslade principally for agriculture and the property has primarily operated as a Cattle farm. **Attachment B** sets out the lease components.

The lease commenced in 2002 and is over Blocks 435, 439, 440, 441, 456 and 476 District of Stromlo.

It should be noted that the existing boundary fencing does not necessarily coincide with the lease boundary. It is recommended that the lease will need a boundary survey to identify correct boundaries.

##### **Recommendation**

*A lease boundary survey should be undertaken to identify correct boundary location.*

##### **Estimated Cost**

*The estimated cost for a boundary survey is \$15,000 including GST which should also cover the preparation of a Deposited Plan and Plan registration.*

#### 4.2. Land Custodianship

Winslade is currently under rural lease to [REDACTED] (see **Attachment B**). Stromlo forest park is immediately to the east of Winslade is currently managed by Sport and Recreation and the contact officer is Rod Florence. The land to the west is river corridor under TAMS land

custodianship and contact officer is Darren Rosso. The land to the north is a LDA property known as Huntly and the contact officer is Dave Richardson.

**Recommendation**

*If the decision is made to proceed to purchase the Winslade lease, then land custodianship should be held by LDA as the lease is to be considered for addition to the Land Release Program in the future. This would allow for due diligence assessments recommended below to be undertaken and relevant clearances to be obtained prior to commencing urban development.*

*Winslade being directly adjacent to Huntly may make this property attractive to be added to Huntly's Land Management contract.*

**4.3. Existing Constraints including the Bulk Water Supply Main from Stromlo**

The Land within Winslade zoned Rural and Hills Ridges and Buffer is predominantly 10% or less, slope (58%) and only 2% of the Block is above 20% slope. See **Attachment C**.

**4.4. Current Servicing Infrastructure**

**Water Supply**

The Cotter to Stromlo bulk water main cuts through Block 470. While there are scours for cleaning the water main along the length of the interface, there is no potable water supply from the main. A further water main travels through Block 441, 439 and 435 and heads through Stromlo Forest Park towards the Mount Stromlo Water Treatment Plant. It appears that the residences do not have mains (potable) water supply.

Water licenses have not been investigated.

**Sewer**

Winslade homesteads and possibly other outbuildings appear to be serviced by septic tanks or equivalent.

**Electricity**

Electricity appears to be provided to the residences from an overhead low voltage power supply running through Block 476.

There is 11kv power line mounted on poles generally along the southern boundary of Block 456.

There is also an existing 132kv power line mounted on steel lattice towers running north south on the eastern side of Block 456 within a 60m wide easement granted in August 2015 to TRANSGRD. This easement was then transferred to NSW Electricity Works Operations PTY LTD in December 2016.

**Gas**

It is doubtful that piped gas is available to Winslade lease. It is more likely to have a bottled gas supply.

**Communications**

It is assumed that telephone services are available to the residences.

**Recommendation**

*An assessment of the existing infrastructure services would need to be undertaken to verify the location of services and their capacities.*

**Estimated Costs**

*A review of existing infrastructure services and their capacities is estimated to cost \$30,000 including GST.*

**4.5 Possible Site Contamination**

Generally, contamination is not a major show-stopper when it comes to residential development and there are no cases in the ACT where the LDA has had to modify development outcomes. All sites have been successfully remediated and certified suitable for residential use. Protocols are in place to deal with any unexpected contamination found during construction.

Proper testing, remediation, monitoring and Environment Protection Unit signoff is all required before development occurs with auditing where necessary. This is normal procedure and it should only take time and reasonable budget expenditure to overcome rural contamination. More concentrated contamination hotspots such as the Asbestos find at the Weston Creek Pond are not associated with rural operations.

Possible contamination areas of interest include existing dams and ponds, erosion contour banks, gully erosion, farm buildings including the homestead and miscellaneous outbuildings. Normal rural operations would also have fuel and chemical storage, machinery maintenance facilities, disposal pit and possibly a sheep-dip as other potential contamination hotspots.



There are approximately 21 dams or ponds on the total lease (Refer Attachment F). The majority of these dams or ponds appear to be small and could be areas of natural water pondage or could be a dam with little construction. Associated with these features are contour banks. These would be associated with normal farm runoff management.

It would be expected that the dams and ponds may collect residual silts from runoff and possible minor contamination from the use of

pesticides and other agricultural applications such as pasture improvement during normal farm operations.

Also evident are numerous overland flow paths that may have possible erosion but the extent of the impact does not appear to be significant from examination of aerial photography. Note however that rural practices in the past has seen dumping of uncontrolled fill and even general farm waste including Asbestos and old machinery in an effort to try and prevent active erosion from continuing.

Normally a sheep dip would be associated with rural properties especially where a shearing shed or stock yards are constructed. Winslade has a shearing shed and sheep and cattle yards. A sheep dip is not evident from an examination of the aerial photograph. However, one may be present.



There is an array of pits located in the centre of block 435 with an approximate surface area of 2500m<sup>2</sup>. Farm dumps and animal pits are common occurrences on leases in the ACT. Farm dumps can contain household garbage, old machinery, fencing, Asbestos, chemical drums and other poisons. Animal pits can contain dead animals such as sheep, cattle, kangaroos etc. In both cases it would be expected that the dumps and pits would require proper contamination assessment and full remediation before being suitable for residential land use.

Aerial photography and the site visit revealed a number of silage pits used for the storage of fodder. These are a common occurrence and drought proof the property without the need for storage sheds, silos or purchasing fodder in times of drought.



The property has formed tracks which may contain imported materials especially where they cross depressions or overland flow paths.



Given the age of the original homestead and structures, it would be expected that products containing Asbestos may have been used in these constructions both in sheet form and possible

lagging of pipes. Removal of Asbestos is expected to be required to retain the use of these buildings in the future urban area.

A new residence was constructed post 2012 which should not contain any Asbestos.

Other features observed on the aerial photography included:

- Small unidentifiable structures in several paddocks that could be old machinery, stock feeders etc.
- Previous cropping history is also visible using aerial photography.
- Numerous planted windbreaks throughout the property.

### **Recommendations**

*A formal search of the Contaminated Land Register must be undertaken to identify any registered contaminated sites. This will be a required action in any contamination assessment.*

*Further, depending on the contamination found, the services of an accredited site auditor may be required during assessments and remediation processes.*

*The series of assessments required would include:*

- *Phase 1 Assessment – this is the initial assessment undertaken on any site.*
- *Phase 2 Assessment – this picks up from the outcomes of the Phase 1 study and further tests any recommended AECs. At this stage the need for an accredited auditor to be engaged to monitor and audit further work to the satisfaction of the EPU is identified. An SAQP can be done as a Phase 2 assessment. Following this a RAP is prepared to allow for remediation of AECs.*
- *Phase 3 or Remediation Assessment – remediates the AECs to required standards (usually for residential development).*

### **Estimated Costs**

- *Phase 1 Assessment – estimate \$50,000 including GST*
- *Phase 2 Assessment (or SAQP) – estimate \$300,000 including GST assuming site auditor required*
- *Phase 3 Assessment – estimate \$1,000,000 including GST based on possible sheep dip and asbestos finds*

## **4.6. Possible Aboriginal & European Heritage Constraints**

Within Block 456 records indicate (1) Aboriginal artefact scatter (7/9 9H1) of at least 2 stone artefacts located on a forest track. Recorded by Bulbeck & Boot 1990.

### **Recommendations**

*A full process of assessments for Aboriginal and European heritage artefacts will need to be undertaken across the site.*

*The assessments involve firstly a desktop study including Heritage Register checks and walkover for discovery of likely areas of interest (Stage 1). Stage 2 involves on-site test pitting and recovery of artefacts and signoff by the Heritage Council. Time to complete is usually an issue.*

**Estimated Costs**

- *Stage 1 Assessment – estimate \$50,000 including GST*
- *Stage 2 Assessment– estimate \$300,000 including GST*

*(Note that 4 RAOs (Registered Aboriginal Organisations) are invited to participate in the studies and managed by the consultant. Over 50% of the above costs go to the RAOs for their participation.)*

**4.7. Possible Bushfire Impacts**

Saturday 18 January 2003 was the day of the significant bushfire that struck the Stromlo and Molonglo Valleys from the west coming out of the Brindabella's at great speed and travelled up the valley into the developed areas of Duffy, Chapman, Holder and Kambah destroying a total of around 500 dwellings. That event has been called a "firestorm" and was accompanied by strong winds.

Ember attack was responsible for a large number of houses lost and was thought to be driven by the presence of mature pine forests to the north west of the impact area immediately adjacent to the developed area. The events of 2003 in the ACT and significant fires in other States around that time saw the revision and strengthening of bushfire risk assessments in the ACT.

**Recommendation**

*A Preliminary bushfire risk assessment be undertaken against the likely scenario for development to guide further planning and design. In the interim a Farmwise Fire Plan be developed and the property managed in accordance with whilst a Rural Property.*

**Estimated Costs**

*Estimated cost is \$25,000 including GST.*

**4.8. Major Infrastructure Concept Plans for Water Supply, Sewer, Storm Water and Electricity****Water Supply**

No studies have been undertaken to date.

The Property falls from 640m AHD down to 500m AHD adjacent to the river corridor. There looks to be opportunity to locate a reservoir in block 435 or in the adjacent Stromlo Forest Park at around the 640m contour.

**Sewer**

No studies have been undertaken to date.

**Storm Water**

No studies have been undertaken to date.

Careful consideration of Stormwater and WSUD will be needed as the property is up slope of Stony Creek Nature Reserve. All WSUD may be required to be undertaken outside of the nature reserve.

**Electricity**

No studies have been undertaken to date.

