



## **Ordinary Meeting of Council**

# **AGENDA**

**Thursday 21 February 2019, 6:00pm**

**Town of Cambridge**

**1 Bold Park Drive, Floreat**

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 Town of Cambridge, 1 Bold Park Drive, Floreat on Thursday 21 February 2019 at 6:00pm.

The business papers pertaining to the meeting follow.

Your attendance is requested.

Yours faithfully



**TONY ARIAS**  
Chief Executive Officer

**MEMBERSHIP**

<b>OWNER COUNCIL</b>	<b>MEMBER</b>	<b>ALTERNATE MEMBER</b>
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 – 6 December 2018

**5A. BUSINESS ARISING FROM THE MINUTES**

**6. ANNOUNCEMENTS BY CHAIRMAN (WITHOUT DISCUSSION)**

**7. MATTERS FOR WHICH MEETING MAY BE CLOSED**

**8. REPORTS OF COMMITTEES**

Audit Committee Meeting – 7 February 2019

CEO Performance Review Committee Meeting – 13 February 2019

**9. ADMINISTRATION REPORTS AS PRESENTED (ITEMS 9.1 – 9.10)**

## **9.1 BUSINESS REPORT – PERIOD ENDING 14 FEBRUARY 2019**

### **Report Information**

Reporting Officer: Project Coordinator

### **Recommendation**

**That the Council RECEIVES the Business Report to 14 February 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
- Catalina Beach Sales Office Photos
- City of Wanneroo Street Food Event Photos

### **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 next civil construction stage proposed is Stage 26 - Catalina Beach, which comprises 38 lots and a road connection into the existing Mindarie area. Construction was programmed for October 2018 but has been deferred due to low sales activity on lots in Stage 25.

The SPG has provided a recommendation for the commencement of construction of Stage 26, to be considered under item 9.9 of this Agenda.

#### **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 January 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. Builders Display Village 3 (Catalina Beach)

The Catalina Beach Builders Display Village commenced operations on 31 October 2018. The Display Village has seen good pedestrian traffic, showcasing the modern and contemporary 7 star rated homes.

To date, twelve display homes have been completed and are open for display. Perceptions is set to open by 23 February 2019. The 101 Residential display home is under construction and the B1 display home is due to commence in March 2019.

### 5. Catalina Beach Sales Office

The Catalina Beach Sales Office is now open and operating well, in conjunction with the Builders Display Village. The Sales Office is an impressive three storey building that provides a strong marketing presence to Marmion Avenue. Photos of the completed Sales Office are attached in Appendix 9.1

The adjoining carpark and landscape works, including entry statement have also been completed and provide an attractive entry to Catalina Beach.

### 6. Community Events

A community event to celebrate the operation of the Catalina Beach Sales Office and Builders Display Village has been organised for Saturday 9 March 2019. The event is open to the public, commencing at 12pm and concluding at 5pm. The event will include food trucks, entertainment and music, it is estimated that 500 people will attend. The event is being promoted in conjunction with the Builders.

Advice on the event has been separately distributed to Councillors.

The City of Wanneroo organised a Street Food Event on Wednesday 6 February 2019, within the Catalina Beach Park. The event was one of a series of food truck events organised by the City operating out of different estates to promote community interest and development.

Approximately 100 people attended and enjoyed the 7 food trucks and live musician. While the numbers were not as high as at other similar events held at Catalina the organisers were still pleased and are hoping to hold another similar event at the Catalina Beach Park. Attendance numbers were possibly impacted by the Burns Beach Twilight Markets which are held every Wednesday night and well supported.

The event was supported by the TPRC through cross promotion on the Estate Facebook page and through Electronic Direct Mail. Photos of the evening and copies of advertising are attached in Appendix 9.1.

## **7. Catalina Grove Update**

It is anticipated that the LSP Amendment will be lodged with the City of Wanneroo by the end of February 2019. Meetings have been held with the City of Wanneroo and Department of Planning Lands and Heritage (DPLH) in anticipation of the lodgement. Comments from the City and DPLH have been supportive of the LSP Amendment.

The Catalina Grove Local Structure Plan Report has been prepared based on the Council approved Concept Plan. The Concept Plan and Local Structure Plan amendment have been premised on the design philosophy and principles required 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;
- The location of density in the north-eastern corner of the Precinct within a walking catchment of the Clarkson Train Station.

## **9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF NOVEMBER & DECEMBER 2018**

### **Report Information**

Reporting Officer: Chief Executive Officer

### **Recommendation**

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

- **30 November 2018; and**
- **31 December 2018.**

### **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 30 November 2018
- Statement of Financial Activity for 31 December 2018

### **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 31 December 2018 exceeding 10% were experienced in relation to the following:**

<b>Employee Costs</b>	The positive variation is a result of timing and will adjust during the year.
<b>Materials and Contracts</b>	The positive variation relates to consultancy fees which will adjust during the year but are expected to remain below budget.
<b>Utilities</b>	The positive variance is a result of timing and will adjust during the year.
<b>Income Sale of Lots - Subdivisions</b>	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.
<b>Land Production Costs</b>	The positive variance relates to deferred works and savings, forecast to remain favourable for the balance of FYE 2019.

