



Ordinary Meeting of Council

AGENDA

Thursday 18 April 2019, 6:00pm

City of Joondalup

90 Boas Avenue, Joondalup

Constituent Members: Cities of Perth, Joondalup, Stirling, Vincent and Wanneroo
Towns of Cambridge and Victoria Park

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TAMALA PARK REGIONAL COUNCIL

Councillors of the Tamala Park Regional Council are advised that the ordinary meeting of Council will be held in the Council Chambers at the City of Joondalup, 90 Boas Avenue, Joondalup on Thursday 18 April 2019 at 6:00pm.

The business papers pertaining to the meeting follow.

Your attendance is requested.

Yours faithfully



TONY ARIAS
Chief Executive Officer

MEMBERSHIP

OWNER COUNCIL	MEMBER	ALTERNATE MEMBER
Town of Cambridge	Cr Andres Timmermanis	Cr Jo McAllister
City of Joondalup	Cr John Chester Cr Nige Jones	Cr Sophie Dwyer Cr Christine Hamilton-Prime
City of Perth	Cr Andrew Hammond	Cr Gaye McMath
City of Stirling	Cr Karen Caddy Cr Joe Ferrante Cr Giovanni Italiano (CHAIRMAN) Cr Bianca Sandri	Cr Suzanne Migdale
Town of Victoria Park	Cr Claire Anderson	Cr Ronhhda Potter
City of Vincent	Mayor Emma Cole	Cr Jimmy Murphy
City of Wanneroo	Cr Samantha Fenn Cr Brett Treby (DEPUTY CHAIRMAN)	Cr Sonet Coetzee Cr Domenic Zappa

PRELIMINARIES

1. OFFICIAL OPENING

DISCLOSURE OF INTERESTS

2. PUBLIC STATEMENT/QUESTION TIME

3. APOLOGIES AND LEAVE OF ABSENCE

4. PETITIONS

5. CONFIRMATION OF MINUTES

Council Meeting – 21 February 2019

5A. BUSINESS ARISING FROM THE MINUTES

6. ANNOUNCEMENTS BY CHAIRMAN (WITHOUT DISCUSSION)

7. MATTERS FOR WHICH MEETING MAY BE CLOSED

8. REPORTS OF COMMITTEES

CEO Performance Review Committee Meeting – 14 March 2019
Management Committee Meeting – 21 March 2019

9. ADMINISTRATION REPORTS AS PRESENTED (ITEMS 9.1 – 9.13)

9.1 BUSINESS REPORT – PERIOD ENDING 11 APRIL 2019

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council RECEIVES the Business Report to 11 April 2019.

Voting Requirements

Simple Majority

Report Purpose

To advise Council of matters of interest not requiring formal resolutions.

Relevant Documents

Appendix: Landscape Schedule and Program FYE 2019

Background

The business of the Council requires adherence to many legislative provisions, policies and procedures that aim at best practice. There are also many activities that do not need to be reported formally to the Council but will be of general interest to Council members and will also be of interest to the public who may, from time to time, refer to Council minutes.

In the context of the above, a Business Report provides the opportunity to advise on activities that have taken place between meetings. The report will sometimes anticipate questions that may arise out of good governance concerns by Council members.

Comment

1. Civil Construction - Status

The Stage 26 - Catalina Beach civil construction was approved at the February 2019 Council meeting. Civil works commenced on 25 March 2019, following a formal notification of proposed works to adjoining nearby residents. The expected practical completion date is 12 July 2019.

Stage 26 comprises of 38 lots and a road connection into the existing Mindarie area.

2. Landscape Works – Status

A status report on landscape works proposed for FYE 2019 is attached at Appendix 9.1. The report outlines budget, detailed design, approval status and program information.

3. Housing Construction

The following table provides an overview of the current progress of housing construction to 11 April 2019.

Stage	Total Lots	Under Construction	Completed	Vacant
Stages 1 - 11	529	2	523	4
Stage 12	49	1	48	0
Stage 13	82	1	80	1
Stage 14	73	1	70	2
Stage 15	55	0	53	2
Stage 17A	25	0	22	3
Stage 17B (Release 1)	18	4	0	14
Stage 18A	29	1	27	1
Stage 18B	31	6	14	11
Stage 25 (Display Village)	15	3	11	1
Stage 25	25	3	2	20
Stage 25B	7	3	4	0
Stage 25 (Builders Release)	7	1	0	6
Total	945	26	854	65

4. Catalina Beach Builders Display Village 3 and Sales Office

The Catalina Beach Builders Display Village continues to experience good pedestrian traffic, showcasing the modern and contemporary, energy efficient 7 star rated homes.

To date, twelve display homes have been completed and are open to the public. They include display homes from Impressions, Homegroup WA, Dale Alcock, Content Living, Celebrations, Redink, New Level, In Vogue, Ben Trager, WBN and Perceptions. The 101 Residential display home is under construction and the B1 display home is due to commence in late April 2019.

The Catalina Beach Sales Office is operating well in conjunction with the Builders Display Village and this has resulted in increased interest in the Beach Precinct.

5. Community Events

A community event to celebrate the operation of the Catalina Beach Sales Office and Builders Display Village was held on Saturday 9 March 2019. The event included food trucks, entertainment and music and it is estimated that over 400 people visited the Catalina Beach Display Homes and Sales Office. Community participants included the Mindarie Regional Council, Rotary Club of Mindarie, Quinns Men's Shed, St John community outreach, Mindarie Early Learning Centre, and Atlantis Play Centre.

The event was attended by Cr Giovanni Italiano, Cr John Chester and Cr Nige Jones.



6. Catalina Grove Update

The Tamala Park agreed Local Structure Plan No.79 - Amendment No.5 (Grove Precinct) was lodged with the City of Wanneroo on 28 February 2019.

The Amendment has been prepared based on the design principles requested by the Council, including:

- Maximising tree canopy, retention of existing significant trees;
- Achieving a canopy target of 20% by 2028;
- The rationalisation of mixed use zoned land consistent with market/economic conditions; and
- The location of density in the north-eastern corner of the Precinct within a walking catchment of the Clarkson Train Station.

7. Catalina Beach Access Road / Carpark

The Foreshore Management Plan (FMP) for the Catalina Beach Access Road/Carpark was lodged with the City of Wanneroo on 28 February 2019. The FMP was considered by the City of Wanneroo at its meeting on 9 April 2019 and endorsed by the City. It will now be forwarded to the WAPC for approval.

The approval of the FMP supports the construction of a beach access and carpark. This planned infrastructure will create a safe connection to the beach for residents and the community to use, and will enhance the coastal location within the Catalina brand.

8. Coastal Dual Use Path, Burns Beach to Mindarie

The Cities of Joondalup and Wanneroo are proposing to construct a coastal dual use path (DUP) from Burns Beach to Mindarie, which will then link into the regional coastal DUP both north and south. Funding for the portion of the project through the Bush Forever site is being provided by the State Government and the two Cities.

The Cities are seeking the TPRC to provide a connection to the DUP where it abuts Catalina's western boundary and are also seeking a similar arrangement from the Burns Beach Estate, being developed by Peet Co.

The Burns Beach to Mindarie DUP would provide significant community benefits and presence for Catalina.

The Cities propose construction to be undertaken from July to October 2019. The TPRC has been requested to construct a connecting DUP concurrently in order to avoid a situation where there is a break in the DUP from Burns Beach to Mindarie.