At the present time a 132kV power line runs north-south through the eastern edge of the property (refer **Attachment E**). Due to the location of this alignment, it is unlikely that options to relocate these powerlines will need to be considered. The length of relocation would be 635m and the gain to the developable area would only be 1.5ha. This could provide opportunity to collocate a Zone Substation to service Stromlo within this 1.5ha area.

Lower voltage 11kV lines should be available as normal from the nearest zone substation. Usually within urban areas these lines are undergrounded wherever possible and practical to minimise visual and residential amenity impacts. Low voltage power to each individual house would be by normal underground reticulation as normal in new estates.

**Recommendations**

*Discussion with the various service providers is required during early structure planning to ensure capital works, easements and other access requirements can be finalised with certainty. Timing for substation or any relocation or upgrading of 132kV power lines needs to be carefully considered in the planning stage.*

**Estimated Costs**

*The estimated cost for Preliminary services Masterplan is \$250,000 including GST.*

**4.9. Possible Tree / Ecological Constraints**

From aerial photography tree coverage is scattered throughout the Winslade lease, with higher densities to the southern and eastern part of the lease (block 456) thinning out towards the north.

There appears to be a majority of native species of trees. Around the original homestead there appears to be a combination of deciduous and other evergreen trees but these are hard to identify from the aerial.

Further, there are a number of windbreak plantings throughout the property generally in a north-south orientation.

Block 435 which is part of this lease appears to be heavily timbered similar if not denser than the adjacent Stromlo Forest Park.

It appears from the aerial photography that between 2012 and 2015 there has been a significant amount of



weed spraying adjacent to the river corridor. This is more than likely blackberry which has a history to spread out of the Murrumbidgee River Corridor.

Core ecological connections could also be incorporated between Stony Creek Nature Reserve and Stromlo Forest Park into the future development of this area strengthening the connectivity corridor for wildlife movement linking Namadji National Park to Kama and the Pinnacle Nature Reserves.

**Recommendation**

*A tree survey and assessment will be required closer to land development and should cover all Blocks in the property. This will provide an up to date aboricultural assessment of regulated and other trees.*

**Estimated Cost**

*A tree survey and assessment is estimated to cost \$70,000 including GST.*

**4.10. Arterial Road Options and Land Uses**

No studies have been undertaken to date.

**Recommendation**

*The LDA work closely with EDD to ensure the best possible fit for any arterial roads, adjacent land uses and playing fields given the constraints and impacts on residential development and housing affordability.*

*Support the need for a fine grained geotechnical study across Stromlo to better understand the underlying geology and its engineering and development constraints.*

**Estimated Cost**

*A preliminary Geotechnical Investigation is estimated to cost \$100,000 including GST.*

**4.11. Topographic Survey**

Recently the ACT Government has commissioned a LiDAR Project for the whole of the ACT. This property has been captured at 4points per metre. This will be adequate for all master planning work and preliminary due diligence investigations.

A full topographic land survey needs to be undertaken across property. This is required for the preparation later of EDPs and subsequent detail design. It also locates all above ground structures including the location of all trees to allow the tree survey and assessment to be undertaken.

**Recommendation**

*A full topographic land survey should be undertaken of the property closer to land development. This may include alternate technology including drone aerial surveys to possibly reduce cost with a similar relative accuracy.*

**Estimated Costs**

The estimated cost for a topographic land survey is \$300,000 including GST.

**4.12. Environmental Clearances**

Checking the known ecological constraints on ACTMAPi it appears that there is a location in the north of block 456 that may contain the threatened plant Pale Pomaderris. There also appears to be a small amount of ACT listed BGWL within Block 456 adjacent to the river corridor. The land within Stromlo Forest Park adjacent to block 435 is mapped EPBC listed BGWL, there is a possibility that the woodland within 435 is a continuation of that community and currently unmapped.

The remainder of block 456 looks significantly pasture improved and unlikely to meet the listing requirements for BGWL.

**Recommendation**

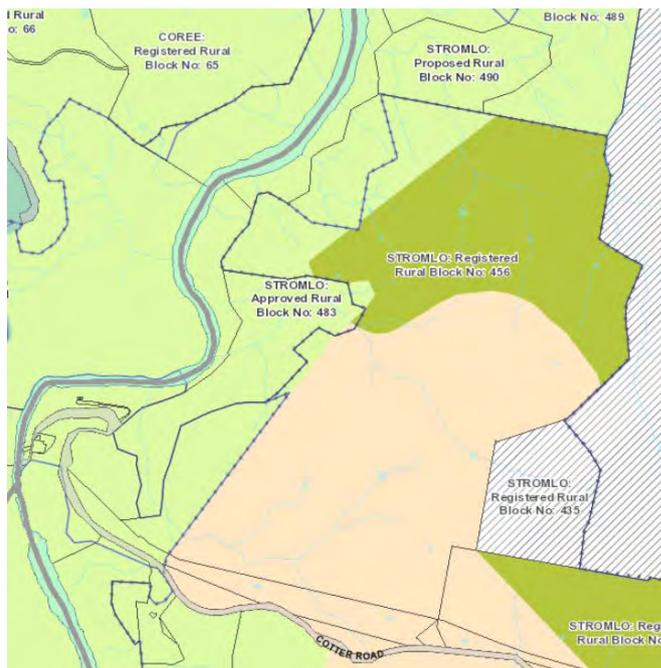
A preliminary vegetation assessment should be undertaken to establish a baseline as soon as practical.

**Estimated Cost**

A preliminary vegetation assessment is estimated to cost \$25,000 including GST.

**4.13. National Capital Plan**

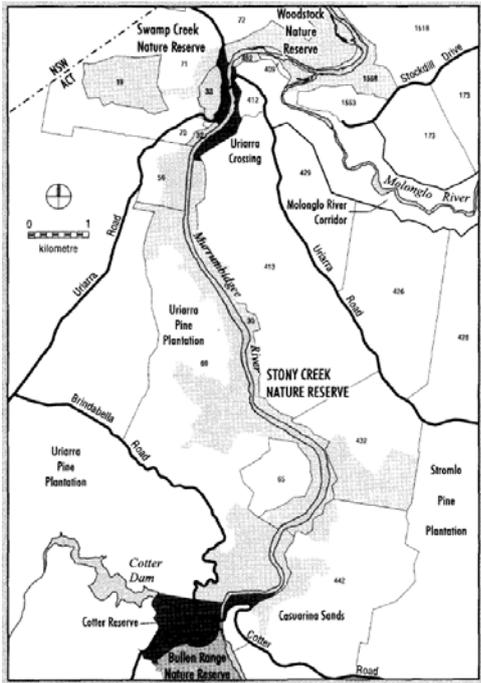
Block 435 on the eastern side of the property is part of the Designated Area (the Inner Hills) of the National Capital Plan and particular design and siting conditions apply to ensure the maintenance and enhancement of the character of the national capital is maintained.



Therefore the available area for possible development of Block 435 as part of future development is unknown and has not been included in the developable area calculations.

**4.14. Territory Plan**

The Territory Plan zones the majority of the blocks within Winslade as Non-Urban Rural with the north of the property as Non-Urban Hills, Ridges and Buffer. The Western part of the property is zoned Non-Urban River Corridor with a proportion of this lease inside the Stony Creek Nature Reserve.



Specific management objectives for the Stony Creek Nature Reserve are:

- to provide continuity of management for river bank communities between Uriarra Crossing and Casuarina Sands;
- to maintain a corridor for the movement of native fauna, and for recreational access between the Uriarra and Stromlo areas; and
- to improve access for management activities.

LDA could undertake the necessary planning investigation, prepare a master plan for the whole of Stromlo and prepare an EDP for the initial release area. Based on the timelines of past and current projects, this process could commence when required.

Proposed Process	Estimated Completion Date
Planning investigations	6 Months
Prepare Urban Development Framework	6 Months
Prepare Structure Plan and Environmental Approvals	2 years
Prepare Masterplan	12 Months
Prepare EDP	12 Months

**Recommendation**

*It is recommended that LDA undertake a planning report for all of Stromlo that may lead to a Structure plan for the Stromlo Valley. At some stage in the future a variation to the Territory Plan should be undertaken to reflect the intent of future land releases and capital infrastructure works.*

**Estimated Costs**

*A planning report for Stromlo is estimated to cost \$100,000 including GST.*

*An Urban Development Framework that may inform the Structure Plan of Stromlo is estimated to cost \$250,000 including GST.*

#### 4.15. Likely Development Scenario / Potential Land Return

As discussed in the document 98% of the land in Winslade is less than 20% slope which is optimal for urban development (**Attachment D**). The land is severely modified from past agricultural use so is unlikely to have significant environmental value. Core connections between Stony Creek Nature Reserve and Stromlo Forest Park could be incorporated into the future development.

Term: 99 Years

Ownership: ACT Government, LDA custodianship

Size: 486ha

Developable Area: 291ha (60%)

Dwellings: [REDACTED]

Raw Rural Land Value: \$6.5-7.5M

Raw Residential Land Value: [REDACTED]

Gross Realisation: [REDACTED]

\*Assumptions:

- Low density dwellings at approx [REDACTED]
- Land sales at an average of [REDACTED] per medium sized block.
- Raw residential land value calculated at [REDACTED] per dwelling.
- Development coverage applied at approx 60% of total area.

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, as well as unlocking greater development opportunities with the surrounding blocks.

Winslade is perfectly situated between Huntly and Fairvale closing Gap between the two properties.

## Attachment 4 – Demand and Supply Assumptions

### Drivers of Demand

Recently, the Territory population growth rate has eased to an average rate of 1.2%. This easing is considered a temporary lull and growth will return in line with current projections, which assume an average rate of 1.5% for the next 10 years, before progressively easing to 1.1% by 2041.