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

**Financial Snapshot as at 31 December 2018**

TAMALA PARK REGIONAL COUNCIL  
FINANCIAL SNAPSHOT  
FOR THE PERIOD ENDING 31 DECEMBER 2018

	2018-19	2018-19	2018-19	Variance		Variance
	Adopted Budget	Budget	Actual	Favourable	Unfavourable	
		YTD	YTD			
<b>Revenue</b>	\$	\$	\$	\$	\$	%
Interest Earnings	1,040,633	624,378	607,424		(16,954)	-2.72%
Other Revenue	2,000	2,000	673		(1,327)	-66.35%
	<b>\$1,042,633</b>	<b>\$626,378</b>	<b>\$608,097</b>	<b>\$0</b>	<b>(\$18,281)</b>	
<b>Less Expenditure</b>						
Depreciation	(25,381)	0	0			
Employee Costs	(725,924)	(362,947)	(272,495)	90,452		24.92%
Insurance	(13,880)	(13,879)	(13,207)	672		4.84%
Materials and Contracts	(404,895)	(202,413)	(80,664)	121,749		60.15%
Other	(186,390)	(93,196)	(92,522)	674		0.72%
Utilities	(6,450)	(3,225)	0	3,225		100.00%
Members Equity						
-Income Sale of Lots - Subdivisions	14,405,835	6,572,153	4,244,909		(2,327,244)	-35.41%
-Income Other - Subdivisions	1,950,000	1,400,000	1,476,763	76,763		5.48%
-Land Production Costs	(21,277,191)	(9,269,318)	(2,336,977)	6,932,341		74.79%
-Profit distribution/Contributions Returned	(4,209,337)	(2,000,000)	(2,110,528)		(110,528)	-5.53%
-Members Equity - GST Withheld	0	0	(103,950)		(103,950)	-100.00%
	<b>(\$10,493,613)</b>	<b>(\$3,972,825)</b>	<b>\$711,329</b>	<b>\$7,225,876</b>	<b>(\$2,541,722)</b>	
Total Change in Equity	<b>(\$9,450,980)</b>	<b>(\$3,346,447)</b>	<b>\$1,319,426</b>	<b>\$7,225,876</b>	<b>(\$2,560,003)</b>	

**Balance Sheet Summary as at 31 December 2018**

**TAMALA PARK REGIONAL COUNCIL  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	Actual 2017-18 \$	Actual 2018-19 \$	Variance \$	Variance %
<b>Current assets</b>				
Cash and cash equivalents	43,846,407	45,071,450	1,225,043	2.79%
Trade and other receivables	251,449	347,768	96,319	38.31%
<b>Total current assets</b>	<b>44,097,856</b>	<b>45,419,218</b>	<b>1,321,362</b>	<b>3.0%</b>
<b>Non-current assets</b>				
Inventories	1,800,000	1,800,000	0	0.00%
Property, plant and equipment	129,727	146,067	16,340	12.60%
<b>Total non-current assets</b>	<b>1,929,727</b>	<b>1,946,067</b>	<b>16,340</b>	<b>0.85%</b>
<b>Total assets</b>	<b>46,027,583</b>	<b>47,365,285</b>	<b>1,337,702</b>	<b>2.91%</b>
<b>Current liabilities</b>				
Trade and other payables	49,430	73,558	-24,128	-48.81%
Provisions	240,675	240,675	0	0.00%
<b>Total current liabilities</b>	<b>290,105</b>	<b>314,233</b>	<b>-24,128</b>	<b>-8.3%</b>
<b>Non-current liabilities</b>				
Provisions	5,150	5,150	0	0.00%
<b>Total non-current liabilities</b>	<b>5,150</b>	<b>5,150</b>	<b>0</b>	<b>0.00%</b>
<b>Total liabilities</b>	<b>295,255</b>	<b>319,383</b>	<b>-24,128</b>	<b>-8.17%</b>
<b>Net assets</b>	<b>45,732,328</b>	<b>47,045,901</b>	<b>1,313,574</b>	<b>2.87%</b>

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

ID	Bank	Rating	Invest. Date	Maturity	Term	Interest	Principal
530	NAB	A1+	25/09/2018	25/02/2019	153	2.70%	2,030,078.51
533	NAB	A1+	22/10/2018	19/02/2019	120	2.68%	3,000,000.00
534	Bankwest	A-1+	29/10/2018	5/03/2019	127	2.67%	3,000,000.00
535	NAB	A1+	12/11/2018	12/03/2019	120	2.67%	2,000,000.00
536	NAB	A1+	12/11/2018	12/03/2019	120	2.67%	3,000,000.00
537	Suncorp	A-1	13/11/2018	11/02/2019	90	2.68%	3,000,000.00
538	Suncorp	A-1	13/11/2018	11/02/2019	90	2.68%	3,000,000.00
539	NAB	A1+	3/12/2018	5/03/2019	92	2.71%	4,000,000.00
540	Westpac	A1+	20/12/2018	20/03/2019	90	2.79%	2,037,191.51
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
<b>Total Invested Funds</b>							<b>42,067,270.02</b>
Total Bankwest						7.13%	3,000,000.00
Total Suncorp						14.26%	6,000,000.00
Total Westpac						45.25%	19,037,191.51
Total NAB						33.35%	14,030,078.51
<b>Total 2019_01_31</b>							<b>42,067,270.02</b>

### **9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF NOVEMBER & DECEMBER 2018**

#### **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 November and December 2018:**

- **Month ending 30 November 2018 (Total \$376,028.92)**
- **Month ending 31 December 2018 (Total \$2,621,469.31)**
- **Total Paid - \$2,997,498.23**

#### **Voting Requirements**

Simple Majority

#### **Report Purpose**

Submission of payments made under the CEO's Delegated Authority for the months ending 30 November 2018 and 31 December 2018.

#### **Relevant Documents**

Appendix:

- Summary Payment List for November 2018
- Summary Payment List for December 2018

#### **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 – DECEMBER 2018**

### **Report Information**

Reporting Officer: Chief Executive Officer

### **Recommendation**

**That the Council RECEIVES the Project Financial Report (December 2018) submitted by the Satterley Property Group.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

To consider the Project Financial Report for December 2018 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 December 2018.

### **Relevant Documents**

Appendix: Letter from Satterley Property Group dated 24 January 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 December 2018 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 31 December 2018 and is attached at Appendix 9.4.

The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$4.3M which is \$2.3M behind budget with 7 less residential settlements for the year to date.
2. Expenditure was \$5.2M under budget, in the following areas:
  - Lot Production \$1.6M;
  - Landscape \$2.0M;
  - Infrastructure \$0.46M;
  - P&L expenditure \$0.74M.