The proposed DUP path is intended to link with the path network around the Catalina Beach Estate Development (Catalina) to the north and Peet's Burns Beach Estate Development to the south.

It is noted that there is a WAPC subdivision condition requiring construction of a Shared Principle Path in the northern portion of the Beach Precinct which would connect into the existing Mindarie path.

The project engineer has prepared a preliminary design along the western boundary, within the foreshore area based on specifications of the DUP to be constructed by the Cities. Preliminary agreement has been reached with the WAPC for the alignment within the foreshore reserve. There would be a preference for the DUP, where it abuts Catalina's western boundary, to be constructed to the same specifications of the DUP to be constructed by the Cities, however, this may have cost implications. The project engineer is examining options, including alternative specifications, such as crushed limestone or concrete.

The Cities have undertaken to obtain the necessary approvals for the DUP.

The SPG has provided the following advice on the Cities' request for the TPRC to provide a connection to the DUP where it abuts Catalina's western boundary:

- The Burns Beach to Mindarie DUP will provide significant benefits to Catalina residents;
- Preferred location is within foreshore reserve area;
- The suggested construction program is unachievable without major concessions from all approval authorities and coordination by the Cities;
- Supports an option involving the TPRC making a financial contribution towards the construction of the Burns Beach to Mindarie DUP;
- Suggests that the TPRC continue to work with the Cities.

The SPG has advised that it will provide a formal recommendation to TPRC on this matter following further negotiations regarding the design, alignment and monetary value of the contribution.

At this stage it is not possible to provide a clear recommendation to Council on the Cities' of Wanneroo and Joondalup request for the TPRC to fund the construction of the DUP, where it abuts Catalina's western boundary, given there are a number of unresolved matters which could significantly impact on the TPRC.

The TPRC is continuing discussions with the Cities in relation to design/specifications for the DUP, the alignment, approvals requirements and construction management.

A detailed report on this matter will be presented for Council's consideration at its June 2019 meeting.

9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF JANUARY & FEBRUARY 2019

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council RECEIVES and NOTES the Statements of Financial Activity for the months ending:

- **31 January 2019; and**
- **28 February 2019.**

Voting Requirements

Simple Majority

Report Purpose

Submission of the Statement(s) of Financial Activity required under the *Local Government Act 1995*.

Relevant Documents

Appendix:

- Statement of Financial Activity for 31 January 2019
- Statement of Financial Activity for 28 February 2019

Local Government Act/Regulation

- *Local Government Act 1995*: Sect 6.4(1): Financial Report Required
- *Local Government (Financial Management) Regulations 1996*: Regulation 34 Composition of Report
- *Local Government (Financial Management) Regulations 1996*: Regulation 34 (5) Material Variance Reports [10%]
- *Local Government (Audit) Regulations 1996*: Regulation 14 Compliance Audit Item

Background

It is a mandatory requirement that the Council receives, reviews and records in the Regional Council's public minutes a statement of financial activity showing annual budget estimates and the figures for budget estimates, income and expenditure and variances at the end of each month. The report is also to show the composition of assets and other relevant information.

Comment

The detailed Statements contained in the Appendices reflect the budget proposals and direction adopted by the Council.

Variances at 28 February 2019 exceeding 10% were experienced in relation to the following:

Employee Costs	The positive variation is a result of timing and will adjust during the year.
Materials and Contracts	The positive variation relates to consultancy fees which will adjust during the year but are expected to remain below budget.
Utilities	The positive variance is a result of timing and will adjust during the year.
Income Sale of Lots - Subdivisions	The negative variance relates to fewer residential lot settlements, forecast to remain unfavourable for the balance of FYE 2019 and is expected to remain below budget.

The information in the appendices is summarised in the tables following.

Financial Snapshot as at 28 February 2019

**TAMALA PARK REGIONAL COUNCIL
FINANCIAL SNAPSHOT
FOR THE PERIOD ENDING 28 FEBRUARY 2019**

	2018-19 Adopted Budget	2018-19 Amended Budget	2018-19 Budget YTD	2018-19 Actual YTD	Variance		Variance %
					Favourable	Unfavourable	
	\$		\$	\$	\$	\$	
Revenue							
Interest Earnings	1,040,633	1,100,000	780,474	800,110	19,636		0.00%
Other Revenue	2,000	2,673	2,000	673		(1,327)	-66.35%
	\$1,042,633	\$1,102,673	\$782,474	\$800,783	\$19,636	(\$1,327)	
Less Expenditure							
Depreciation	(25,381)	(25,381)	0	0			
Employee Costs	(725,924)	(725,924)	(481,181)	(425,109)	56,072		11.65%
Insurance	(13,880)	(13,209)	(13,209)	(13,207)	2		0.02%
Materials and Contracts	(404,895)	(404,895)	(269,907)	(112,576)	157,331		58.29%
Other	(186,390)	(186,390)	(138,918)	(132,002)	6,916		4.98%
Utilities	(6,450)	(6,450)	(4,300)	0	4,300		100.00%
Members Equity							
-Income Sale of Lots - Subdivisions	14,405,835	8,017,281	6,901,880	5,643,688		(1,258,192)	-18.23%
-Income Other - Subdivisions	1,950,000	1,410,945	1,410,945	1,476,763	65,818		4.66%
-Land Production Costs	(21,277,191)	(12,861,663)	(3,778,127)	(3,620,496)	157,631		4.17%
-Profit distribution/Contributions Returned	(4,209,337)	(4,209,337)	(2,000,000)	(2,110,528)		(110,528)	-5.53%
-Members Equity - GST Withheld	0	0	0	(202,719)		(202,719)	-100.00%
	(\$10,493,613)	(\$9,005,023)	\$1,627,183	\$503,814	\$448,070	(\$1,571,439)	
Total Change in Equity	(\$9,450,980)	(\$7,902,350)	\$2,409,657	\$1,304,597	\$467,706	(\$1,572,766)	

Balance Sheet Summary as at 28 February 2019

**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019**

	Actual 2017-18 \$	Actual 2018-19 \$	Variance \$	Variance %
Current assets				
Cash and cash equivalents	43,846,407	45,098,028	1,251,621	2.85%
Trade and other receivables	251,449	290,700	39,251	15.61%
Total current assets	44,097,856	45,388,727	1,290,871	2.9%
Non-current assets				
Inventories	1,800,000	1,800,000	0	0.00%
Property, plant and equipment	129,727	146,067	16,340	12.60%
Total non-current assets	1,929,727	1,946,067	16,340	0.85%
Total assets	46,027,583	47,334,794	1,307,211	2.84%
Current liabilities				
Trade and other payables	49,430	57,895	-8,465	-17.12%
Provisions	240,675	240,675	0	0.00%
Total current liabilities	290,105	298,570	-8,465	-2.9%
Non-current liabilities				
Provisions	5,150	5,150	0	0.00%
Total non-current liabilities	5,150	5,150	0	0.00%
Total liabilities	295,255	303,720	-8,465	-2.87%
Net assets	45,732,328	47,031,074	1,298,746	2.84%