A mid-range growth estimate of 1.5% is adopted for future land supply and land release planning purposes to buffer unanticipated upswings in demand. It is easier to delay the release of sites to the market than accelerate land development to meet a sudden increase in demand, which may result from changes in broader economic conditions and stimulate demand beyond what could typically be expected based only on population growth. According to Economic Development’s Housing Demand Model, a population growth rate of 1.5% will generate an annual demand for 2,800 dwelling sites while a 1.2% growth rate generates annual demand for approximately 2,000 dwelling sites.

The *ACT Planning Strategy (2012)* indicates a strategy of delivering 50% or more of new housing delivered through urban intensification. Assuming a population growth rate of 1.5% this equating currently to an annual demand of 1,400 greenfield dwelling sites.

The 4-year average over the current indicative land release program indicates an average annual release of 1,691 greenfield dwelling sites which constitutes 40% of dwelling sites delivered through greenfield estates. (Table1)

**Table 1 Proportion of greenfield dwelling releases**

Year	Greenfield Dwelling Sites Released	% of Dwelling sites Released
2013-14	930	39%
2014-15	1500	40%
2015-16	1650	46%
2016-17	1900	51%
2017-18	1100	24%
2018-19	2114	39%
4 year average	<b>1691</b>	<b>40%</b>

The proportion of greenfield dwelling sites proposed for release in 2017-18 is particularly low due to the significant contribution to overall number of (infill) dwelling sites from the disposal of government property assets as part of the Australian Government's asset Recycling Initiative. The indicative ARI disposal program could subject to change.

#### *Available Supply*

Housing supply in the immediate ACT-NSW region has also increased with demand in Queanbeyan being met with releases in Googong and Tralee.

Googong is a 20-25 year project yielding 5,550 dwellings with an annual release target of 270 dwellings. Initial land releases commenced in February 2012, construction commenced August 2013, and occupations February 2014.

Tralee is a 6-year project yielding 1,221 dwellings over 4 stages. Initial releases commenced in January 2014 with construction commencing November 2016-17. Strategically the, 25-year Sydney to Canberra Regional Strategy aims to provide up to 25,200 new homes for 46, 350 additional people expected to living in the region by 2031, including a minimum of 2,500 dwellings in Goulburn Mulwaree.

Ginninderra is a new urban area and residential estate proposed for the 701-hectare CSIRO land between Belconnen and Gungahlin. Preliminary plans indicate a 25-year project yielding at least 7,500 dwelling sites (6,500 blocks), with a proposed annual release of 300 dwellings. The land is highly developable and relatively unconstrained but will be subject to Commonwealth and Territory planning and approval processes. Optimistically, initial land releases could commence in 2018-19 and dwelling occupations from 2020.

Table 2 details available greenfield dwelling sites in the ACT (including NSW component of West Belconnen), planned but yet to be released to the market. Potential for dwelling sites in Gungahlin Town Centre are not included, and could contribute at least 1,000 dwellings to overall supply.

**Table 2 Dwelling sites in greenfield estates (planned and not yet released)**

<b>Estate</b>	<b>Total Dwelling Sites</b>
<b>West Belconnen Total</b>	<b>11,500</b>
ACT	6,500
NSW	5,000
<b>Gungahlin Total*</b>	<b>6,600</b>
Moncrieff	870
Taylor	2,500
Throsby	1,080
Jacka	1,153
Kenny	1,000
<b>Molonglo Total</b>	<b>15,800</b>
Denman Prospect	1,800
Molonglo	2,000
Molonglo 3	12,000
<b>Total LDA Greenfield Dwelling Sites</b>	<b><u>33,903</u></b>
<b><i>Ginninderra</i></b>	<b><i>7,500</i></b>
<b>Total Greenfield Dwelling Sites</b>	<b>41,403</b>

\*does not include dwellings in Gungahlin Town Centre.

Assuming 33,900 planned greenfield dwelling sites remaining for urban development in LDA estates, and 50% of annual dwelling releases are in greenfield areas, Table 3 sets out the estimated years remaining for the current greenfield land supply. In summary,

- a medium growth scenario: equates to 24 years supply (2039), with an annual target of 1,400 greenfield dwelling sites from a population growth of 1.5%.

**Table 3 Greenfield land supply – Years remaining**

<b>Dwelling Sites in Greenfield Estates</b>						33,903
		as at	2015			
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
Low growth	1.2%	2,200	1,100	30.8	2046	
<b>Medium growth</b>	<b>1.5%</b>	<b>2,800</b>	<b>1,400</b>	<b>24.2</b>	<b>2039</b>	
High Growth	1.8%	3,100	1,550	21.9	2037	

<b>Dwelling Sites in LDA Greenfield Estates</b>						28,903
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
Low growth	1.2%	2,200	1,100	26.3	2041	
<b>Medium growth</b>	<b>1.5%</b>	<b>2,800</b>	<b>1,400</b>	<b>20.6</b>	<b>2036</b>	
High Growth	1.8%	3,100	1,550	18.6	2033.6	

*Gungahlin, Molonglo & West Belconnen(ACT)*

<b>Dwelling Sites Greenfield Estates, Including Ginninderra</b>						41,403
Scenario	Population Growth Rate	Total Dwelling Demand	Greenfield Dwelling Demand	Years Remaining	Year	
Low growth	1.2%	2,200	1,100	37.6	2052.6	
<b>Medium growth</b>	<b>1.5%</b>	<b>2,800</b>	<b>1,400</b>	<b>29.6</b>	<b>2044.6</b>	
High Growth	1.8%	3,100	1,550	26.7	2041.7	

### Implications for long term land supply options

According to Economic Development's 30-year dwelling occupations forecast (by dwelling type and suburb), Gungahlin is expected to be predominantly completed by 2028 and Riverview (ACT) will be 50% released.

Molonglo 3 (north of Molonglo River) would be the only remaining greenfield area supplying detached dwelling sites, unless Ginninderra proceeds with initial releases commencing 2018-19. Molonglo 3 may have 2,000 detached house sites remaining and Ginninderra an additional 3,500 detached house sites remaining. Supply from Riverview (NSW) may not have come online by this stage, offering a further 3,500 to 4,500 detached house sites.

Housing choice would be limited with Riverview supplying more affordable housing on the urban edge, while the later stages of Molonglo supplying a premium product given its 6km proximity to the City. Ginninderra's accessibility, via Barton Highway to the Northbourne corridor, may also deliver a premium product to the market.

The risks associated with too few development fronts in relation to housing type, price and location have direct implications for housing choice and affordability.

Demand in the ACT has eased, attributed in part with the increase in housing supply in the immediate ACT-NSW region and Googong and Tralee are offering a more affordable product.

Sustained cross-border development is likely to have a corresponding impact on land sales revenue and timing of developers delivering a completed housing product to the ACT market.

Despite the focus on urban renewal, active development along the Northbourne Avenue corridor and the City, or an increase to the strategic planning target of 60% of all new dwellings delivered as urban infill (40% greenfield areas), there is an ongoing need to maintain supply of detached housing in greenfield areas.

Attachment 5 - Estimated Financial Outcome

**Current \$ escalated.**

	Commence 2035		Commence 2040	
	Lower \$'000	Higher \$'000	Lower \$'000	Higher \$'000
<b>Dwellings</b>	[REDACTED]			
<b>Period</b>	2035-2044	2035-2044	2040-2049	2040-2049
<b>Revenue</b>				
Sales	[REDACTED]			
<b>Total Revenue</b>	[REDACTED]			
<b>Expenditure</b>				
Land Purchase	7,500	7,500	7,500	7,500
Land Ready Costs	[REDACTED]			
Capital Works	[REDACTED]			
Civil/Estate Works	[REDACTED]			
<b>Total Expenditure</b>	[REDACTED]			
<b>Cumulative Cash Flow (surplus)</b>	[REDACTED]			
	[REDACTED]			

NOTES

1. Revenue and costs escalated at 2.5 %.
2. NPV calculated on annual cash flow.
3. Sale rate of 400 dwelling per annum.
4. Summary provided on two commencement dates 2035 and 2040 with an assumed 10 years sales program.
5. Revenue – low = [REDACTED] per block and high = [REDACTED] per block (pre escalation)
6. Civil Estate Works - [REDACTED]
7. Capital works – [REDACTED]

## 1. Purpose

To brief the Chief Executive Officer on the due diligence investigation on the Winslade property adjacent to Cotter Road at the Western edge of Stromlo District.

## 2. Background

This paper reports on the desk-top due diligence investigation on the Winslade property. Attachment A provides a map of the property overlaid on the aerial photography base. It should be noted that only brief site access was available to the lease for preliminary site inspection work so verification and on-site assessments have not been undertaken at this stage.

The paper draws together material from:

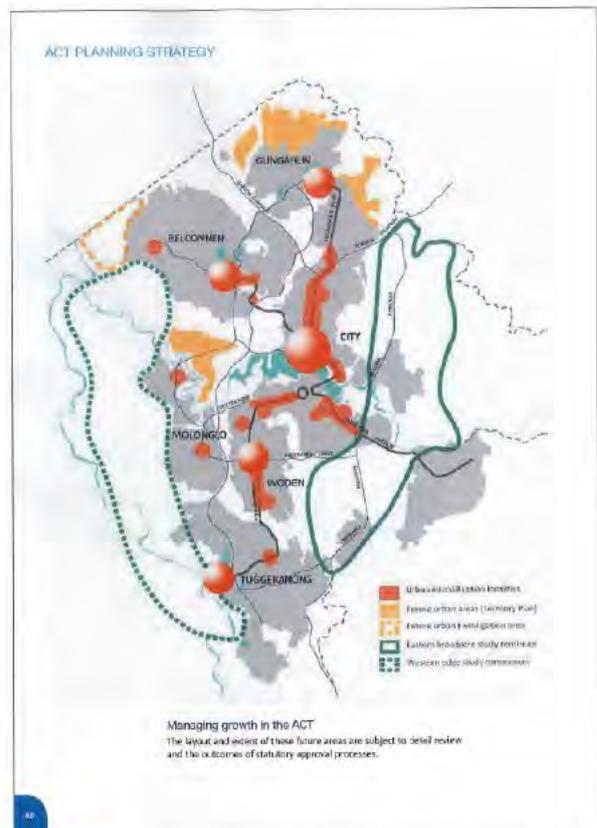
- An initial assessment of the potential risks or constraints from aerial photography, and brief site visit.
- a corporate knowledge of due diligence investigations by the Development Ready (Estates) unit for LDA land releases

As part of this study an estimate of potential dwelling yield for Winslade will be provided and the cost of necessary assessments and remediation will also be included.

