

**CITY OF MARION  
GENERAL COUNCIL MEETING  
19 December 2006**

**REPORT RELATING TO:  
Delivery of Community Vision**

**Originating Officer:** John Valentine, Manager Strategic and Economic Projects  
**Director:** Jeff Rittberger, Director Governance  
**Subject:** Marion South Plan – Craven Deed  
**Ref No:** GC191206F01  
**File No:** 4.65.1.6

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If the Council so determines it to be necessary and appropriate, this matter may be considered in confidence under Section 90(2) and 3(d), and (g) of the Local Government Act on the grounds that :

- it would involve a disclosure of commercial information which is of a confidential nature (not being a trade secret) that could reasonably be expected to prejudice the commercial position of the Craven Group which supplied the information, or to confer a commercial advantage on a third party, and in weighing up the factors for (transparency) and against (maintain confidentiality of commercially sensitive information at this point in time) disclosure, the public interest is best served by not considering or discussing the Report publicly at this point in time; and
- to maintain a duty of confidence that the Council has to the Craven Group.



**Mark Searle**  
Chief Executive Officer

1. Pursuant to Section 90(2) and (3)(d) and (g) of the Local Government Act 1999 the Council orders the public be excluded, with the exception of *[insert those Council staff remaining by their title or position, the names of any other people/privy to the item of business]* on the basis that it will receive and consider the Report from the Asset Management Officer titled "Marion South Plan – Craven Deed" and that Council is satisfied that the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to receiving, considering and discussing the Report and associated documentation in this matter because:

- it would involve a disclosure of the commercial information which is of a confidential nature (not being a trade secret) that could reasonably be expected to prejudice the commercial position of the Craven Group which supplied the information, or to confer a commercial advantage on a third party, and in weighing up the factors for (transparency) and against (maintain confidentiality of commercially sensitive information at this point in time) disclosure, the public's interest is best served by not considering or discussing the Report publicly at this point in time; and
- the Council is subject to a duty of confidence to the Craven Group.

#### **CORPORATE OBJECTIVES:**

MS1 A civic heart for southern Marion

Encourage the Redevelopment of the Hallett Cove Shopping Centre

Facilitate the development of the Connector Road

#### **BACKGROUND:**

Council entered into an agreement with the Craven group of companies in November 2004 to facilitate the development of the Marion South Plan Connector Road. Since that time funding for the project has been secured from the Federal Government (\$4.45 million), State Government (\$3.5 million plus land), and Council (\$3.5 million) and the alignment and the design of the road is nearing completion.

The previous agreement reflected that funding and the land had not been secured and has now been updated to reflect the current situation.

The deed sets out the obligation of Craven and specifically details the need for Craven to;

- supply without charge all land (corner cut-offs) necessary for the new road,
- pay two hundred thousand dollars (\$200,000.00, plus CPI) towards the cost of construction and design of the new road, and
- pay any additional costs for traffic control measures that may be needed as a result of Craven's road access.

Appendix 1 to this report contains a copy of the Craven Deed.

#### **REPORT OBJECTIVE:**

To formalise the arrangements with and commitments by Craven to enable the construction of the new connector road and its integration with the development of land on the eastern side of Lonsdale Road.

#### **IMPLEMENTATION:**

If Council adopts the resolution, the Deed will be entered into with Craven (including associated companies and entities) allowing a maximum of two access points to the new road for any approved development.

## Due Diligence

During the development of the Deed, a legal due diligence examination was first undertaken in 2004 on the Craven Group to ascertain risks associated with entering into the proposed deed. To ensure the currency of the risk profile originally generated the due diligence examination has recently been updated, taking into account the final deed. The following represents a summary of findings from the current process.