**TAMALA PARK REGIONAL COUNCIL
TERM DEPOSITS
AS AT 31 MARCH 2019**

ID	Bank	Rating	Invest. Date	Maturity	Term	Interest	Principal
541	Westpac	A1+	8/01/2019	8/04/2019	90	2.81%	2,000,000.00
542	Westpac	A1+	8/01/2019	8/04/2019	90	2.81%	3,000,000.00
543	Westpac	A1+	8/01/2019	8/04/2019	90	2.81%	3,000,000.00
544	Westpac	A1+	10/01/2019	10/04/2019	90	2.81%	2,000,000.00
545	Westpac	A1+	15/01/2019	15/04/2019	90	2.81%	2,000,000.00
546	Westpac	A1+	15/01/2019	15/04/2019	90	2.81%	3,000,000.00
547	Westpac	A1+	15/01/2019	15/04/2019	90	2.81%	2,000,000.00
548	Westpac	A1+	11/02/2019	13/05/2019	91	2.74%	3,000,000.00
549	Westpac	A1+	11/02/2019	13/05/2019	91	2.74%	3,000,000.00
550	Suncorp Metway	A1-	19/02/2019	22/07/2019	153	2.70%	3,000,000.00
551	NAB	A1+	25/02/2019	25/06/2019	120	2.60%	2,053,054.55
552	Westpac	A1+	5/03/2019	8/07/2019	125	2.63%	3,000,000.00
553	NAB	A1+	5/03/2019	3/07/2019	120	2.60%	4,027,322.74
554	NAB	A1+	12/03/2019	8/08/2019	149	2.60%	2,017,556.17
555	NAB	A1+	12/03/2019	8/08/2019	149	2.60%	3,026,334.25
556	Westpac	A1+	20/03/2019	20/06/2019	92	2.58%	2,051,206.27
Total Invested Funds							42,175,473.98
Total Suncorp						7.11%	3,000,000.00
Total Westpac						66.51%	28,051,206.27
Total NAB						26.38%	11,124,267.71
Total 2019_03_31							42,175,473.98

9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF JANUARY & FEBRUARY 2019

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council RECEIVES and NOTES the list of accounts paid under Delegated Authority to the CEO for the months of January and February 2019:

- **Month ending 31 January 2019 (Total \$938,170.01)**
- **Month ending 28 February 2019 (Total \$604,343.79)**
- **Total Paid - \$1,542,513.80**

Voting Requirements

Simple Majority

Report Purpose

Submission of payments made under the CEO's Delegated Authority for the months ending 31 January 2019 and 28 February 2019.

Relevant Documents

Appendix:

- Summary Payment List for January 2019
- Summary Payment List for February 2019

Local Government Act/Regulation

- *Local Government Act 1995*: Sect 5.42 - Delegation given for Payments
- *Local Government (Financial Management) Regulations 1996*: Regulation 13(1) - Monthly Payment list required
- *Local Government (Audit) Regulations 1996*: Regulation 13 - Compliance Audit Item

Background

A list of accounts paid under delegation or submitted for authorisation for payment is to be submitted to the Council at each meeting. It is a specific requirement of Regulations that list state the month (not the period) for which the account payments or authorisation relates.

Comment

Payments made are in accordance with authorisations from Council, approved budget, TPRC procurement and other relevant policies.

Payments are reviewed by TPRC Accountants Moore Stephens following completion of each month's accounts.

9.4 PROJECT FINANCIAL REPORT – FEBRUARY 2019

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council RECEIVES the Project Financial Report (February 2019) submitted by the Satterley Property Group.

Voting Requirements

Simple Majority

Report Purpose

To consider the Project Financial Report for February 2019 submitted by the Satterley Property Group.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

N/A

Financial/Budget Implications

Review of Project Financial Report for February 2019.

Relevant Documents

Appendix: Letter from Satterley Property Group dated 25 March 2019 with Financial Report

Background

At its meeting of 16 August 2018, the Council approved the Project Budget FYE 2019, submitted by the Satterley Property Group, as the basis of financial planning for the TPRC Budget FYE 2019.

KPI 4.8 of the Development Managers Key Performance Indicators; Financial, requires the preparation of monthly financial reports.

Comment

The Satterley Property Group has prepared a Financial Report for February 2019 for the Project. The report has been prepared on a cash basis and compares actual expenditure to approved budget expenditure for the period up to 28 February 2019 and is attached at Appendix 9.4.

The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$5.7M which is \$2.5M behind budget with 7 less residential settlements for the year to date.
2. Expenditure was \$6.4M under budget, in the following areas:
 - Lot Production \$2.4M;
 - Landscape \$2.0M;
 - Infrastructure \$0.75M;
 - P&L expenditure \$1.0M.

The Satterley Property Group Financial Report provides greater details on the variations.

3. Lot Sales Value was \$6.5M unfavourable to budget due to 18 less lot sales year to date.

The sales, settlement and expenditure results are consistent with the Mid-Year Review of the Catalina Project Budget FYE 2019, prepared by the Satterley Property Group (December 2018) and considered by the Council at its meeting of 6 December 2018. The SPG Mid-Year Review of the Project Budget FYE 2019 forecasts significant variances in sales, settlement and expenditure for the balance of FYE 2019.

Satterley Property Group representatives will be in attendance to present the report.

9.5 SALES AND SETTLEMENT REPORT – PERIOD ENDING 11 APRIL 2019

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council RECEIVES the Sales and Settlement Report to 11 April 2019.

Voting Requirements

Simple Majority

Report Purpose

To advise the Council of the status of sales, settlements and sales releases.

Policy Reference

N/A

Local Government Act/Regulation

Local Government Act 1995: Sect 3.58 – Disposal of Property.

Previous Minutes

N/A

Financial/Budget Implications

Income under this matter will be posted under item I145011 (Income on Lot Sales):

Budget Amount:	\$ 8,017,281
Received to Date:	\$ 5,512,854
Balance:	\$ 2,504,427

Relevant Documents

Appendix: Staging Plan

Background

The Sales and Settlement Report provides the Council with a status update of sales and settlements for the Project.

The Staging Plan provided under Appendix 9.5 identifies the extent of the stage boundaries referenced within the report.

Comment

Table 1 provides a summary of the Catalina Estate Sales and Settlement position for lots released up to 11 April 2019.

Table 1: Summary of Sales and Settlement of Lots – Catalina Estate

Stage	Release Date	Lots Released	Lot Sizes	Sold	Stock	Settled
Stages 1 – 11, 12A, 12B, 13A, 13B, 14A, 14B, 14C, 14D, 15A, 15B, 15C, 15D, Stage 25 DV, Stage 25B	-	800	-	800	0	800
Stage 14B (Release 2)	Jul 2016	10	262-329	9	1	9
Stage 17A	Oct 2016	25	300-510	23	2	23
Stage 17B	Nov 2017	18	300 - 450	11	8	9
Stage 18A	Mar 2016	29	300-510	29	0	29
Stage 18B	Mar 2017	31	200-474	26	6	23
Stage 25A	May 2017	21	300-450	14	6	12
Stage 25 Builder Release	April 2018	6	254 - 307	6	0	4
Stage 25C	September 2018	5	277-450	3	2	2
Stage 26	April 2019	8	341-450	0	7	0
Total		953		922	32	911

Table 2 provides a summary of sales for FYE 2019 against Budget.

Table 2: Summary of Nett Sales – Catalina Estate

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	YTD	May	June
Budget	4	4	4	4	4	3	3	4	5	5	35	5	5
Actual	2	4	4	1	1	-1	1	1	1	4*	18*		
Variance	-2	0	0	-3	-3	-4	-2	-3	-4		-21		

*Note: April 2019 - To date there has been 1 sale and 3 offers are pending acceptance.