## 3. Planning Context

In the ACT Planning Strategy 2012 there is a clear indication of where the main areas of growth should be located. Figure 2 from the Strategy (shown right) indicates those areas where investigations should focus between 2012 and towards the end of the Strategy.

The areas identified include the remainder of Gungahlin (now well advanced), Molonglo Stage 3 (in the Land Release Program for first release in 2018-2019), West Belconnen (planning well advanced), the Eastern Broadacre Area (EPBC Strategic Assessment in process), and the Western Edge Study extending from the southern edge of Belconnen down the western side of Molonglo and Tuggeranong. This latter area includes the Central Precinct of Molonglo as well as the property of Winslade. The southern part of the Western Edge Study includes West Murrumbidgee which was the subject of detailed planning in the mid seventies by the former National Capital Development Commission (NCDC).



Winslade also correlates well to other land purchases in the same region by the LDA. Lands End in Central Precinct of Molonglo, Huntly, Fairvale and Block 19 Stromlo all to the west of Weston Creek also fall in the Western Edge Study area identified in the ACT Planning Strategy. Further properties in this area are likely to become available over the next 5 or 10 years which provides Government with development opportunities that until now have not been considered.

As the Planning Strategy points out, short and longer term actions are critical to achieving current policy or to initiating more substantial, long lasting change opportunities.

The potential purchase of Winslade is considered a beneficial strategic acquisition in securing land ahead of time in and adjacent to the other already identified precincts in Stromlo. In the meantime the property would be maintained as a commercial operation until a variation to the Territory Plan was supported for future urban development.

#### **4. Issues**

##### **Due Diligence**

A desktop due diligence study is being conducted by the Development Ready (Estates) unit of LDA on Winslade to inform Executive in arriving at a decision regarding its suitability for strategic acquisition and future inclusion in the Land Release Programs in an appropriate time frame.

The desktop due diligence study considered a range of opportunities and constraint parameters including the following:

- 1. Lease parcels and operational history*
- 2. Land custodianship*
- 3. Existing constraints including the bulk water supply main from Stromlo*
- 4. Current servicing infrastructure*
- 5. Possible site contamination*

6. Possible Aboriginal and European heritage constraints (but not natural heritage)
7. Possible bushfire impacts
8. Major infrastructure concept plans for water supply, sewer, storm water and electricity
9. Possible tree / ecological constraints
10. Arterial road options and land uses
11. Topographic Survey
12. Environmental clearances
13. National Capital Plan
14. Territory Plan
15. Likely Development Scenario

Each is discussed in detail below. Recommendations are made in each parameter regarding the need to carry out assessments and the likely cost to achieve the desired outcome for residential development. The final parameter of *Likely Development Scenario* will provide an estimate of dwelling yield and will make some assumptions about dealing with the opportunities and constraints discussed.

#### **4.1. Lease Parcels and Operational History**

Winslade comprises of six (6) rural blocks with a total area of approximately 486 hectares held under a 99 year rural lease with considerable time to run by [REDACTED] ('the lessee'). The lease runs to 2101. The lease permits the use of Winslade principally for agriculture and the property has primarily operated as a Cattle farm. **Attachment B** sets out the lease components.

The lease commenced in 2002 and is over Blocks 435, 439, 440, 441, 456 and 476 District of Stromlo.

It should be noted that the existing boundary fencing does not necessarily coincide with the lease boundary. It is recommended that the lease will need a boundary survey to identify correct boundaries.

##### ***Recommendation***

*A lease boundary survey should be undertaken to identify correct boundary location.*

##### ***Estimated Cost***

*The estimated cost for a boundary survey is \$15,000 including GST which should also cover the preparation of a Deposited Plan and Plan registration.*

#### **4.2. Land Custodianship**

Winslade is currently under rural lease to [REDACTED] (see **Attachment B**). Stromlo forest park is immediately to the east of Winslade is currently managed by Sport and Recreation and the contact officer is Rod Florence. The land to the west is river corridor under TAMS land custodianship and contact officer is Darren Rosso. The land to the north is a LDA property known as Huntly and the contact officer is Dave Richardson.

##### ***Recommendation***

*If the decision is made to proceed to purchase the Winslade lease, then land custodianship should be held by LDA as the lease is to be considered for addition to the Land Release Program in the future. This would allow for due diligence assessments recommended below to be undertaken and relevant clearances to be obtained prior to commencing urban development.*

*Winslade being directly adjacent to Huntly may make this property attractive to be added to Huntly's Land Management contract.*

#### **4.3. Existing Constraints including the Bulk Water Supply Main from Stromlo**

The Land within Winslade zoned Rural and Hills Ridges and Buffer is predominantly 10% or less slope (58%) and only 2% of the Block is above 20% slope. See **Attachment C**.

#### **4.4. Current Servicing Infrastructure**

##### ***Water Supply – Attachment E***

The Cotter to Stromlo bulk water main cuts through Block 470. While there are scours for cleaning the water main along the length of the interface, there is no potable water supply from the main. A further water main travels through Block 441, 439 and 435 and heads through Stromlo Forest Park towards the Mount Stromlo Water Treatment Plant. It appears that the residences do not have mains (potable) water supply.

Water licenses have not been investigated.

##### ***Sewer***

Winslade homesteads and possibly other outbuildings appear to be serviced by septic tanks or equivalent.

##### ***Electricity – Attachment E***

Electricity appears to be provided to the residences from an overhead low voltage power supply running through Block 476.

There is 11kv power line mounted on poles generally along the southern boundary of Block 456.

There is also an existing 132kv power line mounted on steel lattice towers running north south on the eastern side of Block 456 within a 60m wide easement granted in August 2015 to TRANSGRD. This easement was then transferred to NSW Electricity Works Operations PTY LTD in December 2016.

##### ***Gas***

It is doubtful that piped gas is available to Winslade lease. It is more likely to have a bottled gas supply.

##### ***Communications***

It is assumed that telephone services are available to the residences.

##### ***Recommendation***

*An assessment of the existing infrastructure services would need to be undertaken to verify the location of services and their capacities.*

##### ***Estimated Costs***

*A review of existing infrastructure services and their capacities is estimated to cost \$30,000 including GST.*

#### **4.5 Possible Site Contamination**

Generally, contamination is not a major show-stopper when it comes to residential development and there are no cases in the ACT where the LDA has had to modify development outcomes. All sites have been successfully remediated and certified suitable for residential use. Protocols are in place to deal with any unexpected contamination found during construction.

Proper testing, remediation, monitoring and Environment Protection Unit signoff is all required before development occurs with auditing where necessary. This is normal procedure and it should only take time and reasonable budget expenditure to overcome rural contamination. More concentrated contamination hotspots such as the Asbestos find at the Weston Creek Pond are not associated with rural operations.

Possible contamination areas of interest include existing dams and ponds, erosion contour banks, gully erosion, farm buildings including the homestead and miscellaneous outbuildings. Normal rural operations would also have fuel and chemical storage, machinery maintenance facilities, disposal pit and possibly a sheep-dip as other potential contamination hotspots.



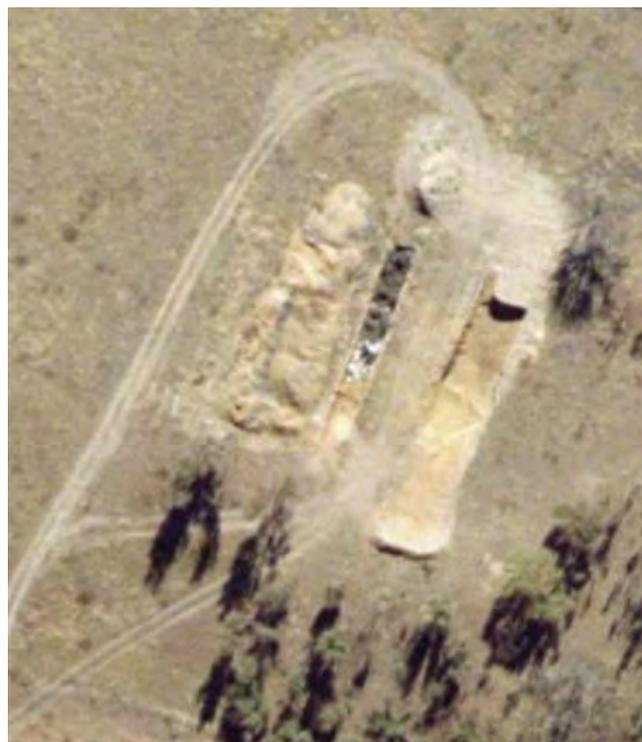
There are approximately 21 dams or ponds on the total lease (Refer Attachment F). The majority of these dams or ponds appear to be small and could be areas of natural water pondage or could be a dam with little construction. Associated with these features are contour banks. These would be associated with normal farm runoff management.

It would be expected that the dams and ponds may collect residual silts from runoff and possible minor contamination from the use of pesticides and other agricultural applications such as pasture improvement during normal farm operations.