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

3. Lot Sales Value was \$4.4M unfavourable to budget due to 12 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 14 FEBRUARY 2019**

### **Report Information**

Reporting Officer: Project Coordinator

### **Recommendation**

**That the Council RECEIVES the Sales and Settlement Report to 14 February 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:	\$ 14,405,835
Received to Date:	\$ 3,414,972
Balance:	\$ 10,990,863

### **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**

The following table provides a summary of the Sales and Settlement position for lots released up to 14 February 2019:

Stage	Release Date	Lots Released	Lot Sizes	Sold	Stock	Settled
<b>Stages 1 – 11, 12A, 12B, 13A, 13B, 14A, 14B, 14C, 14D, 15A, 15B, 15C, 15D, Stage 25 DV, Stage 25B</b>	-	800	-	800	0	800
<b>Stage 14B (Release 2)</b>	Jul 2016	10	262-329	9	1	9
<b>Stage 17A</b>	Oct 2016	25	300-510	23	2	22
<b>Stage 17B</b>	Nov 2017	18	300 - 450	9	9	8
<b>Stage 18A</b>	Mar 2016	29	300-510	29	0	29
<b>Stage 18B</b>	Mar 2017	31	200-474	25	6	22
<b>Stage 25A</b>	May 2017	21	300-450	12	9	11
<b>Stage 25 Builder Release</b>	April 2018	6	254 - 307	6	0	3
<b>Stage 25C</b>	September 2018	5	277-450	2	3	0
<b>Total</b>		<b>945</b>		<b>915</b>	<b>30</b>	<b>905</b>

The following table summarises sales for FYE 2019 against Budget:

	July	Aug	Sep	Oct	Nov	Dec	Jan	YTD	Feb	Mar	Apr	May	June
<b>Budget</b>	4	4	4	4	4	3	3	26	4	5	5	5	5
<b>Actual</b>	2	4	4	1	3	-1*	1*	14	1				
<b>Variance</b>	-2	0	0	-3	-1	-4	-2	-12					

\* Sales for December 2018 - Gross Sales 1, Cancellations 2 = -1net sales

\* Sales for January 2019 - Gross Sales 1, Cancellations 0 = 1 net sales

There have been 15 net lot sales for FYE 2019 YTD. For the month of February 2019, there has been 1 gross sale to date. The Project has a stock position of 30 lots, 12 in Catalina Beach and 18 in Catalina Central.

The SPG has advised that December and January are traditionally slower months for sales, however the sales rate is lower than anticipated as a result of soft market conditions and a competitive market, including established homes.

The Catalina Beach Display Village and Sales Office are currently operating and this is resulting in increased interest in the Beach Precinct, however, at this stage it is not resulting in increased sales. The SPG notes that prospective purchasers continue to remain cautious and take the time to research their available options and incentives prior to committing to buying land.

The Council approved the extension to the Sales Initiatives offered in the “Spring Campaign” until April 2019. These incentives include a retail offer of \$20,000 (discount) on house and land packages. 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. The SPG has noted that the retail offer and referral fee has had limited impact during the last two months.

The SPG has provided a separate recommendation on repricing of the existing stock based on current market conditions. The SPG report and recommendation will be considered under item 9.10 of the Agenda.

**Northern Corridor Estates Analysis**

The following table provides a summary of sales at developments in the northern corridor. The SPG has expressed caution that these sales results are indicative only based on information that the SPG is able to obtain in the marketplace and supplied on a voluntary basis.

SALES													
ESTATE	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	12 Month Total Sales
<b>NORTH-WEST METRO</b>													
Alkimos Beach (Alkimos)	12	8	15	6	4	5	2	1	9	6	4	0	60
Alkimos Vista (Alkimos)	4	4	5	3	6	1	-	-	8	3	1	3	34
Allara (Eglinton)	6	12	4	6	8	8	2	2	3	6	1	4	56
Amberton (Eglinton)	3	4	10	5	5	4	2	1	13	7	12	3	66
Beaumaris (Iluka)	1	1	3	-	1	2	1	-	-	1	1	1	11
Burns Beach (Burns Beach)	1	12	8	-	2	2	1	5	5	3	5	1	44
<b>Catalina (Clarkson)</b>	2	2	2	1	3	8	2		3	4	4	-1	28
East of the Beach (Eglinton)	-	-	-	-	4	3	4	4	1	2	4	4	26
Eden Beach (Jindalee)	5	10	9	11	3	9	2	5	4	11	12	7	83
Kinross (Kinross)	-	-	-	-	1	5	5	4	1	2	2	1	21
Shorehaven (Alkimos)	4	-	2	5	8	2	4	5	-	6	5	2	39
Trinity (Alkimos)	3	9	8	1	1	5	3	-	5	7	3	3	45
<b>TOTAL</b>	<b>41</b>	<b>62</b>	<b>66</b>	<b>38</b>	<b>46</b>	<b>54</b>	<b>28</b>	<b>29</b>	<b>52</b>	<b>58</b>	<b>54</b>	<b>28</b>	513
<b>CATALINA NORTHERN CORRIDOR (%)</b>	5%	3%	3%	3%	7%	15%	7%	7%	6%	7%	7%	0%	
<b>CATALINA 3 MONTH AVERAGE (%)</b>	10%	5%	4%	3%	4%	9%	10%	11%	6%	6%	7%	5%	

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

The Northern Corridor Comparison Table reports on net sales to provide more accurate sales figures in the corridor.

A summary of available stock in the corridor is provided in the following table. The table indicates that generally Burns Beach is the most expensive estate. Catalina Beach is the most expensive for 300m<sup>2</sup> lots and Burns Beach has the most expensive lots 450m<sup>2</sup> and above.



Estate	225sqm Price (\$)	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	500sqm + Price (\$)	Total Dwellings	Stock
Allara	133,000	150000-158,000	179,000-189,000	216,000	237,000	3,405	25
Alkimos Beach	N/A	170,000	229,300-266,000	285,000-305,000	310,000	2,413	37
Amberton	N/A	206,000	212,000	264,000	N/A	2,500	17
Burns Beach	N/A	N/A	N/A	475,000	510,000 – 755,000	1,580	17
Catalina Central	N/A	260,000	298,000	335,000	N/A	2,480	18
Catalina Beach	N/A	260,000	380,000-390000	425,000-430,000	N/A		12
Eden Beach	1875,000 - 182,000	238,000	270,000	275,000 – 299,000	285,000 – 345,000	1,100	28
Kinross	N/A	N/A	295,000	330,000	347,500	67	16
Shorehaven	169,000-289,000	179,000 - 219,000	249,000	285,000	290,00	2,800	56
Trinity	N/A	169,000	198,000 - 220,000	253,000	269,000	2,500	12

### Stage 26 Release

As detailed in the Business Report the SPG has recommended the construction of Stage 26 (to be considered as part of item 9.9 of this Agenda). It is also proposing that a release comprising a total of eight lots ranging in area from 300m<sup>2</sup> – 486m<sup>2</sup> is undertaken in March 2019 based on the following:

- Providing lots located further from Marmion Avenue;
- A lower price point to existing (Stage 25) lots which have ocean vistas; and
- The sales trigger of 20 lots in Catalina Beach has been met.