There have been 15 net lot sales for FYE 2019 YTD. The Project has a stock position of 32 lots, 15 in Catalina Beach and 17 in Catalina Central.

Sales Marketing Incentives

Catalina is currently promoting a Sales and Marketing Campaign of \$20,000 (discount) on house and land packages, approved by Council in December 2018. The \$20,000 offer consists of a \$10,000 reduced lot price (provided by the TPRC) and a \$10,000 builders construction discount (provided by 24 participating builders). A \$2,000 referral fee to the Builder's Sales Representative is also being offered for builders providing a qualified sales lead that results in the settlement of a lot at Catalina. This campaign and incentives are valid until 22 April 2019.

At the Management Committee Meeting held on 21 March 2019, it was resolved to recommend that Council consider approval for a refreshed Sales and Marketing Campaign from 22 April 2019 to 30 June 2019 for a discount of \$10,000 to apply at settlement for all currently released lots (excluding Stage 26 lots) and for the continuation of the \$2,000 referral fee. This matter is to be considered under Item 9.8 of this Agenda.

Northern Corridor Estates Analysis

Table 3 provides a summary of sales at projects in the northern corridor. It shows Catalina Clarkson and Mindarie sitting mid-range amongst the 12 northern corridor estates with 26 sales in last 12 months.

Table 3: Summary of Sales in Northern Corridor (April 2018 to March 2019)

ESTATE	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	12 Month Total Sales
NORTH-WEST METRO													
Alkimos Beach (Alkimos)	6	4	5	2	1	9	6	4	0	-4	2	1	36
Alkimos Vista (Alkimos)	3	6	1	-	-	8	3	1	3	3	3	2	33
Allara (Eglinton)	6	8	8	2	2	3	6	1	4	3	4	1	48
Amberton (Eglinton)	5	5	4	2	1	13	7	12	3	3	7	9	71
Beaumaris (Iluka)	-	1	2	1	-	-	1	1	1	0	2	3	12
Burns Beach (Burns Beach)	-	2	2	1	5	5	3	5	1	0	2	3	29
Catalina (Clarkson-Mindarie)	1	3	8	2	4	4	1	1	-1	1	1	1	26
East of the Beach (Eglinton)	-	4	3	4	4	1	2	4	4	-1	2	0	27
Eden Beach (Jindalee)	11	3	9	2	5	4	11	12	7	6	11	6	87
Kinross (Kinross)	-	1	5	5	4	1	2	2	1	4	2	2	29
Shorehaven (Alkimos)	5	8	2	4	5	-	6	5	2	3	6	3	49
Trinity (Alkimos)	1	1	5	3	-	5	7	3	3	7	5	3	43
TOTAL	38	46	54	28	31	53	55	51	28	25	47	34	490
CATALINA SHARE (%)	3%	7%	15%	7%	12%	7.5%	2%	2%	0%	4%	2%	3%	5%

Note 1: SPG Reporting is based on 'mid-month' sales period.

Note 2: SPG has expressed caution that these sales results are indicative only based on information obtained in the marketplace and supplied on a voluntary basis.

Table 4 provides a summary of available stock in the northern corridor. It shows Catalina Beach being significantly cheaper than Burns Beach and Catalina Central being similar in price with Kinross for 450m² blocks. Catalina Beach has the highest price blocks in the 375 m² range and it is noted that Burns Beach presently has no lots in this category.

Table 4: Summary of Price of Available Lots in Northern Corridor Estates

Estate	225sqm Price (\$)	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	500sqm + Price (\$)	Total Dwellings	Stock
Allara	133,000	150,000-160,000	179,000-189,000	216,000-222,000	232,000	3,405	32
Alkimos Beach	160,000	222,000	229,300	270,750	294,500-390,000	2,413	16
Amberton	N/A	N/A	220,000-239,000	250,000-273,000	N/A	2,500	16
Burns Beach	N/A	N/A	N/A	475,000	535,000 – 755,000	1,580	14
Catalina Central	N/A	245,000	279,000	310,000-335,000	N/A	2,480	17
Catalina Beach	N/A	N/A	358,000-378,000	402,000	N/A		15
Eden Beach	180,000	238,000	270,000	305,000	285,000 – 352,000	1,100	25

Kinross	N/A	N/A	295,000	310,000-332,500	347,500-360,000	67	25
Shorehaven	169,000-280,000	179,000 - 219,000	249,000	285,000	N/A	2,800	43
Trinity	N/A	187,000-190000	197,000 - 220,000	239,000-275,000	N/A	2,500	22

Stage 26 Release

On 3 April 2019, 8 lots from Stage 26 were released to the market. The lots range in price from \$300,000 to \$420,000 in accordance with lot prices approved by Council on 21 February 2019, with lot sizes from 341m² to 450m². To date two lots sales have been achieved, subject to advertising, within the Stage 26 release.

Satterley Property Group representatives will be in attendance to provide further advice in relation to the Stage 26 release and present the Sales and Settlement Report.

9.6 DRAFT VISION, OBJECTIVES AND STRATEGIES - STRATEGIC COMMUNITY PLAN

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council APPROVES the Strategic Community Plan - Summary (2019) outlining Catalina Vision, Objectives, Strategies and Measurements (March 2019) to inform the review of the Strategic Community Plan 2013-2023.

Voting Requirements

Simple Majority

Report Purpose

To consider approval of the Strategic Community Plan - Summary (2019) - Vision, Objectives, Strategies and Measurements to inform the review of the Strategic Community Plan 2013-2023.

Relevant Documents

Appendix: Strategic Community Plan - Summary (2019)

Policy Reference

N/A

Local Government Act/Regulation

- *Local Government Act 1995*: S5.5 requires availability of report to be advertised following report adoption by Local Government.
- *Local Government (Audit) Regs 1996*: Reg 14 Compliance Audit Item.

Previous Minutes

Ordinary meeting of Council (11 October 2007) - Item 8.2: TPRC Annual Report for the year 1 July 2006 to 30 June 2007

Financial/Budget Implications

Expenditure for report preparation, advertising and printing will be incurred under the following items:

Item E145218 (Sales and Marketing):

Budget Amount:	\$ 494,000
Spent to Date:	\$ 270,576
Balance:	\$ 223,424

Background

At its meeting of June 2013, the Council approved the Strategic Community Plan 2013-2023 (June 2013).

The approved TPRC Strategic Community Plan 2013-2023 sets the strategic direction for the TPRC for the period 2013-2023. The Strategic Community Plan is the overarching TPRC document that sets out the vision, aspirations and objectives of the community in the district. The Vision and Objectives contained in the Strategic Community Plan 2013-2023 were developed through comprehensive consultation with member Councils, officers and broader community stakeholders. The Vision and Objectives reflected aspirational values and intentions of the member Councils and the broader community.

The Strategic Community Plan (2013) was developed in accordance with the Department of Local Government's Integrated Planning and Reporting Framework.

At its meeting of June 2018, the Council agreed to a Workshop to review the Catalina Vision and Objectives to inform the review of the Strategic Community Plan. It also agreed to a Workshop to review the Development Manager's KPIs with the objective of making them more clearly defined and meaningful; quantified and measurable and relevant in achieving TPRC objectives for the Catalina Project.

The Catalina Vision Workshop was held on 18 August 2018 and was attended by Council members, Satterley Property Group representatives, TPRC officers and facilitated by an independent consultant. An Outcomes Report (Appendix 9.6) was circulated to Council members for information on 27 September 2018. Included in the Outcomes Report was a Strategic Plan which outlined the Vision, Objectives and Strategies to be used to inform the review of the Strategic Community Plan.