Also evident are numerous overland flow paths that may have possible erosion but the extent of the impact does not appear to be significant from examination of aerial photography. Note however that rural practices in the past has seen dumping of uncontrolled fill and even general farm waste including Asbestos and old machinery in an effort to try and prevent active erosion from continuing.

Normally a sheep dip would be associated with rural properties especially where a shearing shed or stock yards are constructed. Winstead has a shearing shed and sheep and cattle yards. A sheep dip is not evident from an examination of the aerial photograph. However, one may be present.

There is an array of pits located in the centre of block 435 with an approximate surface area of 2500m<sup>2</sup>. Farm dumps and animal pits are common occurrences on leases in the ACT. Farm dumps can contain household garbage, old machinery, fencing, Asbestos, chemical drums and other poisons. Animal pits can contain dead animals such as sheep, cattle, kangaroos etc. In both cases it would be expected that the dumps and pits would require proper contamination assessment and full remediation before being suitable for residential land use.



Aerial photography and the site visit revealed a number of silage pits used for the storage of fodder. These are a common occurrence and drought proof the property without the need for storage sheds, silos or purchasing fodder in times of drought.



The property has formed tracks which may contain imported materials especially where they cross depressions or overland flow paths.



Given the age of the original homestead and structures, it would be expected that products containing Asbestos may have been used in these constructions both in sheet form and possible lagging of pipes. Removal of Asbestos is expected to be required to retain the use of these buildings in the future urban area.

A new residence was constructed post 2012 which should not contain any Asbestos.

Other features observed on the aerial photography included:

- Small unidentifiable structures in several paddocks that could be old machinery, stock feeders etc.
- Previous cropping history is also visible using aerial photography.
- Numerous planted windbreaks throughout the property.

### **Recommendations**

*A formal search of the Contaminated Land Register must be undertaken to identify any registered contaminated sites. This will be a required action in any contamination assessment.*

*Further, depending on the contamination found, the services of an accredited site auditor may be required during assessments and remediation processes.*

*The series of assessments required would include:*

- *Phase 1 Assessment – this is the initial assessment undertaken on any site.*
- *Phase 2 Assessment – this picks up from the outcomes of the Phase 1 study and further tests any recommended AECs. At this stage the need for an accredited auditor to be engaged to monitor and audit further work to the satisfaction of the EPU is identified. An SAQP can be done as a Phase 2 assessment. Following this a RAP is prepared to allow for remediation of AECs.*
- *Phase 3 or Remediation Assessment – remediates the AECs to required standards (usually for residential development).*

### **Estimated Costs**

- *Phase 1 Assessment – estimate \$50,000 including GST*
- *Phase 2 Assessment (or SAQP) – estimate \$300,000 including GST assuming site auditor required*
- *Phase 3 Assessment – estimate \$1,000,000 including GST based on possible sheep dip and asbestos finds*

## **4.6. Possible Aboriginal & European Heritage Constraints**

Within Block 456 records indicate (1) Aboriginal artefact scatter (7/9 9H1) of at least 2 stone artefacts located on a forest track. Recorded by Bulbeck & Boot 1990.

### **Recommendations**

*A full process of assessments for Aboriginal and European heritage artefacts will need to be undertaken across the site.*

*The assessments involve firstly a desktop study including Heritage Register checks and walkover for discovery of likely areas of interest (Stage 1). Stage 2 involves on-site test pitting and recovery of artefacts and signoff by the Heritage Council. Time to complete is usually an issue.*

### **Estimated Costs**

- *Stage 1 Assessment – estimate \$50,000 including GST*
- *Stage 2 Assessment – estimate \$300,000 including GST*

*(Note that 4 RAOs (Registered Aboriginal Organisations) are invited to participate in the studies and managed by the consultant. Over 50% of the above costs go to the RAOs for their participation.)*

## **4.7. Possible Bushfire Impacts**

Saturday 18 January 2003 was the day of the significant bushfire that struck the Stromlo and Molonglo Valleys from the west coming out of the Brindabella's at great speed and travelled up the valley into the developed areas of Duffy, Chapman, Holder and Kambah destroying a total of around 500 dwellings. That event has been called a "firestorm" and was accompanied by strong winds.

Ember attack was responsible for a large number of houses lost and was thought to be driven by the presence of mature pine forests to the north west of the impact area immediately adjacent to the developed area. The events of 2003 in the ACT and significant fires in other States around that time saw the revision and strengthening of bushfire risk assessments in the ACT.

#### **Recommendation**

*A Preliminary bushfire risk assessment be undertaken against the likely scenario for development to guide further planning and design. In the interim a Farmwise Fire Plan be developed and the property managed in accordance with whilst a Rural Property.*

#### **Estimated Costs**

*Estimated cost is \$25,000 including GST.*

### **4.8. Major Infrastructure Concept Plans for Water Supply, Sewer, Storm Water and Electricity**

#### **Water Supply**

No studies have been undertaken to date.

The Property falls from 640m AHD down to 500m AHD adjacent to the river corridor. There looks to be opportunity to locate a reservoir in block 435 or in the adjacent Stromlo Forest Park at around the 640m contour.

#### **Sewer**

No studies have been undertaken to date.

#### **Storm Water**

No studies have been undertaken to date.

Careful consideration of Stormwater and WSUD will be needed as the property is up slope of Stony Creek Nature Reserve. All WSUD may be required to be undertaken outside of the nature reserve.

#### **Electricity**

No studies have been undertaken to date.

At the present time a 132kV power line runs north-south through the eastern edge of the property (refer **Attachment E**). Due to the location of this alignment, it is unlikely that options to relocate these powerlines will need to be considered. The length of relocation would be 635m and the gain to the developable area would only be 1.5ha. This could provide opportunity to collocate a Zone Substation to service Stromlo within this 1.5ha area.

Lower voltage 11kV lines should be available as normal from the nearest zone substation. Usually within urban areas these lines are undergrounded wherever possible and practical to minimise visual and residential amenity impacts. Low voltage power to each individual house would be by normal underground reticulation as normal in new estates.

#### **Recommendations**

*Discussion with the various service providers is required during early structure planning to ensure capital works, easements and other access requirements can be finalised with certainty. Timing for substation or any relocation or upgrading of 132kV power lines needs to be carefully considered in the planning stage.*

#### **Estimated Costs**

*The estimated cost for Preliminary services Masterplan is \$250,000 including GST.*

#### 4.9. Possible Tree / Ecological Constraints

From aerial photography tree coverage is scattered throughout the Winslade lease, with higher densities to the southern and eastern part of the lease (block 456) thinning out towards the north.

There appears to be a majority of native species of trees. Around the original homestead there appears to be a combination of deciduous and other evergreen trees but these are hard to identify from the aerial.

Further, there are a number of windbreak plantings throughout the property generally in a north-south orientation.

Block 435 which is part of this lease appears to be heavily timbered similar if not denser than the adjacent Stromlo Forest Park.

It appears from the aerial photography that between 2012 and 2015 there has been a significant amount of weed spraying adjacent to the river corridor. This is more than likely blackberry which has a history to spread out of the Murrumbidgee River Corridor.



##### **Recommendation**

*A tree survey and assessment will be required closer to land development and should cover all Blocks in the property. This will provide an up to date aboriginal assessment of regulated and other trees.*

##### **Estimated Cost**

*A tree survey and assessment is estimated to cost \$70,000 including GST.*

#### 4.10. Arterial Road Options and Land Uses

No studies have been undertaken to date.

##### **Recommendation**

*The LDA work closely with EDD to ensure the best possible fit for any arterial roads, adjacent land uses and playing fields given the constraints and impacts on residential development and housing affordability.*

*Support the need for a fine grained geotechnical study across Stromlo to better understand the underlying geology and its engineering and development constraints.*

##### **Estimated Cost**

*A preliminary Geotechnical Investigation is estimated to cost \$100,000 including GST.*

#### 4.11. Topographic Survey

Recently the ACT Government has commissioned a LiDAR Project for the whole of the ACT. This property has been captured at 4points per metre. This will be adequate for all master planning work and preliminary due diligence investigations.

A full topographic land survey needs to be undertaken across property. This is required for the preparation later of EDPs and subsequent detail design. It also locates all above ground structures including the location of all trees to allow the tree survey and assessment to be undertaken.

##### **Recommendation**

*A full topographic land survey should be undertaken of the property closer to land development. This may include alternate technology including drone aerial surveys to possibly reduce cost with a similar relative accuracy.*

##### **Estimated Costs**

*The estimated cost for a topographic land survey is \$300,000 including GST.*

#### 4.12. Environmental Clearances

Checking the known ecological constraints on ACTMAPi it appears that there is a location in the north of block 456 that may contain the threatened plant Pale Pomaderris. There also appears to be a small amount of ACT listed BGWL within Block 456 adjacent to the river corridor. The land within Stromlo Forest Park adjacent to block 435 is mapped EPBC listed BGWL, there is a possibility that the woodland within 435 is a continuation of that community and currently unmapped.

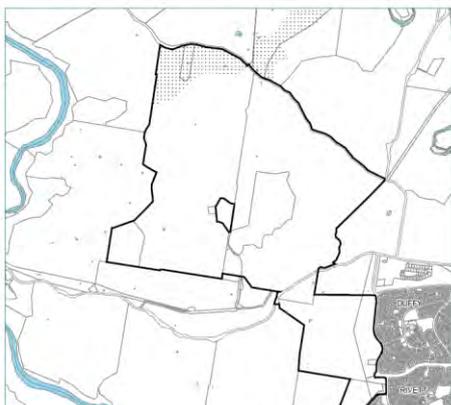
The remainder of block 456 looks significantly pasture improved and unlikely to meet the listing requirements for BGWL.