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

## 9.6 TPRC BUDGET FYE 2019 – MID-YEAR REVIEW

### Report Information

Reporting Officer: Chief Executive Officer

### Recommendation

**That the Council ADOPTS the Budget Review with the variations for the period 1 July 2018 to 30 June 2019 as detailed in the Budget Analysis Worksheet attached to Appendix 9.6.**

### Voting Requirements

Absolute Majority

### Report Purpose

To consider the review of the TPRC Budget for the 2018/2019 financial year in accordance with the *Local Government (Financial Management) Regulations 1996*, Regulation 33A.

### Policy Reference

N/A

### Local Government Act/Regulation

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*: Reg 33A

### Previous Minutes

- Council Meeting – 15 February 2018 (Item 9.6 – TPRC Budget 2017/2018 Review)
- Council Meeting – 16 February 2017 (Item 9.6 – TPRC Budget 2016/2017 Review)

### Financial/Budget Implications

Review of variances of TPRC Budget FYE 2019.

### Relevant Documents

Appendix:

- Statement of Financial Activity;
- Statement of Surplus/Deficit;
- Statement of Closing Funds; and
- Budget Analysis Worksheet.

### Background

A budget review is conducted annually by comparing actual revenue and expenditure as at 31 December to budget estimates and forecasting predicted revenue and expenditure to 30 June.

The *Local Government (Financial Management) Regulations 1996*, Regulation 33A, requires that a Regional Local Government conduct a budget review between 1 January and 31 March

in each financial year. A copy of the review and determination is to be provided to the Department of Local Government, Sport and Cultural Industries within 30 days of the adoption of the review.

At its meeting of 16 August 2018, the Council resolved to adopt the Budget for the Tamala Park Regional Council for the year ending 30 June 2019, and adopted a 10% or \$5,000 variance whichever is the greater for the reporting of material variances identified in the annual budget review.

At its meeting of 6 December 2018, the Council considered the Mid-Year Review of the Catalina Project Budget FYE 2019 undertaken by the Satterley Property Group (SPG). The SPG FYE 2019 Mid-Year Budget Review indicated that assumptions and predictions in the Project Budget FYE 2019 (August 2018) were no longer valid given economic conditions and the property market.

The SPG considered that market conditions had continued to deteriorate since Council's approval of the Project Budget FYE 2019, with significant price reductions being offered by projects in the northern coastal area. The SPG recommended substantial price reductions of existing and proposed new lots, in both the Central and Western Precincts, as follows:

- Current stock reduced by \$10,000 per lot;
- Future Catalina Central stock reduced by \$10,000 per lot;
- Catalina Beach pricing for future stages reduced by between \$3,000 to \$10,000 per lot, with higher reductions applied to stages closer to Marmion Ave;
- Catalina Grove pricing reduced by \$3,000 per lot (applies in FYE 2020);
- A building/sales incentive of \$10,000 per lot.

At its meeting of 6 December 2018, the Council resolved as follows in relation to the Mid-Year Review of the Catalina Project Budget FYE 2019:

1. *RECEIVE the FYE 2019 Mid-Year Budget Review (November 2018), submitted by the Satterley Property Group.*
2. *NOT APPROVE the SPG lot price reductions proposed in the SPG FYE 2019 Mid-Year Budget Review (November 2018) and that lot pricing continue to be determined in accordance with the approved lot pricing practice at Catalina.*
3. *CONSIDER the issue of lot pricing and potential lot price reductions as part of the Mid-Year Review of the TPRC Budget FYE 2019 in February 2019, in light of project sales, land market conditions and general economic conditions.*

### **Comment**

A review of the approved TPRC Budget FYE 2019 has been undertaken in accordance with the Financial Management Regulations. The TPRC budget review has also taken account of the Mid-Year Review of the Catalina Project Budget FYE 2019 undertaken by the SPG in December 2018 and further updated advice.

The SPG has reaffirmed its position that assumptions and predictions in the Project Budget FYE 2019 relating to sales/settlements are no longer valid given further deterioration of the property market since December 2018. There continues to be significant price reductions and incentives being offered by projects in the northern coastal area. The SPG forecasts a sales target of 26 lots for FYE 2019 based on Council maintaining the current pricing structure and a reduction in Development Costs in recognition of the expected sales rate.

The Project has achieved 14 net sales to date, against a YTD forecast (January) of 26 lot sales.

In light of the further deterioration of the property market and based on the SPG advice the review of the approved TPRC Budget FYE 2019 reflects a conservative position on lot sales and revenue. It also is based on the latest sales/settlement information, construction program, and expenditure estimates.

The worksheets attached at Appendix 9.6 detail the actual expenditure, year to date, projected actual and expected variances. These are presented in a summary form below based on main groupings.