At its meeting of 8 November 2018, the Management Committee considered the Strategic Community Plan - Summary (2018) outlining Catalina Vision, Objectives, Strategies and Measurements to inform the review of the Strategic Community Plan 2013-2023 and resolved to defer consideration of the Strategic Community Plan - Summary (2018) to allow further feedback from Councillors prior to adoption.

In accordance with the Management Committee resolution the Strategic Community Plan - Summary (2018) was circulated to all Councillors for further feedback during November 2018.

Comment

The Vision, Objectives and Strategies have been reviewed in light of Councillor feedback, in conjunction with the Satterley Property Group (SPG), for inclusion in the Strategic Community Plan 2013-2023. The Vision, Objectives and Strategies have been prepared in a form consistent with the Department of Local Government's Integrated Planning and Reporting Framework.

The Strategic Community Plan - Summary (2019) outlines the Catalina Vision and identifies 5 themes in order to achieve the TPRC objectives, and as inputs to the review of the Strategic Community Plan 2013-2023, these are:

1. Built Environment
2. Environment
3. Social
4. Economic
5. Governance & Corporate Accountability

The Strategic Community Plan - Summary (2019) and the associated Catalina Vision, Objectives, Strategies and Measurements have been informed by the following documents:

- Establishment Agreement;
- Tamala Park Local Structure Plan;
- Other strategies endorsed by the TPRC.

Subject to Council's approval of the Strategic Community Plan - Summary (2019), it will be used as input to the review of the Strategic Community Plan 2013-2023 which is to be undertaken and reported to Council in 2019. It is intended that the review of the Strategic Community Plan 2013-2023 will be advertised for public comment and circulated to member Councils for review and comment, consistent with the requirements of the Department of Local Government's Integrated Planning and Reporting Framework and Advisory Standards.

The SPG has reviewed the Strategic Community Plan Summary (2019) and has indicated support. It has suggested that clarification/details may be included as part of the preparation of the Strategic Community Plan.

Council approval of the Strategic Community Plan - Summary (2019) Vision, Objectives and Strategies will also enable the Workshop to review the Development Manager's KPIs to proceed in 2019 with the objective of making the KPIs more clearly defined and meaningful; quantified and measurable and relevant in achieving TPRC vision, objectives and strategies for the Catalina Project.

The Strategic Community Plan - Summary (2019) reflects aspirational values and intentions of the member Councils for the Catalina Project and the outcomes of the Catalina Vision Workshop of August 2018 and is recommended to Council.

At its meeting of 21 March 2019, the Management Committee considered the Strategic Community Plan - Summary (2019) - Vision, Objectives, Strategies and Measurements and resolved to recommend that Council approve the Strategic Community Plan - Summary (2019) outlining Catalina Vision, Objectives, Strategies and Measurements (March 2019) to inform the review of the Strategic Community Plan 2013-2023.

9.7 DRAFT PROJECT BUDGET FYE 2020

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council:

- 1. RECEIVES the draft Project Budget FYE 2020, submitted by the Satterley Property Group.**
- 2. APPROVES the use of the draft Project Budget FYE 2020, submitted by the Satterley Property Group, as the basis of planning and development for the Project Budget FYE 2020, subject to the following changes:**
 - i. WAPC Land – deferral of payment for the acquisition of WAPC land to FYE 2020 and FYE 2021;**
 - ii. Distribution to Member Local Governments – inclusion of a distribution to member local governments in FYE 2020;**
 - iii. Grove Earthworks – deferral of earthworks to FYE 2021.**

Voting Requirements

Simple Majority

Report Purpose

To review the draft Project Budget FYE 2020 (March 2019) prepared by the Satterley Property Group.

Policy Reference

N/A

Previous Minutes

- Council Meeting – 16 August 2018 (Item 9.6 - Project Budget FYE 2019)
- Council Meeting – 15 June 2017 (Item 9.8 - Project Budget FYE 2018)

Financial/Budget Implications

Input to TPRC FYE 2020 Budget.

Relevant Documents

Appendix:

- SPG draft Project Budget FYE 2020
- Letter from Satterley Property Group dated 9 April 2019

Background

At its meeting of 16 August 2018, the Council approved the Project Budget FYE 2019, submitted by the Satterley Property Group, and that it be used as the basis of financial planning and reporting for the TPRC Budget FYE 2019.

Comment

The Satterley Property Group has prepared a draft Project Budget FYE 2020 for discussion purposes and to consider significant financial items/activities which could be included or excluded depending on Council's objectives and priorities for FYE 2020. It is intended that following the review of the draft Project Budget FYE 2020 and consideration of the various options a detailed and comprehensive Project Budget will be prepared for review by the Management Committee in May 2019 and subsequently presented to the Council for approval in June 2019.

The SPG correspondence on the draft Project Budget FYE 2020 and the various financial options in consideration of the Project Budget FYE 2020, is attached at Appendix 9.7.

Market Conditions

The SPG considers that the Western Australian property market remains affected by low population growth and strong competition from the residential home market which is likely to result in the land market remaining soft for the next 12 months. As a result of subdued market conditions, the SPG has proposed a conservative Budget FYE 2020 which incorporates sales rates similar to those being achieved in FYE 2019.

REVIEW OF PROJECT BUDGET FYE 2019

The SPG undertook a review of the FYE 2019 Project Budget in December 2018 which was considered by Council in December 2018. The SPG review noted that market conditions had continued to deteriorate since Council's approval of the Project Budget FYE 2019. It forecast that the budgeted sales and revenue would not be achieved.

The SPG forecasts the following key variances between the approved Project Budget FYE 2019 and the Project Budget Mid-Year Review FYE 2019:

1. Lot sales to decrease from 50 to 23 lots;
2. Income from sale of land will decrease by \$7.0M;
3. Land Development costs will decrease by \$7.50M;
4. Distributions to member local governments remains unchanged at \$4.0M for FYE 2019.

DRAFT PROJECT BUDGET FYE 2020

The draft Project Budget FYE 2020 (March 2019), prepared by the Satterley Property Group, reflects a conservative approach to sales/settlement rates and lot production consistent with the predicted soft conditions for new lot sales in Western Australia. The draft Project Budget FYE 2020 is premised on the following key activities and key assumptions:

Sales/Settlements

- 31 sales;
- Titles – 38 lots, Stage 26;
- 27 settlements.

Civil Construction/Bulk Earthworks - \$4.38M

- Civil construction Stage 26 (Western Precinct) and commencement of Stage 18B (Central Precinct);

- Phase 1 Bulk Earthworks for Catalina Grove Precinct.

Infrastructure - \$3.6M

- Portofino Boulevard extension (\$0.8M);
- Beach Access Road/services (\$1.4M);
- Burns Beach – Mindarie DUP (\$1.1M);
- Grove Pump Station (limited costs) (\$0.3M).

Landscape Construction - \$3.2M

- Catalina Beach Entry Park (Phase 2) (\$0.8M);
- Portofino Boulevard median/verge extension (\$0.4M);
- Foreshore area landscape (\$0.5M);
- Stage 16 Greenlink and verges (\$1.7M);
- Stage 11 (balance of park) (\$0.75M).

Marketing - \$0.35M

- Continued Catalina branding;
- Advertising for estate campaigns;
- Market research.