##### **Recommendation**

*A preliminary vegetation assessment should be undertaken to establish a baseline as soon as practical.*

##### **Estimated Cost**

*A preliminary vegetation assessment is estimated to cost \$25,000 including GST.*



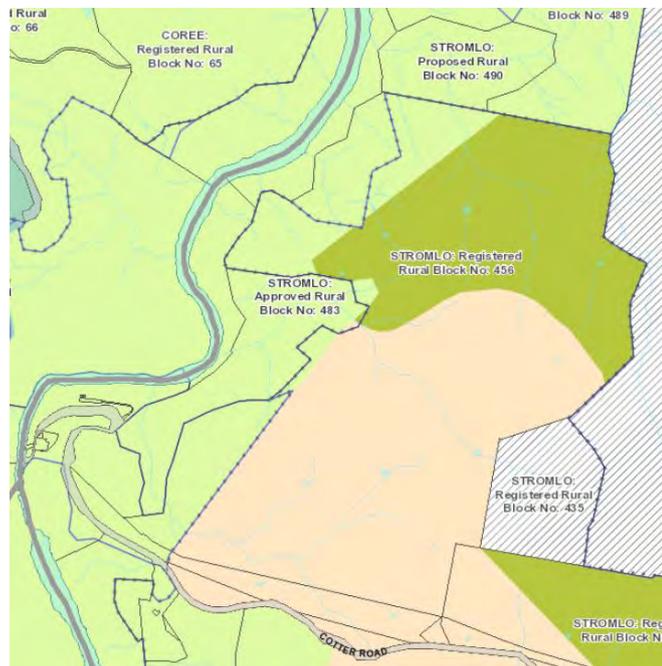
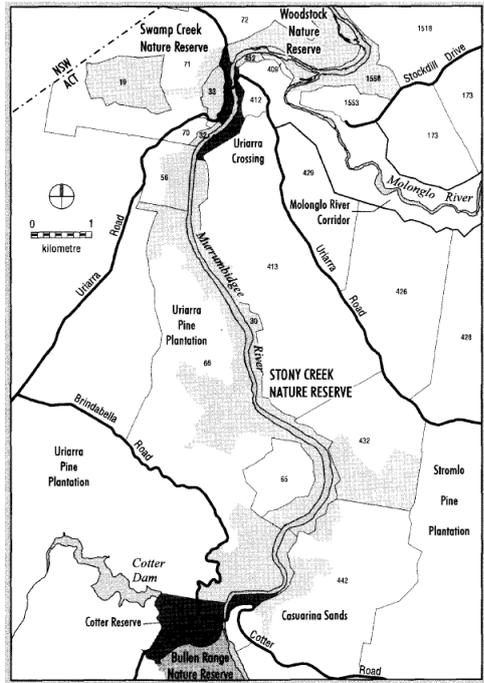
#### 4.13. National Capital Plan

Block 435 on the eastern side of the property is part of the Designated Area (the Inner Hills) of the National Capital Plan and particular design and siting conditions apply to ensure the maintenance and enhancement of the character of the national capital is maintained.

Therefore the available area for possible development of Block 435 as part of future development is unknown and has not been included in the developable area calculations.

#### 4.14. Territory Plan

The Territory Plan zones the majority of the blocks within Winslade as Non-Urban Rural with the north of the property as Non-Urban Hills, Ridges and Buffer. The Western part of the property is zoned Non-Urban River Corridor with a proportion of this lease inside the Stony Creek Nature Reserve.



Specific management objectives for the Stony Creek Nature Reserve are:

- to provide continuity of management for river bank communities between Uriarra Crossing and Casuarina Sands;
- to maintain a corridor for the movement of native fauna, and for recreational access between the Uriarra and Stromlo areas; and
- to improve access for management activities.

LDA could undertake the necessary planning investigation, prepare a master plan for the whole of Stromlo and prepare an EDP for the initial release area. Based on the timelines of past and current projects, this process could commence when required.

Proposed Process	Estimated Completion Date
Planning investigations	6 Months
Prepare Urban Development Framework	6 Months
Prepare Structure Plan and Environmental Approvals	2 years
Prepare Masterplan	12 Months
Prepare EDP	12 Months

#### Recommendation

*It is recommended that LDA undertake a planning report for all of Stromlo that may lead to a Structure plan for the Stromlo Valley. At some stage in the future a variation to the Territory Plan should be undertaken to reflect the intent of future land releases and capital infrastructure works.*

#### Estimated Costs

*A planning report for Stromlo is estimated to cost \$100,000 including GST.*

*An Urban Development Framework that may inform the Structure Plan of Stromlo is estimated to cost \$250,000 including GST.*

#### **4.15. Likely Development Scenario / Potential Land Return**

As discussed in the document 98% of the land in Winslade is less than 20% slope which is optimal for urban development (**Attachment D**). The land is severely modified from past agricultural use so is unlikely to have significant environmental value. Core connections between Stony Creek Nature Reserve and Stromlo Forest Park could be incorporated into the future development.

Term: 99 Years

Ownership: ACT Government, LDA custodianship

Size: 486ha

Developable Area: 291ha (60%)

Dwellings: [REDACTED]

Raw Rural Land Value: \$4M

Raw Residential Land Value: [REDACTED]

Gross Realisation: [REDACTED]

\*Assumptions:

- Low density dwellings at approx 13 per hectare,
- Land sales at an average of \$300,000 per medium sized block.
- Raw residential land value calculated at \$50,000 per dwelling.
- Development coverage applied at approx 60% of total area.

By acquiring this block now, the Territory is able to capture the uplift in land value before rezoning from rural to residential, as well as unlocking greater development opportunities with the surrounding blocks.

#### **Recommendation**

That the Executive note the due diligence report for information.

Daniel Santosuosso  
Infrastructure Officer  
Development Ready (Estates)

15 April 2016

## **ATTACHMENTS**

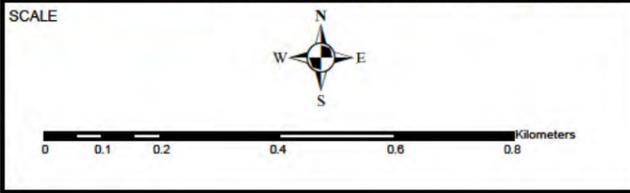
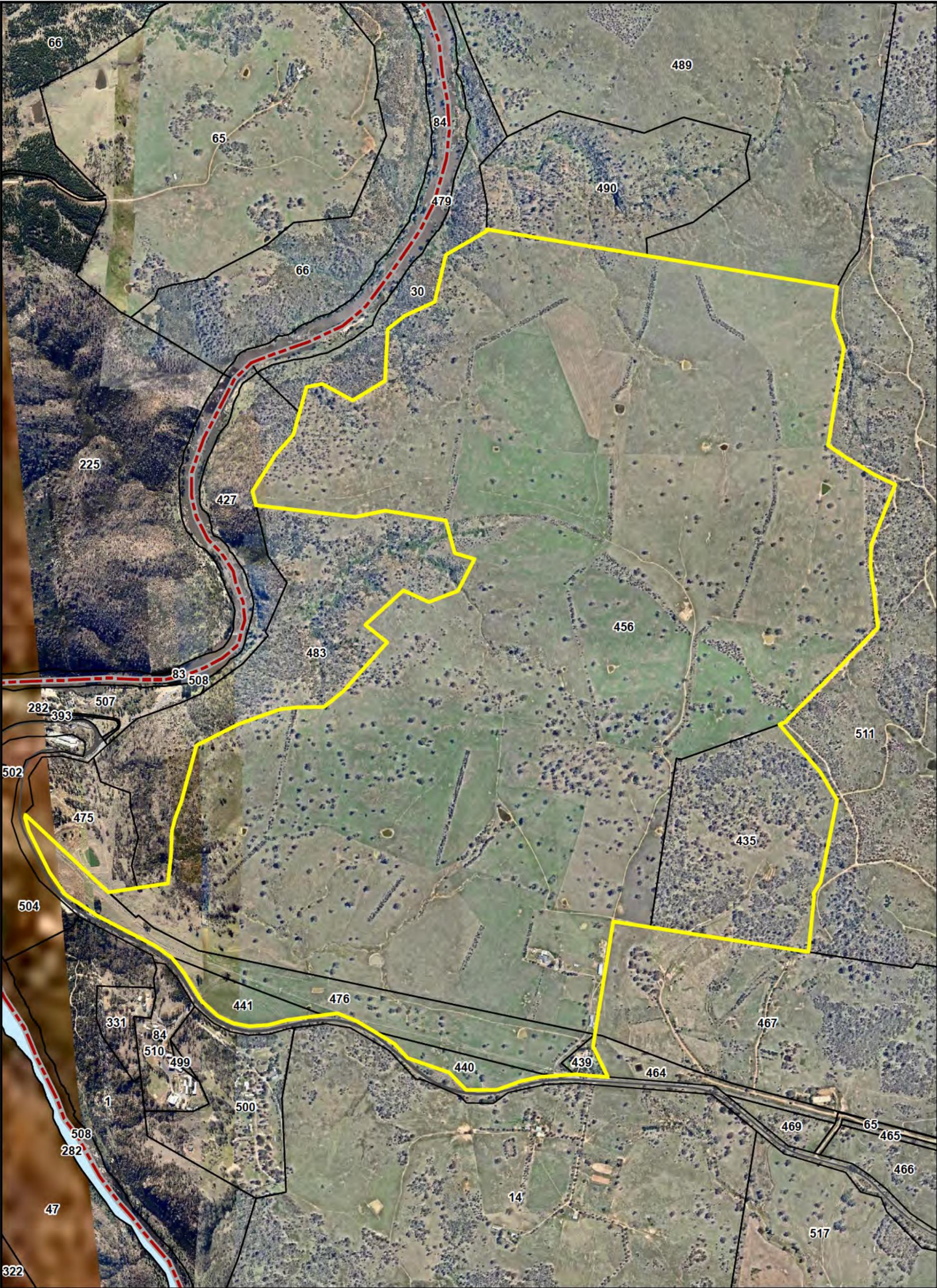
Attachment A – Site Location Plan