A "Credit Wise Report" for each company that is a party to the Deed was obtained from Baycorp Advantage. Baycorp Advantage developed the report on the basis of information about a company's:

1. Shopping pattern	The type and frequency of credit applications made by a company.
2. Company information	The number and the age of director(s), industry characteristics, time since incorporation and security information
3. Age of file and pattern of enquiries	The spread of credit activity as it relates to the age of the company
4. Derogatory information recorded about a director	Information such as court judgements, bankruptcies and external administrations (i.e. liquidation, receivership)
5. Court writ information	Information on any court writs associated with the company

After an examination of the above factors, Baycorp Advantage have advised the following details for each company within the Craven Group:

6. Directors	Philip Charles Craven Elizabeth Keats Craven	
7. Shareholders	Isna Pty Ltd	Craven Securities Pty Ltd
	Nevarc Nominees Pty Ltd	Philip Charles Craven Elizabeth Keats Craven
	Craven Securities Pty Ltd	J Craven & Co Pty Ltd Nevarc Nominees Pty Ltd
	Craven Land Pty Ltd	Craven Securities Pty Ltd
8. Derogatory information	There is no derogatory information recorded on either of the directors or any of the companies.	
9. Credit enquiries	No credit enquiries have been made on the companies	
10. Court writs	No court writs have been reported	
11. Relative Risk*	Isna Pty Ltd	5.32 times better than average**
	Nevarc Nominees Pty Ltd	5.32 times better than average**
	Craven Securities Pty Ltd	5.32 times better than average**
	Craven Land Pty Ltd	5.32 times better than average**

\* Relative risk is a rating determined by Baycorp on the basis of the above information when compared to other companies on the comprehensive Baycorp database.

\*\* The scale of rating =  
 5 or more x worse  
 3 x worse  
 average  
 3 x better  
 5 or more x better  
 A better than average rating is positive

After considering the above information and the nature of the Deed being entered into with the Craven Group, there appears to be minimal risk in executing the Deed. The risks generally associated with doing business with the Craven Group have further reduced over the last two year period from what was initially considered a safe position.

#### **CONSULTATION:**

The Marion South Plan and the redevelopment of the Hallett Cove Shopping Centre has been the subject of extensive community consultation. Consultation has included twenty thousand brochures distributed to residents, a series of public meetings, response forms and 117 letters from the 2003 consultation process, two petitions and a 500 household telephone survey.

On-going consultation and information has comprised regular articles in City Limits, displays at the Hallett Cove Shopping Centre and on-going media coverage.

#### **BUDGET IMPLICATIONS:**

Council will receive a contribution towards the new road of two hundred thousand dollars (\$200,000.00 +CPI) (excluding GST).

Council will also receive land (at no cost) required for the creating the intersection at the junction of the Connector Road and Lonsdale Road.

Council's contribution to the Connector Road (\$3.5 million) has been accommodated in Council's Long Term Financial Plan and can be undertaken within Council's objective of maintaining Category 3 financial sustainability. The details and impact of Council's commitment to the Connector Road and described in the Business Plan.

#### **ENVIRONMENT:**

The development of the Connector Road will result in shorter vehicle journeys between the suburbs of Hallett Cove, Trott Park and Sheidow Park. It will allow bike and pedestrian access between the suburbs and the possibility of improved bus routes and patronage.

#### **CONCLUSION:**

The contribution of two hundred thousand dollars (\$200,000.00), and the supply of land is a major contribution towards the construction and design costs of the portion of roadway required to allow access by Craven to Lonsdale Road.

The deed and the ensuing financial contribution and land from Craven is required to enable the new road to proceed.

The agreement fully defines liability and responsibilities for each party to ensure the successful and timely completion of the Connector Road construction project.

**RECOMMENDATION:****That Council:**

1. **Receives the report of the Manager Strategic and Economic Projects titled "Marion South Plan – Craven Deed".**
2. **Resolves to enter into a Deed with Craven to facilitate the construction of the new connector road in the form set out at Appendix 1 – Craven Deed to this report.**
3. **Authorises the Chief Executive Officer to make such minor amendments to the Deed between Council and Craven as are required to give it business efficacy and to protect the Council's financial position and commercial interests, provided that such amendments do not affect the general purpose and intent of the proposed Deed or the amount of any consideration.**
4. **Pursuant to Section 37(b) of the Local Government Act 1999, authorises the Mayor and Chief Executive Officer to enter into and execute the proposed Deed between the Council and Craven, (as amended in accordance with 3 above), on behalf of the Council.**
5. **Pursuant to Section 91(7) and (9) of the Act, Council orders that this Report, the minutes arising from this Report, the Deed at Appendix 1 and any other documentation associated with the Report having been considered in confidence under Section 90(2) and (3)(d), and (g) of the Act be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council meeting in December 2007.**

Appendix 1: Craven Deed