**TAMALA PARK REGIONAL COUNCIL  
BUDGET REVIEW  
2018-2019**

	Annual Budget 2018/19	Projected Estimates to 30/06/2019	Variance Projected Estimates to Budget \$	Variance Projected Estimates as % of Budget
<b>Total Income - Operating</b>	1,042,633	1,102,673	60,040	5.76%
<b>Total Expenses - Operating</b>	(1,364,680)	(1,368,102)	(3,422)	-0.25%
<b>Net operating Deficit</b>	<b>(322,047)</b>	<b>(265,429)</b>	<b>56,618</b>	<b>17.58%</b>
<b>Income - Members Equity</b>				
Proceed Sale of Lots	14,405,835	8,017,281	(6,388,554)	-44.35%
Other Income Sale of Lots	1,950,000	1,410,945	(539,055)	-27.64%
<b>Total Income - Members Equity</b>	<b>16,355,835</b>	<b>9,428,226</b>	<b>(6,927,609)</b>	<b>-42.36%</b>
<b>Expense - Members Equity</b>				
Consultancy	(30,000)	(30,000)	-	0.00%
Property Admin & Approvals	(15,000)	(15,000)	-	0.00%
Property Development - Services (Incl. Selling & Marketing Expenses)	(4,256,358)	(3,383,123)	873,235	20.52%
Land Development Costs	(16,975,833)	(9,433,540)	7,542,293	44.43%
<b>Total Expense - Members Equity</b>	<b>(21,277,191)</b>	<b>(12,861,663)</b>	<b>8,415,528</b>	<b>39.55%</b>
<b>Subtotal</b>	<b>(4,921,356)</b>	<b>(3,433,437)</b>	<b>1,487,919</b>	<b>30.23%</b>
<b>Other Items</b>				
Contribution Refund	(209,337)	(209,337)	-	0.00%
Book Value of Assets Written Back	46,760	46,760	-	0.00%
Depreciation Written Back	25,381	25,381	-	0.00%
Capital Expenditure	(82,000)	(79,000)	3,000	3.66%
Profit Distributions	(4,000,000)	(4,000,000)	-	0.00%
Opening Surplus	43,807,751	43,807,751	-	0.00%
<b>Closing Net Surplus/ Deficit</b>	<b>34,345,152</b>	<b>35,892,689</b>	<b>1,547,537</b>	<b>4.51%</b>

The material variances to the TPRC Budget FYE 2019 are summarised as follows:

## 1. Income

### Investment Income

Interest from investment was predicted to be \$1.04M for FYE 2019, however, interest earnings are now expected to be \$1.10M as a result of the investment principal being higher.

### Lot Sales Income

Lot Sales Income was budgeted at \$16.36M, however, based on the SPG Mid-Year Review and in light of the latest sales/settlement information sales income is now forecast at \$9.43M. The variance is due to reduced lot settlements from 44 lots to 26 lots.

## 2. Administration

There are a number of items with material variances of expenditure within the Administration item (TPRC operating budget), which are identified in the Budget Analysis Worksheet. These are minor in nature and have no significant impact on the TPRC Budget or on the TPRC operation.

## 3. Consultant Expenses

There are no material variances of expenditure within Consultant expenses.

## 4. Property Development Services

Property Development Services expenses are to decrease by \$0.87M primarily as a result of lower Direct Selling expenses in line with forecast reduced lot income.

## 5. Land Development Costs

Land Development expenses are forecast to decrease by \$7.54M. Key variations are summarised below:

- Special site development - costs decreased by \$5.23M, as a result of the deferral of the WAPC land acquisition to FYE 2020 and 2021;
- Landscaping works - decreased by \$0.18M, due to some landscaping costs being deferred to FYE 2020;
- Lot production – decreased by \$1.89M primarily due to deferral of Stage 26 and some projected savings;
- Contingency - decreased \$0.38M due to projected savings and reduced forecast development costs expenditure.

## 6. Surplus FYE 2019

The TPRC Budget for FYE 2019 predicted a closing net surplus of \$34.35M, now forecast at \$35.89M which represents a \$1.55M positive variance.

## 7. Distributions to Participant Local Governments

The TPRC Budget FYE 2019 predicted a Distribution to the participant members totalling \$4M.

The SPG Mid-Year Review forecasted that the Distribution to member local governments remain unchanged at \$4M. The review of the TPRC Budget FYE 2019 forecasts the \$4M Distribution to member local governments.

### Conclusion

The review of the approved TPRC Budget FYE 2019 reflects a conservative position on lot sales and revenue given the further deterioration of the property market and the advice and recommendations of the SPG. It also is based on the latest sales/settlement information, construction program, and expenditure estimates.

It is noted that the SPG has provided a recommendation at Item 9.10 to reprice lots presently released to the market for sale. If the SPG recommendations are supported this could impact on forecast sales for FYE 2019. However, at this stage it is recommended that Council adopt a conservative position on sales based on the SPG Mid-Year Review Forecast (December 2018).

The Mid-Year Review of the TPRC Budget FYE 2019 forecasts the following key variances:

1. Interest on investments to increase by \$0.06M;
2. Income from sale of land and other related income will decrease by \$6.93M;
3. Land Development costs will decrease by \$7.54M;
4. Distributions to member local governments remains unchanged at \$4.0M for FYE 2019.

The reduced residential lot revenue will be offset by lower development expenditure in line with reduced lot production. Given the forecast lower lot income, development expenditure will need to be managed to minimise potential impacts and exposure to the TPRC, including the use of Sales Triggers to manage Council's risk, whilst providing a reasonable stock position for market demand.

The review of the TPRC Budget FYE 2019 shows the TPRC can meet all cashflow obligations for FYE 2019. To date there has been no call upon local authority funds to meet any operating or capital expenditure. This position is expected to continue in 2018/2019.

*At its meeting of 7 February 2019, the Audit Committee considered the review of the TPRC Budget for the 2018/2019 financial year and resolved to recommend that Council adopt the Budget Review with the variations for the period 1 July 2018 to 30 June 2019 as detailed in the Budget Analysis Worksheet attached to Appendix 9.6.*

## **9.7 LOCAL GOVERNMENT COMPLIANCE AUDIT FOR YEAR ENDED 31 DECEMBER 2018**

### **Report Information**

Reporting Officer: Chief Executive Officer

### **Recommendation**

**That the Compliance Audit Return for the TPRC for the year ended 31 December 2018 be ADOPTED, RECORDED in the minutes, CERTIFIED and SUBMITTED to the Director General of the Department of Local Government, Sport and Cultural Industries, in accordance with the Local Government Act and Regulations.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

To submit for adoption the TPRC Local Government Compliance report for the year ended 31 December 2018.

### **Relevant Documents**

Appendix: Compliance Audit Return for Tamala Park Regional Council 2018.

### **Policy Reference**

TPRC Audit Charter: Duties and Responsibilities of Audit Committee Clause 6 - To review the statutory compliance return and make a recommendation on its adoption to the Council.