Planning

- Subdivision application for Stage 36 Catalina Grove;
- Subdivision application for Stages 29 and 30 Catalina Beach.

The draft Project Budget FYE 2020 assumes the acquisition of the Western Australian Planning Commission (WAPC) land - \$10.2M, located within the Catalina Grove Precinct, adjacent the Mitchell Freeway, and which forms part of the approved Tamala Park LSP. The agreement to purchase is consistent with the Negotiated Planning Solution (2004) approved by the WAPC and the member local governments.

The following table summarises key outcomes based on the draft Project Budget FYE 2020 (March 2019) for Income, Development Costs, Cashflow and Distributions.

	Draft Project Budget FYE 2020
Gross Income	8.12M
Development Costs	24.37M
Cashflow	(16.24M)
Distributions	0.00M

As detailed in the SPG correspondence there are a number of significant financial items/activities which could be included or excluded depending on Council's objectives and priorities which will have an impact on Budget outcomes for FYE 2020.

These are detailed as follows:

Civil Construction - Included in draft FYE 2020 Budget

- Stage 18B Group Housing Sites

It is proposed to subdivide the Stage 18B Group Housing Sites (only portion in FYE 2020). The Stage 18B Group Housing Sites have previously been offered to the market and builders for sale with no interest. It is proposed to partner with builders for the design and construction of new housing products, micro lots, small

townhouse lots and medium townhouse lots. The proposal involves a \$0.75M contribution to the housing in the form of an innovation fund.

<i>Development Costs:</i>	<i>\$1.6M (Stage 18C)</i>
<i>Innovation Contribution</i>	<i>\$0.75M</i>
<i>Gross Income</i>	<i>\$3.8M (Stage 18C)</i>

Bulk Earthworks - Included in draft FYE 2020 Budget

- Grove Phase 1 Earthworks

It is proposed to identify the first subdivision in Catalina Grove and undertake bulk earthworks.

<i>Development Costs:</i>	<i>\$3.0M</i>
<i>Gross Income:</i>	<i>\$Nil FYE 2020</i>

Landscape - Included in draft FYE 2020 Budget

- Stage 11 Park Phase 2 - Central Precinct

This will complete the Stage 11 Park and provide increased facilities and amenities within the Central Precinct.

<i>Development Costs:</i>	<i>\$0.75M</i>
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- Catalina Beach Park Phase 2 – Beach Precinct

It is proposed to complete this significant park which will provide a focal point for the community and attract visitors to Catalina.

<i>Development Costs:</i>	<i>\$0.80M</i>
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- Catalina Foreshore Interface – Beach Precinct

It is proposed to construct landscape areas to interface and compliment the beach access road and carpark which will provide a focal point for the community and attract visitors to Catalina.

<i>Development Costs:</i>	<i>\$0.50M</i>
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Infrastructure - Included in draft FYE 2020 Budget

- Extension Portofino Promenade

It is proposed to extend Portofino Promenade to the foreshore area.

<i>Development Costs:</i>	<i>\$0.8M</i>
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- Catalina Beach Access Road/Carpark

It is proposed to construct the beach access road, carpark and associated facilities.

<i>Development Costs:</i>	<i>\$1.4M</i>
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- Burns Beach - Mindarie DUP

It is proposed to provide for construction of the portion of the Burns Beach - Mindarie DUP, abutting Catalina.

<i>Development Costs:</i>	<i>\$1.1M</i>
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Construction Neighbourhood Centre Site – Grove Precinct - Not included in draft FYE 2020 Budget

- The Neighbourhood Centre Site – Grove Precinct could be constructed and taken to market. The early activation of the site will generate employment opportunities and further enhance interest in Catalina.

Development Costs: \$4.5M
Gross Income: \$6.0M FYE 2021

Extension Aviator Boulevarde – Grove Precinct - Not included in draft FYE 2020 Budget

- Extension Aviator Boulevarde

Extension Aviator Boulevarde - This involves bringing forward the construction of Aviator Boulevarde through the Grove Precinct creating a connection through to Clarkson Train Station. The Department of Transport has indicated that a bus service will be provided along this major connector road once construction is complete.

Development Costs: \$8.0M

Construction of Aged Care Sites – Grove Precinct - Not included in draft FYE 2020 Budget

- Construction of Aged Care Sites

Identify and construct Aged Care Sites within Catalina Grove that could be taken to the market for sale. The SPG considers that demand for these sites may exist however, it has noted that they are unlikely to attract the same level of return that the sites would achieve as residential lots.

It should be noted that this proposal is dependent on the construction of the Aviator Boulevarde extension through the Grove Precinct and assumes that the Neighbourhood Centre Site – Grove Precinct is also constructed.

Development Costs: \$3.1M
Gross Income: \$7.0M FYE 2021

Stage 16 Small Lot Precinct – Central Precinct - Not included in draft FYE 2020 Budget

- Stage 16

Stage 16 has been previously identified as a potential location to create a small lot precinct. Constructing homes on small lots requires working closely with house builders to ensure an optimal streetscape and buildability of the lots design is achieved.

The SPG considers that this civil construction of Stage 16 could be brought forward to create an innovative and affordable product for Catalina.

Development Costs: \$5.0M
Gross Income: \$12.33M FYE 2021

It is noted that the draft Project Budget FYE 2020 assumes the acquisition of the Western Australian Planning Commission (WAPC) land - \$10.2M, which represents the largest single financial commitment in FYE 2020. It may be possible to reach agreement with the WAPC to stage acquisition of the land over FYE 2020/2021, however, at this stage there is no commitment to such an arrangement.

The draft Project Budget FYE 2020 forecasts a Cashflow position of (\$16.2M), which is significant and could further deteriorate in the event revenue forecasts are not achieved.

It is noted that no distribution to member local governments is proposed in FYE 2020.

The following items identified in the SPG correspondence as potentially included in FYE 2020 are not supported at this time for inclusion given the forecast Cashflow position and the risk/delays in receiving revenue for the items listed:

- Construction Neighbourhood Centre Site – Grove Precinct - *Development Costs* -\$4.5M
- Extension Aviator Boulevard – Grove Precinct - *Development Costs* -\$8.0M
- Construction of Aged Care Sites – Grove Precinct - *Development Costs* - \$3.1M
- Stage 16 Small Lot Precinct – Central Precinct - *Development Costs* -\$5.0M

At its meeting of 21 March 2019, the Management Committee considered the Draft Project Budget FYE 2020 (March 2019) prepared by the Satterley Property Group and resolved to:

1. *RECEIVE the draft Project Budget FYE 2020, submitted by the Satterley Property Group.*
2. *REQUEST the Chief Executive Officer to provide further information and recommendations to the Council on the financial options considered in the Draft Project Budget FYE 2020 and potential impacts on the Project Budget FYE 2020.*

Since the Management Committee consideration of the draft Project Budget FYE 2020 (March 2019) in March 2019, the SPG has further considered key components and provided additional advice and recommendations (dated 9 April 2019 and attached at Appendix 9.7) on the significant financial options in the draft Project Budget FYE 2020, as follows:

- Acquisition of WAPC Land – supports possible deferral of payment for the acquisition of WAPC land to FYE 2020 and FYE 2021;
- Distribution to Member Local Governments - supports potential modest distribution to member local governments in FYE 2020, subject to Council's position on the significant financial options;
- Stage 18B Lots - recommends taking the site to tender for partnering with a builder, also recommends that costs to develop the site and the first initial sales remain in FYE 2020;
- Grove Earthworks – given continuing decline in the land market recommends that the Grove Earthworks be deferred to FYE 2021;
- Extension Portofino Promenade and Catalina Beach Access Road/Carpark in FYE 2020 – there are concerns regarding the forecast timing of approvals, however, given the expected benefits and value to Catalina it recommends that both these items be retained in FYE 2020;
- Burns Beach – Mindarie DUP- recommends this be included in FYE 2020 given potential benefits to Catalina;
- Neighbourhood Centre Site – Catalina Grove – recommends that this item not be included in FYE 2020;
- Construction Aviator Boulevard – Catalina Grove - recommends that this item not be included in FYE 2020;
- Aged Care Site – Catalina Grove - recommends that this item not be included in FYE 2020;
- Stage 16 – Builder Partnerships -- recommends that this item not be included in FYE 2020.