Attachment B – Lease

Attachment C – Surface Slope Analysis

Attachment D – Potential Land Use Plan

Attachment E – Existing Infrastructure Services Plan

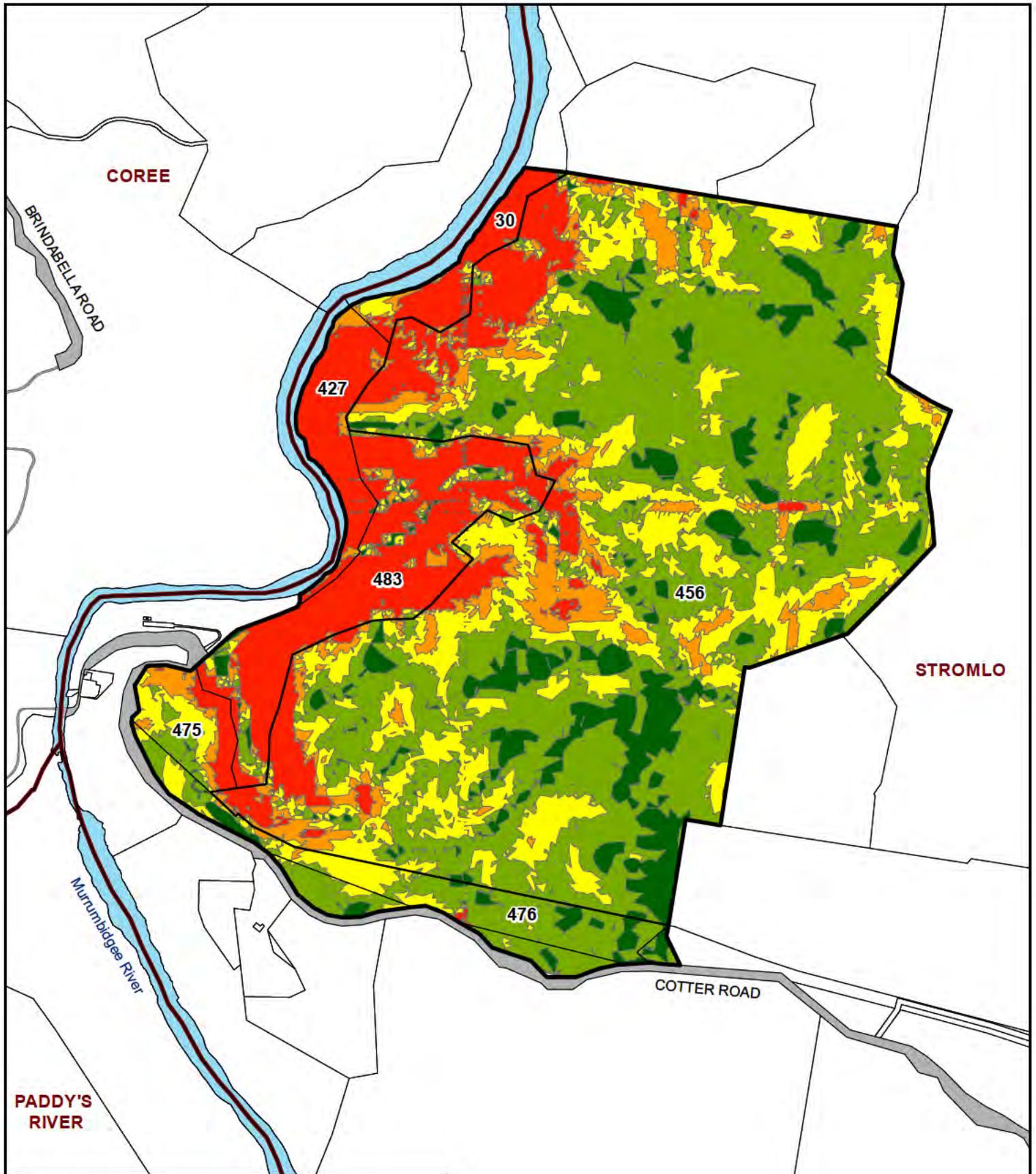


DIRECTORATE/DEPARTMENT

PROJECT

**WINSLADE**  
Site Location Plan

PROJECT NUMBER: P01281

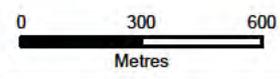


**Legend**

- Slope (percent)**
- 0-5%
  - 5-10%
  - 10-15%
  - 15-20%
  - >20%
- District
  - Study area
  - Block
  - Road
  - Water

Slope	Area (ha)
0-5%	45.6
5-10%	198.0
10-15%	104.1
15-20%	36.4
>20%	33.3

\*Winslade (Block 456) only



DIRECTORATE/DEPARTMENT

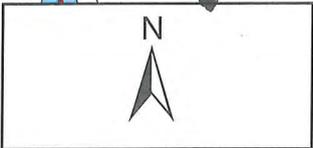
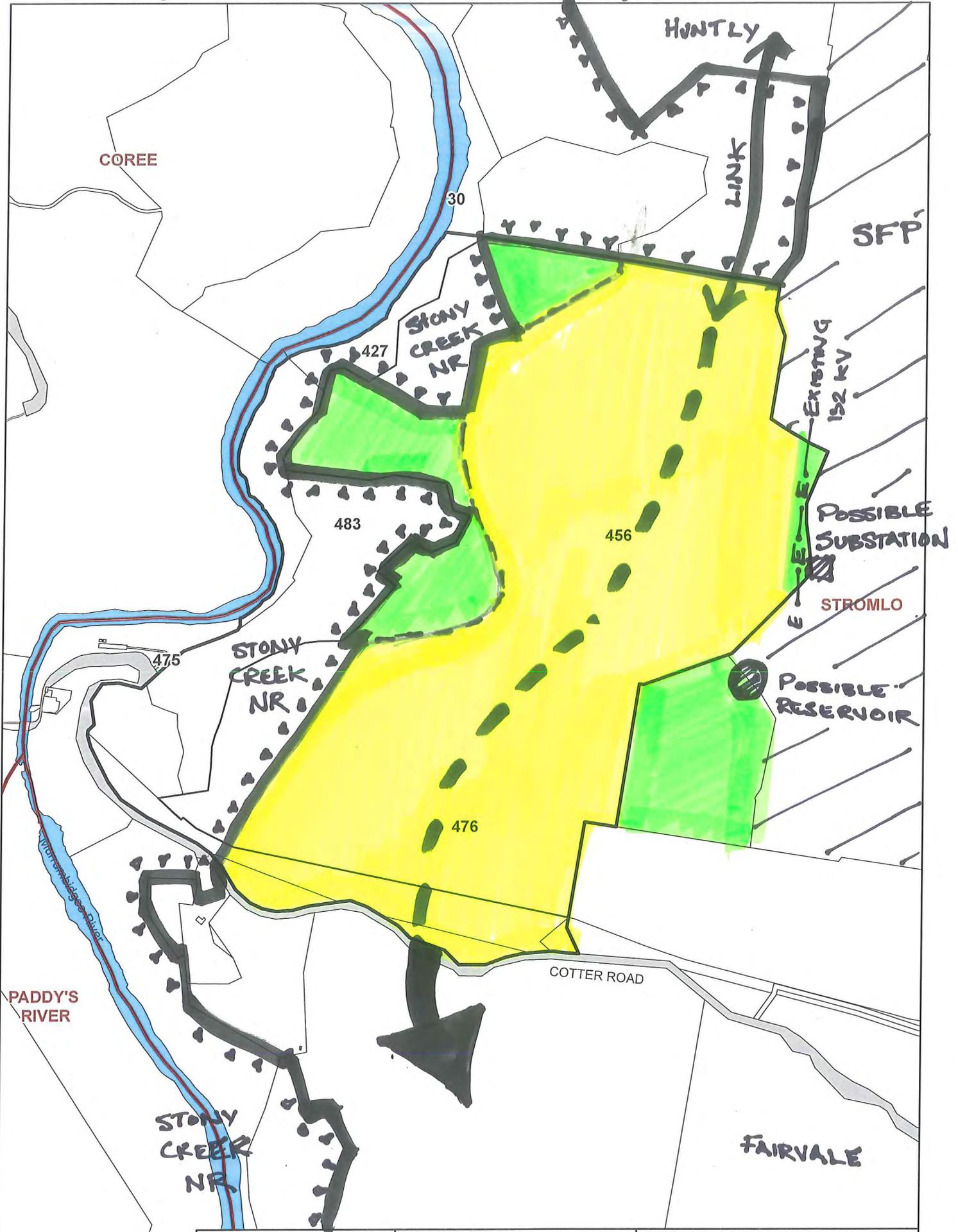