### **Local Government Act/Regulation**

- *Local Government Act 1995*: Section 7.13 Minister may require Compliance Audit
- *Local Government (Audit) Regulations 1996*: Regulation 13-15 Audit items and Procedure

### **Previous Minutes**

- Council Meeting – 15 February 2018 (Item 9.7 - Local Government Compliance Audit for Year Ended 31 December 2017)
- Council Meeting – 16 February 2017 (Item 9.7 - Local Government Compliance Audit for Year Ended 31 December 2016)

### **Financial/Budget Implications**

Nil

### **Background**

The Minister for Local Government, Sport and Cultural Industries has required that all local governments complete a Compliance Audit Return in reference to the statutory obligations of Councils, Council Members, and the local government. The Compliance Audit Return requires

answers to specific questions which seek performance answers and comments relative to specific provisions of the Local Government Act and Regulations.

The Compliance Audit Return is one of the tools to assist local governments and the Minister to understand how the local government is functioning and to promote a minimum standard of response to the statutory obligations set down in legislation.

The Compliance Audit is to be:

- Conducted for the period 1 January to 31 December each year;
- Presented to the Council at a meeting of the Council;
- Adopted by the Council;
- Recorded in the minutes of the meeting at which it is adopted; and
- A certified copy with the relevant section of the Council minutes and any additional information explaining or qualifying the Compliance Audit is to be submitted to the Director General (DLGSC) by 31 March.

### **Comment**

The Compliance Audit Return (Appendix 9.7) is broken down into the following parts:

- Commercial Enterprises by Local Governments;
- Delegation of Power/Duty;
- Disclosure of Interest;
- Disposal of Property;
- Finance;
- Local Government Employees;
- Official Conduct;
- Tenders for Providing Goods and Services.

Some items mentioned in the Compliance Audit Return are not relevant to operations of the TPRC for the review period. These have been noted 'N/A'. There was no adverse finding in reference to the Compliance Audit for the year ended 31 December 2018.

The TPRC Compliance Audit Return for the year ended 31 December 2018 is recommended for Council adoption and referral to the Director General of the Department of Local Government, Sports and Cultural Industries, in accordance with the Local Government Act and Regulations.

*At its meeting of 7 February 2019, the Audit Committee considered the Compliance Audit Return for the year ended 31 December 2018 and resolved to recommend to Council that the Compliance Audit Return for the TPRC for the year ended 31 December 2018 be ADOPTED, RECORDED in the minutes, CERTIFIED and SUBMITTED to the Director General of the Department of Local Government, Sport and Cultural Industries, in accordance with the Local Government Act and Regulations.*



**9.8 SALE OF CATALINA CENTRAL SALES OFFICE**

**Report Information**

Reporting Officer: Project Coordinator

**Recommendation**

**That the Council:**

1. **RECEIVES** the recommended sales strategy and sale price for the Catalina Central Sales Office, prepared by Satterley Property Group.
2. **APPROVES** the listing of the Catalina Central Sales Office (Lot 170) with the Satterley Property Group at a sale price of \$530,000 in accordance with the Public Release procedure of the Lot Sale and Release Strategy.
3. **DELEGATES** to the CEO authority to negotiate a price for the sale of the Catalina Central Sales Office between \$510,000 - \$530,000.

**Voting Requirements**

Absolute Majority (Recommendation 3)

**Report Purpose**

To consider SPG recommended pricing and sales strategy for the Catalina Central Sales Office.

**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:	\$ 14,405,835
Received to Date:	\$ 3,414,972
Balance:	\$ 10,990,863

**Relevant Documents**

Appendix: Letter from Satterley Property Group dated 6 December 2018

## Background

At its meeting of 18 October 2016, the Council approved an update to the Display Village Strategy, prepared by the Satterley Property Group, which recommended that the Catalina Central Sales Office be sold to the public at the conclusion of operation in FYE 2019.

At its meeting of 16 August 2018, the Council approved the Project Budget FYE 2019, which included revenue from the sale of the Catalina Central Sales Office.

Sales operations at the Catalina Beach Sales Office commenced 7 January 2019, resulting in the Catalina Central Sales Office no longer being required to operate as a Sales Office. Rectification works were completed in February 2019 to the adjoining car park and Sales Office to make good the Catalina Central Sales Office for sale as a residence.

The Catalina Central Sales Office comprises a two-storey, 3-bedroom, 2.5-bathroom home constructed by National Homes in 2014. The lot is 320m<sup>2</sup> in size and fronts Aviator Boulevard with vehicle access to a two-car garage via the rear lane.

## Comment

The SPG has recommended a marketing/sales strategy and sales price for the sale of the former Sales Office to the public. Based on comparable sales in the area, the SPG has priced the former Sales Office between \$495,000 - \$530,000 and recommended listing the property at \$530,000 with a view to present all offers within the price range. A copy of the SPG advice and recommendation is attached at Appendix 9.8.

The proposed SPG sale price of the former Sales Office is below the approved Project Budget FYE 2019 value of \$550,000 and therefore the sale price is required to be determined by Council. Burgess Rawson, the Council appointed valuer, has valued the Catalina Central Sales Office at \$510,000.

The SPG has noted that changes in market conditions, including the continuing reduction in pricing of established homes has impacted on the forecast price estimated in the Project Budget.

The TPRC pricing practice is to apply the higher sale price recommended by the SPG and the Council appointed valuer. In this instance the higher sale price is recommended by SPG at \$530,000.

The SPG has recommended a potential sale price range of between \$495,000 - \$530,000. Given the SPG's recommendation it is proposed that the CEO's delegation be extended to accept an offer within the valuer's nominated value of \$510,000 and \$530,000.

The SPG has recommended that the former Sales Office is released in accordance with the approved release strategy for public releases. The approved Public Release procedure has worked well to date and is considered appropriate for the release of the former Catalina Central Sales Office.

In addition to the release procedure and sale price, the SPG has recommended the sale is supported through a sales and marketing campaign. A proposed marketing budget of \$5,500 to support the sale of the Catalina Central Sales Office is considered appropriate.

The SPG has advised it has the capability and experience to undertake the sale of the Sales Office. The SPG is considered to have in depth knowledge of the property/locality and a

significant data base of purchasers that are already interested in living in Catalina. The commission to SPG would be consistent with the Development Managers Agreement.

It is recommended that Council approves a sale price of \$530,000 for the former Sales Office (Lot 170) and that the former Sales Office is released for sale as per the approved Public Release procedure in the Lot Sale and Release Strategy.