The revised SPG recommendations on the draft Project Budget FYE 2020 are generally supported as it reflects a conservative approach to expenditure which is warranted given the

forecast land market. At this stage the SPG has not remodelled the impact of the revised SPG recommendations on the draft Project Budget FYE 2020, however, they are likely to have a positive effect on the Cashflow position, in the order of \$6M - \$8M. The SPG will have more detailed information available at the meeting.

As indicated in the SPG correspondence the draft Project Budget FYE 2020 is submitted for discussion purposes and to examine significant financial items/activities which could be included or excluded depending on Council's objectives and priorities. It is not intended that the Project Budget be formally approved at this time. However, it is intended that the SPG be provided with Council's position on the significant financial items/activities which could be included or excluded depending on Council's objectives and priorities and that this feedback would be used as the basis of planning and development for the Project Budget FYE 2020.

The SPG has indicated that current market conditions are expected to continue through FYE 2020 and therefore adopted a conservative position on lot sales for FYE 2020. Given the forecast lower lot income, development expenditure will need to be managed to minimise potential impacts and exposure to the TPRC.

The draft Project Budget FYE 2020 reflects a conservative sales and revenue position which is considered appropriate given the position of the land sales market and the conditions of the Western Australian economy.

The draft Project Budget FYE 2020, submitted by the SPG, is supported for use in the planning and development for the Project Budget FYE 2020, subject to the following changes:

- WAPC Land – deferral of payment for the acquisition of WAPC land to FYE 2020 and FYE 2021;
- Distribution to Member Local Governments – inclusion of a distribution to member local governments in FYE 2020;
- Grove Earthworks – deferral of earthworks to FYE 2021.

Satterley Property Group representatives will be in attendance to present and explain the rationale and underlying assumptions of the draft Project Budget FYE 2020.

9.8 SALES - MARKETING CAMPAIGN EXTENSION

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council:

1. **RECEIVES** the Satterley Property Group correspondence (dated 13 March 2019) regarding the extension to the Sales and Marketing Campaign.
2. **APPROVES** participation in a refreshed Sales and Marketing Campaign at Catalina Estate, as detailed in the Satterley Property Group advice (dated 13 March 2019), commencing 22 April 2019 to 30 June 2019, to include the following:
 - (a) A discount of \$10,000 to apply at settlement for all currently released lots in Catalina;
 - (b) The deletion of the Early Construction Rebate from all lots;
 - (c) The use of a \$2,000 referral fee to the Builder's Sales Representative for providing a qualified sales lead that results in the settlement of a lot at Catalina and that this fee be paid directly by the TPRC;
 - (d) The discount not applying to the Stage 26 release.

Voting Requirements

Simple Majority

Report Purpose

To consider the SPG recommendation on extension to the Sales and Marketing Campaign involving a \$10,000 discount on all lots.

Policy Reference

N/A

Previous Minutes

N/A

Financial/Budget Implications

Reduced Income under this matter will be posted under item I145011 (Income on Lot Sales):

Budget Amount:	\$ 8,017,281
Received to Date:	\$ 5,512,854
Balance:	\$ 2,504,427

Relevant Documents

Appendix: Letter from Satterley Property Group dated 13 March 2019

Background

At its meeting of 6 December 2018, the Council approved the extended participation in a Sales and Marketing - Spring Campaign to provide a \$20,000 discount on selected house and land packages at Catalina Estate. Participation in the campaign was subject to the following:

- The campaign commencing December 2018 to 22 April 2019;
- A minimum of 10 builders participating in the Summer Campaign;
- A discount of \$10,000 applying to all lots in Catalina;
- The deletion of the Early Construction Rebate from all lots;
- The use of a \$2,000 referral fee to the Builder's Sales Representative for providing a qualified sales lead that results in the settlement of a lot at Catalina and that this fee be paid directly by the TPRC.

It also approved an increase to the Early Construction Rebate allocation in the TPRC Budget FYE 2019 from \$268,000 to \$360,000 to support the extension of the Sales and Marketing Campaign.

Comment

The SPG considers that given the current state of the land sales market, there is a need to refresh the Campaign and continue it until 30 June 2019. It has recommended that the \$10,000 discount to all lots (except Stage 26) and the \$2,000 builder's referral are extended through to 30 June 2019 via a refreshed Campaign.

The details of the refreshed Campaign have not yet been finalised by the SPG, however, it is recommended that the \$10,000 incentive would be in the form of a discount at settlement. It is proposed that the campaign incentive will be applied to all currently released lots and would exclude the Stage 26 release.

The Spring/Summer Marketing Campaigns have been successful in promoting leads/interest in the Project, however, market share has not increased as a number of competing estates are offering similar campaign incentives. There has not been any significant increase in lot sales.

The SPG considers that given the highly competitive market it is considered essential to refresh the sales Campaign and offer the \$10,000 incentive.

The TPRC Budget FYE 2019 includes a provision for the extension of the Sales Campaign and the \$10,000 discount incentive.

It is recommended that the Council approves an extension to the Sales and Marketing – Spring/Summer Campaign commencing 1 December 2018 to 22 April 2019, to include the following:

1. A discount of \$10,000 applying to all lots in Catalina;
2. The deletion of the Early Construction Rebate;
3. The use of a \$2,000 referral fee to the Builder's Sales Representative for providing a qualified sales lead that results in the settlement of a lot at Catalina and that this fee be paid directly by the TPRC;
4. The discount not applying to the Stage 26 release.

The extension to the Campaign should be subject to similar marketing KPI's as the current Campaign.

At its meeting of 21 March 2019, the Management Committee considered the SPG recommendation on extension to the Sales and Marketing Campaign involving a \$10,000 discount on all lots and resolved to recommend that Council:

- 1. RECEIVE the Satterley Property Group correspondence (dated 13 March 2019) regarding the extension to the Sales and Marketing Campaign.*
- 2. APPROVE participation in a refreshed Sales and Marketing Campaign at Catalina Estate, as detailed in the Satterley Property Group advice (dated 13 March 2019), commencing 22 April 2019 to 30 June 2019, to include the following:*
 - (a) A discount of \$10,000 to apply at settlement for all currently released lots in Catalina;*
 - (b) The deletion of the Early Construction Rebate from all lots;*
 - (c) The use of a \$2,000 referral fee to the Builder's Sales Representative for providing a qualified sales lead that results in the settlement of a lot at Catalina and that this fee be paid directly by the TPRC;*
 - (d) The discount not applying to the Stage 26 release.*

9.9 MANAGEMENT OF SALES CONTRACTS

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council **APPROVES** delegation to the Chief Executive Officer to vary the contract sale price, subject to:

1. A recommendation from the Development Manager supporting the variation.
2. The variation not being greater than 10% of the original contract price.
3. That the use of the delegation by the CEO on lot price variations be reported to Council.