PROJECT

**SURFACE SLOPE ANALYSIS  
WINSLADE (BLOCK 456)**

PROJECT NUMBER P01281

# ATTACHMENT D - POTENTIAL LAND USE PLAN



DIRECTORATE/DEPARTMENT



**ACT**  
Government

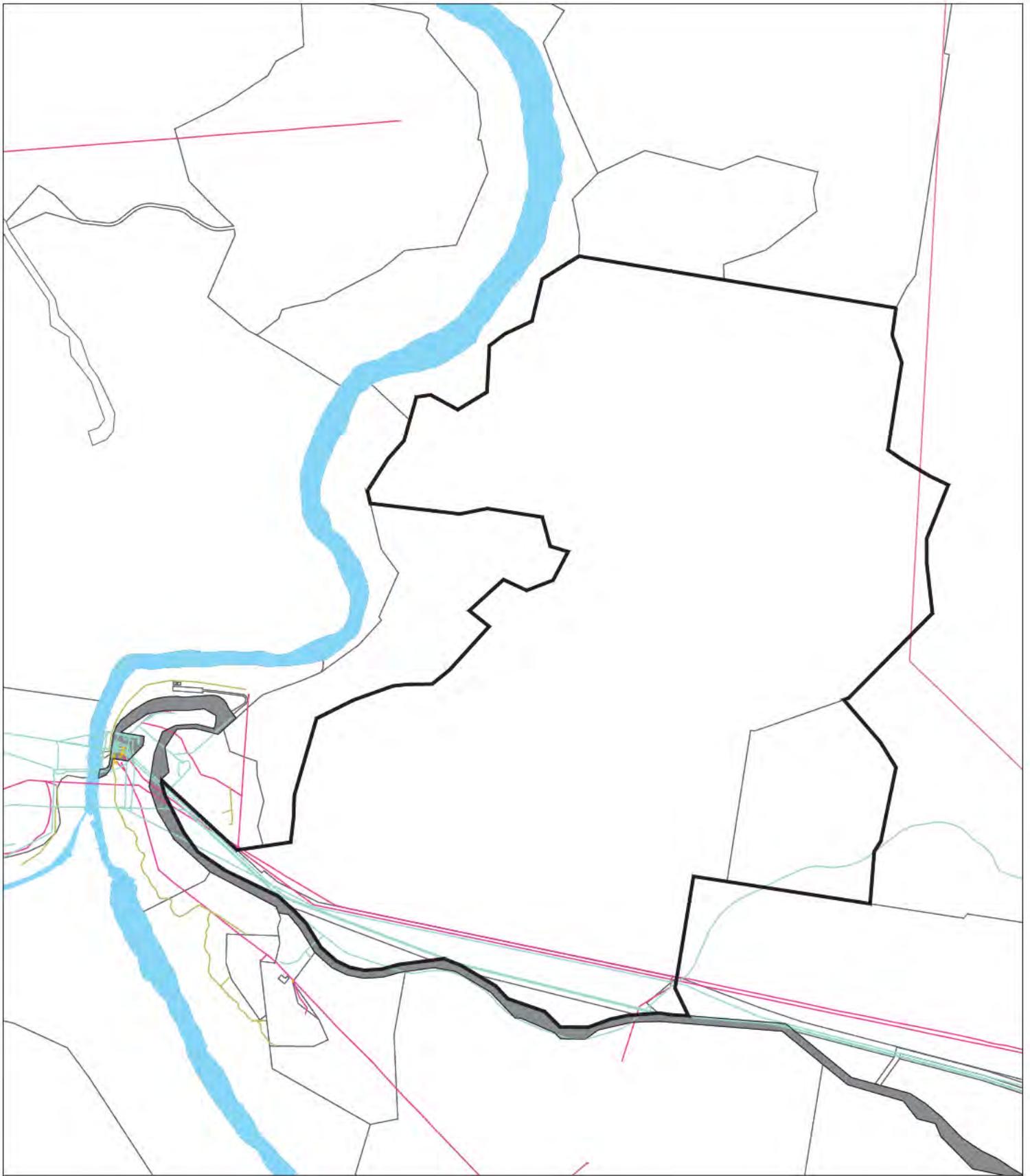


Land  
Development  
Agency  
CANBERRA FIRST

PROJECT

Potential Land Use Plan  
WINSLADE

PROJECT NUMBER: P01281



- Overhead HV/LV Powerlines
- Overhead Transmission Line
- Underground LV Electrical Line
- Sewer Mains
- Effluent Mains
- Bulk Water Mains

AMENDMENT				SCALE NORTH POINT   1:1 000 @A3      1:7000 @A1	DIRECTORATE/DEPARTMENT	PROJECT	DRAWING TITLE		
No.	DESCRIPTION	Approved by	Drawn by		Date	Winslade	Winslade Existing Infrastructure Services Plan		
							PROJECT NUMBER	DRAWING NUMBER	AMENDMENT
							AutoCAD Saved:	Plotted:	By:

## **BACKGROUND INFORMATION**

### **1. DESCRIPTION OF PLACES**

The places comprise 150 Aboriginal sites located on trails in Stromlo & Kowen Forrests, ACT. The sites are scatters of stone artefacts (n=90) and isolated stone artefacts (n=60).

### **2. STATUS OF PLACES AT NOMINATION DATE:**

The places are not previously recorded or entered into any ACT or Commonwealth Register.

### **3. BACKGROUND**

A regional understanding of the variability, condition and conservation status of Aboriginal sites throughout the Territory is essential for the sound assessment of site significance and development of appropriate conservation strategies for Aboriginal heritage places and cultural landscapes. 'Site' is the common term for the locations where material remains relating to past Aboriginal occupation are in evidence, whereas the legislation refers to 'places'. These two terms are used interchangeably in this document.

These places were recorded in cultural heritage surveys of Kowen and Stromlo forests in 1990 by Bulbeck & Boot and of Kowen in 1985 by English.

Unregistered Aboriginal sites are legally protected from disturbance, however the poor state of knowledge regarding their nature and location, and difficulties with their recognition and detection has undoubtedly already resulted in inadvertent disturbance to and destruction of a proportion of the record. The remaining sites, for the most part, are considered to be under potential threat due to future development pressure, with the exception of registered places and sites located in the small proportion of land in the district that is unsuitable for development.

The recommendations made in this register entry, regarding conservation and management of the reported sites are based upon professional recommendations, as contained in the cultural resource survey reports and the consideration and comparison of the reported sites with others recorded within the district and to some extent within the wider Canberra region. Assessment of significance at a regional level is, as noted above, preliminary, since a regional overview of Aboriginal sites in the ACT is still in preparation.

### **4. CONSULTATION WITH STAKEHOLDERS**

Aboriginal groups in the ACT are strongly supportive of actions that increase awareness and protection of Aboriginal cultural heritage places. The three Aboriginal organisations defined as relevant regarding consultation on heritage matters according to the *Land (Planning and Environment) Act, 1991*, have been consulted regarding the significance and management of these sites. The Interim Namadgi Advisory Board has also been consulted about the proposal in accordance with the Namadgi National Park Management Agreement.

Representatives of the Relevant Aboriginal Organisations agreed that sites are significant under Aboriginal tradition. During the registration process the Aboriginal organisations also have the opportunity to provide additional comments on the Aboriginal significance of these places and their management.

Copies of the draft register entry have also been circulated to other stakeholders, including the land managers of the affected areas and parties that originally reported the sites.

**5. ANALYSIS AGAINST THE CRITERIA SPECIFIED IN SCHEDULE 2 OF THE LAND (PLANNING AND ENVIRONMENT) ACT 1991:**

**Criterion (i):** A place which demonstrates a high degree of technical and/or creative achievement, by showing qualities of innovation or departure or representing a new achievement of its time.

Not applicable

**Criterion (ii):** A place which exhibits outstanding design or aesthetic qualities valued by the community or a cultural group.

Not applicable

**Criterion (iii):** A place which demonstrates a distinctive way of life, taste, tradition, religion, land use, custom, process, design or function which is no longer practised, is in danger of being lost, or is of exceptional interest.

The sites are all the product of past Aboriginal land-use and demonstrate varied aspects of a traditional way of life no longer practised in the ACT. The artefact scatters present in these localities demonstrate occupation and use of land by Aboriginal people, in the past.

**Criterion (iv):** A place which is highly valued by the community or a cultural group for reasons of strong or special religious, spiritual cultural, educational or social associations.

The places are all of significance to the Aboriginal community due to their association with traditional Aboriginal culture and their ability to demonstrate the comprehensive occupation of the ACT by their ancestors.

**Criterion (v):** A place which is the only known or only comparatively intact example of its type.

Not applicable

**Criterion (vi):** A place which is a notable example of a class of natural or cultural places or landscapes and which demonstrates the principal characteristics of that class.

Not applicable

**Criterion (vii):** A place which has strong or special associations with a person, group, event, development or cultural phase which played a significant part in local or national history.

These places have been identified as significant by the ACT Aboriginal community. They provide physical evidence of the past occupation and use of these areas in Stromlo and Kowen Forests by Aboriginal people.

**Criterion (viii):** A place which represents the evolution of a natural landscape, including significant geological features, landforms, biota or natural processes.

Not applicable

**Criterion (ix):** A place which is a significant habitat or locality for the life cycle of native species; for rare, endangered or uncommon species; for species at the limits of their natural range; or for distinct occurrences of species.

Not applicable

**Criterion (x):** A place which exhibits unusual richness, diversity or significant transitions of flora, fauna or natural landscapes and their elements.

Not applicable

**Criterion (xi):** A place which demonstrates a likelihood of providing information which will contribute significantly to a wider understanding of natural or cultural history, by virtue of its use as a research site, teaching site, type locality or benchmark

These sites comprise part of a related body of evidence with potential to provide information about local and regional patterns of past Aboriginal land-use practices and settlement patterns. Some of the sites have potential for research to provide information about past Aboriginal occupation of the locality and region.

## 6. REFERENCES

Bulbeck, D., & P Boot, 1990, Stromlo Forest Cultural Resource Survey and Conservation Plan, a report for

ACT Forests.

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Bulbeck, D., & P Boot, 1990, Site recording forms lodged with the ACT Heritage Unit.

English, W. B., 1985, *Where the Molonglo runs*, BA (Hons) Thesis submitted to the ANU.

Winston-Gregson J.H., 1987, *Archaeological Survey, Proposed Gun Club Lease, Kowen Block 13*.