It is also recommended that the CEO's delegation is extended to allow for the negotiation and sale of the former Catalina Central Sales Office at a sale price between \$510,000 - \$530,000.

**9.9 PROPOSED CONSTRUCTION AND PRICING OF STAGE 26 – CATALINA BEACH**

**Report Information**

Reporting Officer: Project Coordinator

**Recommendation**

**That the Council:**

1. **RECEIVES** the Satterley Property Group advice (dated 30 January 2019) on the construction and lot pricing of Stage 26.
2. **APPROVES** the award of a contract to RJ Vincent to a value of \$1,519,349 for the civil construction of Stage 26 in Catalina Beach.
3. **APPROVES** the lot pricing and release of lots in Stage 26 as follows:

Stage 26A	
2107	\$312,000
2013	\$420,000
2075	\$300,000
2076	\$402,000
2077	\$400,000
2078	\$360,000
2079	\$310,000
2080	\$360,000

**Voting Requirements**

Simple Majority

**Report Purpose**

To consider the SPG recommendation on the construction and pricing of lots in Stage 26.

**Policy Reference**

N/A

**Previous Minutes**

N/A

**Financial/Budget Implications**

Income under this matter will be posted under the following items:

E145011 (Income on Lot Sales):

Budget Amount:       \$ 14,405,835  
 Received to Date:   \$ 3,414,972  
 Balance:               \$ 10,990,863

E145211 (Land Development – Lot Production):

Budget Amount:	\$ 3,600,062
Spent to Date:	\$ 8,734
Balance:	\$ 3,591,328

### **Relevant Documents**

Appendix: Letter from Satterley Property Group dated 30 January 2019

### **Background**

At its meeting of 16 August 2018, the Council approved the Project Budget 2018/2019, submitted by the Satterley Property Group. The Project Budget included the cost of construction for 38 lots in Stage 26 and sales revenue.

At its August 2018 meeting the Council also approved the Lot Sale and Release Strategy which included the release of lots in Stage 26 by Public Release.

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.

### **Comment**

The SPG has recommended the construction and pricing of lots within Stage 26. A copy of the recommendation is attached at Appendix 9.9.

The civil construction of Stage 26 in Catalina Beach comprises 38 lots and a road connection into the existing Mindarie area. The lot sizes range from 300m<sup>2</sup> to 539m<sup>2</sup> with a number of lots facing north/south and other lots located further west, away from Marmion Avenue. Construction of Stage 26 was programmed to commence in October 2018, as per the approved Annual Plan, however, was deferred based on low sales activity.

The approved stock trigger level for Catalina Beach is 20 lots with the current stock on hand being below the trigger at 12 lots. The approved stock trigger is used as a risk measure to ensure that the market is not oversupplied whilst still providing adequate variety of stock for potential purchasers.

The SPG has confirmed that the pricing provided by RJ Vincent, the appointed earthwork and civil contractor, is consistent with the approved rates, at a total cost of \$1,519,340 (including \$150,000 contingency) and is within the approved budget of \$1,533,161.

It is noted that during the last six months 7 lots have sold within Catalina Beach.

The SPG has advised of improved visitor numbers to the recently opened Display Village and Catalina Beach Sales Office and noted that the construction of Stage 26 provides an important connection to Mindarie to the north. Additionally, the SPG considers that the construction of the stage will provide better circulation through the Estate.

Given that the sales trigger and budget measures have been met and that Stage 26 will provide an important connection to Mindarie, the SPG recommendation to commence construction of Stage 26 is supported.

The SPG has also provided pricing for the 8 lots to be released as approved in the Lot Sale and Release Strategy. The recommended pricing results in a projected gross revenue of \$2,864,000 (\$358,000 per lot).

The average m<sup>2</sup> rate recommended for Stage 26 is \$902/m<sup>2</sup> (418m<sup>2</sup> lot). This pricing has been compared to the two closest beach located competitors below:

- Eden Beach: \$611/m<sup>2</sup> (450m<sup>2</sup>)
- Burns Beach: \$1,055/m<sup>2</sup> (450m<sup>2</sup>)
- Catalina (Proposed Stage 26): \$902/m<sup>2</sup> (418m<sup>2</sup>)

The SPG has confirmed that once adjusted for the variance in lot size Catalina Beach is positioned slightly above the mid-point between Eden Beach and Burns Beach.

In accordance with the TPRC’s pricing practice, current lot valuations have been obtained from the Council’s appointed Valuer for the lots to be released.

The table below shows current pricing, SPG recommended lot pricing and current lot valuations.

<b>Stage</b>	<b>Lot Number</b>	<b>Budget Price</b>	<b>SPG Recommended Price</b>	<b>Valuer’s Valuation</b>
26A	2107	\$345,000	<b>\$312,000</b>	\$310,000
26A	2013	\$432,000	\$420,000	\$420,000
26A	2075	\$310,000	\$300,000	\$300,000
26A	2076	\$422,000	<b>\$402,000</b>	\$400,000
26A	2077	\$422,000	<b>\$402,000</b>	\$400,000
26A	2078	\$377,000	\$360,000	\$360,000
26A	2079	\$320,000	\$308,000	<b>\$310,000</b>
26A	2080	\$377,000	\$360,000	\$360,000
	<b>Total</b>	<b>\$3,005,000</b>	<b>\$2,864,000</b>	<b>\$2,860,000</b>

The highlighted pricing represents the higher value between the SPG’s recommended pricing and the Valuer’s valuation. It is noted that the difference between the SPG pricing and the Valuer pricing is minimal.

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 recommended SPG lot pricing results in reductions below approved Project Budget ranging from \$10,000 to \$40,000 (\$141,000 in total) and therefore requires Council approval.

It is recommended that Council approve the following:

1. The award of a contract to RJ Vincent to a value of \$1,519,349 for the civil construction of Stage 26 in Catalina Beach.
2. Lot pricing for the Stage 26 release based on the Council approved pricing practice, which is to approve the higher pricing of the TPRC appointed Valuer's recommended pricing and the SPG's recommended pricing.
3. That the Summer Marketing Campaign involving a \$10,000 discount to all lots in Catalina, apply to the lots in Stage 26 (Campaign ends April 2019).