Voting Requirements

Absolute Majority

Report Purpose

To consider the provision of delegation to the Management Committee and/or CEO to vary sales prices on Sales Contracts.

Policy Reference

N/A

Previous Minutes

N/A

Financial/Budget Implications

Reduced Income under this matter will be posted under item I145011 (Income on Lot Sales):

Budget Amount:	\$ 8,017,281
Received to Date:	\$ 5,512,854
Balance:	\$ 2,504,427

Relevant Documents

Appendix: Letter from Satterley Property Group dated 13 March 2019

Background

The Council has delegated to the CEO approval to Authority to administer the provisions of the sales contract and proceed to dispose of the lot by private treaty subject to the requirements of Section 3.58 of the *Local Government Act 1995* (Delegation 40).

Comment

The SPG has requested that the Council consider delegation to the Management Committee or to the CEO. A copy of the SPG correspondence is attached at Appendix 9.9.

The SPG has indicated that the Perth property market is extremely competitive, having declined significantly over the past 4 years. The cancellation rate for house and land sales in Perth has increased significantly, now at a rate of approximately 55% of sales.

The SPG considers that to avoid contract cancellations occurring in some instances this will require a variation to the contract price for the house and / or land component for the contract to proceed to settlement. There is currently no delegation to the Management Committee or CEO to vary the price of existing contracts. The SPG has requested that the Council considers a delegation to vary the terms of contracts of sale to ensure that the active management of existing contracts can be dealt with in a timely manner, the number of cancellations are minimised and sound relationships with builders are maintained.

The SPG has indicated that if such delegation is not supported cancellation rates will continue to rise and the Project will be less responsive and competitive in the market place. It is noted that over the last 12 months cancellation rates have increased.

The SPG has recommended that the Council consider delegation to the Management Committee or to the CEO to vary the contract sale price. It is noted that the Management Committee meets every two months therefore delegation to the Management Committee will not achieve the SPG's objective of timely responses to potential contract variations to ensure the active management of existing contracts. Given this, if Council was supportive of the SPG request the delegation would need to be made to the CEO.

In order to be more responsive to contract requirements and be more in line with competitors' approaches it is recommended that the CEO be provided with delegation to vary the contract sale price. The conditions of the delegation could be subject to:

1. A recommendation from the Development Manager supporting the variation.
2. The variation not being greater than 10% of the original contract price.

At its meeting of 21 March 2019, the Management Committee considered the provision of delegation to the Management Committee and/or CEO to vary sales prices on Sales Contracts and resolved to recommend that Council approves delegation to the Chief Executive Officer to vary the contract sale price, subject to:

- 1. A recommendation from the Development Manager supporting the variation.*
- 2. The variation not being greater than 10% of the original contract price.*
- 3. That the use of the delegation by the CEO on lot price variations be reported to Council.*

9.10 CATALINA LOT PRICING POLICY

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council APPROVES the Lot Pricing Policy for public release lots at Catalina (dated March 2019).

Voting Requirements

Simple Majority

Report Purpose

To consider lot pricing practice at Catalina

Policy Reference

N/A

Previous Minutes

N/A

Financial/Budget Implications

Reduced Income under this matter will be posted under item I145011 (Income on Lot Sales):

Budget Amount:	\$ 8,017,281
Received to Date:	\$ 5,512,854
Balance:	\$ 2,504,427

Relevant Documents

Appendix: Lot Pricing Policy (March 2019)

Background

At its meeting of 13 October 2011, the Council approved the following lot pricing practice for the sale of public release lots at Catalina, as follows:

The approved lot pricing practice at Catalina involves obtaining recommended lot pricing from the Development Manager and a lot valuation from the Council appointed Valuer, with the higher value determining the sale price. In the event that the lot pricing, based on the lot pricing practice, is less than the lot values for a stage in the Project Budget then lot pricing is referred to Council for approval.

The Council has delegated to the CEO approval to determine lot pricing based on the approved lot pricing practice, provided it is not less than the lot values for a stage in the Project Budget. In the event this occurs then lot pricing is referred to Council for approval.

Comment

Since October 2011 lot pricing has been based on the approved lot pricing practice. Approximately 900 lots have been sold within the Catalina Project.

The SPG has in recent times requested that Council depart from the approved lot pricing practice as a result of market conditions.

At its meeting of 21 February 2019, the Council considered two pricing proposals requested by the SPG and resolved to approve the SPG lot pricing, notwithstanding that it was inconsistent with the approved TPRC lot pricing practice.

Given the Council's recent decision on lot pricing it would be timely to reconsider the appropriateness of the approved TPRC lot pricing practice in order to provide clarity and direction in terms of lot pricing requirements in the future and to determine whether Council adopts a lot pricing policy to better inform lot pricing.

The Council has previously received advice from McLeods - Barristers & Solicitors, indicating that the *Local Government Act 1995* does not preclude the Council from selling land for less than the market value of that land as ascertained by a valuation. Although a local government (or regional local government) may generally seek a sale price that is higher than the market value, there is no obligation, legal or otherwise, to pursue that outcome.

The legal advice indicates that the overriding legal obligation is for the TPRC to exercise its judgment in determining how best to achieve the regional purpose, as set out in its Establishment Agreement, for the good government of persons in the region. There would appear to be no obligation, legal or otherwise for Council to set a lot sale price that is higher than the market value, to pursue that outcome.

Should Council consider it appropriate to approve a lot pricing policy then the following options may be considered:

1. Develop a Policy based on the current lot pricing practice at Catalina, which involves obtaining recommended lot pricing from the Development Manager and a lot valuation from the Council appointed Valuer, with the higher value determining the sale price. In the event that the lot pricing, based on the lot pricing practice, is less than the lot values for a stage in the Project Budget then lot pricing is referred to Council for approval.
2. Develop a Policy based on the recommended lot pricing from the Development Manager, subject to it being above Budget estimate. In the event that the lot pricing is less than the lot values for a stage in the Project Budget then lot pricing is referred to Council for approval.

If this arrangement is favoured it would seem unnecessary to obtain a lot valuation from the Council appointed Valuer.

At its meeting of 21 March 2019, the Management Committee considered the lot pricing practice at Catalina and Lot Pricing Policy (dated March 2019) and resolved to recommend that Council approve the Lot Pricing Policy for public release lots at Catalina (dated March 2019).

9.11 CATALINA FRONT LANDSCAPING SERVICES TENDER (TENDER 2/2019) -
CONFIDENTIAL

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9.12 REVIEW OF PROJECT MILESTONES FYE 2019 - **CONFIDENTIAL**

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9.13 CEO FURTHER CONTRACT OF EMPLOYMENT – **CONFIDENTIAL**

CONFIDENTIAL

10. ELECTED MEMBERS MOTIONS OF WHICH NOTICE HAS BEEN GIVEN
11. QUESTIONS BY ELECTED MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN
12. URGENT BUSINESS APPROVED BY THE CHAIRMAN
13. MATTERS BEHIND CLOSED DOORS
14. GENERAL BUSINESS
15. FORMAL CLOSURE OF MEETING

APPENDICES