## 9.10 PROPOSED REPRICING OF LOTS

### Report Information

Reporting Officer: Project Coordinator

### Recommendation

#### That the Council:

1. **RECEIVES** the recommended repricing of all lots listed on the market for sale (dated 5 February 2019), prepared by the Satterley Property Group.
2. **APPROVES** the lot prices for currently released lots in accordance with Council's approved pricing practice, as detailed in Schedule 1 (dated 7 February 2019), attached at Appendix 9.10.

### Voting Requirements

Simple Majority

### Report Purpose

To consider the SPG recommended repricing of all lots listed on the market for sale.

### Policy Reference

N/A

### Previous Minutes

N/A

### Financial/Budget Implications

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

Budget Amount:	\$ 14,405,835
Received to Date:	\$ 3,414,972
Balance:	\$ 10,990,863

### Relevant Documents

Appendix: Letter from Satterley Property Group dated 5 February 2019

### Background

At its meeting of 16 August 2018, the Council approved the Project Budget 2018/2019, submitted by the Satterley Property Group. The Project Budget included lot pricing for all lots on the market and lots to be released during the year. The pricing for the budget was based on a recommendation from the SPG in March 2018. To date the TPRC has achieved 14 net lot sales against a YTD budget of 26 and total budget of 50 lots for FYE 2019.



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.

**Comment**

The SPG has advised that market conditions have deteriorated since the lot pricing was considered for the FYE 2019 Budget, in March 2018. The SPG considers that it is timely and appropriate to review lot pricing and has undertaken detailed analysis of market conditions and competing estates. As a consequence, the SPG has provided updated pricing for all lots listed on the market for sale at Catalina. A copy of the SPG advice and recommendations is attached at Appendix 9.10.

The SPG has compared the pricing against the most relevant competitors, which are Kinross, Burns Beach and Eden Beach.

The following table provides a lot price comparison between the lots available (current pricing) at Catalina and the abovementioned competing estates.

Estate	300m <sup>2</sup> Price (\$)	375m <sup>2</sup> Price (\$)	450m <sup>2</sup> Price (\$)	500m <sup>2</sup> + Price (\$)	Stock
Burns Beach	N/A	N/A	475,000	510,000 – 755,000	17
Catalina Beach	N/A	380,000- 390,000	425,000- 430,000	N/A	12
Catalina Central	260,000	298,000	335,000	N/A	18
Kinross	N/A	295,000	330,000	347,500	16
Eden Beach	238,000	270,000	275,000 – 299,000	285,000 – 345,000	28

**Catalina Central**

Based on the table above, Catalina Central is priced slightly higher than Kinross and approximately 10% higher than Eden Beach.

**Catalina Beach**

Catalina Beach is priced between Eden Beach and Burns Beach which is considered appropriate given the respective locations. However, there is a difference in pricing between Eden Beach of \$110,000. Eden Beach heavily discounted all lots in December 2018, which has resulted in 27 net sales over the last three months (note 5 sales were Builders’ Display Lots) and the highest market share in the corridor over that period.

In accordance with the TPRC’s pricing practice, current lot valuations have been obtained from the Council’s appointed Valuer.

The following table shows current pricing, SPG recommended lot pricing and current lot valuations.

<b>CATALINA</b>				
<b>Lot #</b>	<b>Area</b>	<b>Budget Price</b>	<b>SPG Recommended Price</b>	<b>Valuer Price</b>
2063	539	390,000	392,000	400,000
2064	461	405,000	402,000	410,000
2065	405	405,000	402,000	410,000
2098	375	390,000	378,000	360,000
2111	375	425,000	402,000	400,000
2112	315	425,000	402,000	400,000
2113	375	425,000	402,000	400,000
2115	375	425,000	402,000	400,000
2116	444	380,000	358,000	365,000
2117	450	380,000	358,000	360,000
2118*	375	425,000	402,000	400,000
2119	450	425,000	402,000	400,000
2120	481	380,000	358,000	360,000
775	486	245,000	225,000	230,000
869	539	348,000	315,000	325,000
873	519	308,000	282,000	290,000
879	375	260,000	245,000	245,000
897	375	308,000	283,000	290,000
899	300	260,000	229,000	245,000
951	375	335,000	310,000	320,000
966	375	278,000	279,000	260,000
968	450	298,000	279,000	280,000
970	450	298,000	279,000	280,000
988	443	298,000	279,000	280,000
989	503	298,000	279,000	280,000
991	341	298,000	279,000	280,000
992	450	298,000	279,000	280,000
993	450	298,000	279,000	280,000
994	375	329,000	305,000	310,000
<b>TOTAL</b>		<b>10,037,000</b>	<b>9,486,000</b>	<b>9,540,000</b>

\* Noted that Lot 2118 has recently been contracted for sale.

The highlighted pricing represents the higher value between the SPG’s recommended pricing and the Valuer’s valuation.

The recommended SPG lot pricing is generally consistent with the Valuer’s pricing. There is a \$551,000 variance to the approved Project Budget. The SPG’s pricing represents a 5.4% difference to the current budgeted pricing per lot, on average. The change in pricing since March 2018 is considered consistent with the broader market, which has declined over the

past 6 to 12 months. Based on market conditions for the past 12 months, both the SPG and Valuer's pricing is below the approved Project Budget for FYE 2019.

If the SPG recommended repricing is supported by Council it would involve a number of lots being below the market value as determined by valuation and therefore Council would be required to make a resolution consistent with Section 3.58(4)(c)(ii).

The lots proposed for repricing have all been on the market for over 12 months and are considered 'Aged Stock'. It should be noted that the \$10,000 lot discount would also apply to all lots as per the Council's approval of the Marketing Campaign in December 2018, the campaign concludes in April 2019.

As of the end of January 2019, 14 lots have been sold which is 12 lots behind the year to date budget of 26 lots and total budget of 50 lots. The lots proposed for repricing by the SPG have been on the market for a significant period of time and represent over \$10M in lot values. The repricing is reflective of the market conditions over the past 12 months and reflects the SPG and Council Valuer's recommendations.

It is recommended that the Council approve the repricing of lots currently on the market in accordance with Council's approved pricing practice, as detailed in Schedule 1 attached at Appendix 9.10.

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**