



TAMALA PARK
Regional Council

Meeting of Council

AGENDA

Thursday 11 August 2016, 6:00pm
Town of Cambridge
1 Bold Park Drive, Floreat

TAMALA PARK
REGIONAL COUNCIL
(TPRC)
COMPRISES THE
FOLLOWING
COUNCILS:

Town of Cambridge
City of Joondalup
City of Perth
City of Stirling
Town of Victoria Park
City of Vincent
City of Wanneroo

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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 11 August 2016 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 Louis Carr	
City of Joondalup	Cr John Chester Cr Kerry Hollywood	
City of Perth	Cr Janet Davidson OAM JP	Cr Jim Adamos
City of Stirling	Cr Karen Caddy Mayor Giovanni Italiano JP (Chairman) Cr David Michael Cr Rod Willox AM JP	Cr Terry Tyzack
Town of Victoria Park	Cr Keith Hayes	
City of Vincent	Mayor John Carey	Cr Jimmy Murphy
City of Wanneroo	Cr Dianne Guise (Deputy Chair) Cr Brett Treby	Cr Domenic Zappa Cr Hugh Nguyen

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 –16 June 2016

5A. BUSINESS ARISING FROM THE MINUTES

6. ANNOUNCEMENTS BY CHAIRMAN (WITHOUT DISCUSSION)

7. MATTERS FOR WHICH MEETING MAY BE CLOSED

8. REPORTS OF COMMITTEES

- Management Committee Meeting – 21 July 2016
- CEO Performance Review Committee Meeting – 11 August 2016

9. ADMINISTRATION REPORTS AS PRESENTED (ITEMS 9.1 – 9.17)

9.1 BUSINESS REPORT – PERIOD ENDING 4 AUGUST 2016

Report Information

Reporting Officer: Project Coordinator

File Reference: N/A

Recommendation

That the Council RECEIVES the Business Report to 4 August 2016.

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix:

- Staging Plan
- Landscape Schedule and Program FYE 2017

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 following table provides the status of current civil works:

Stage	Lots	Commenced Construction	Practical Completion Date	Works Status	Titles
14B	10	14 March 2016	August 2016	Pending approval of noise walls to complete construction (95% complete).	October 2016
Neerabup Road Intersection	-	14 March 2016	November 2016	60% complete.	Nil

2. Catalina Beach - Status

A revised subdivision application for Phase 1, (consisting of Stages 25 - 28) Catalina Beach was lodged with the Western Australian Planning Commission (WAPC) on 3 March 2016 and comprises approximately 200 lots. The purpose of the revised subdivision application was to improve the road network and modify lot sizes in line with current market conditions. The WAPC granted approval to the revised Subdivision Application in June.

Civil engineering design for Stages 25 and 26 is currently being undertaken, with civil works for Stage 25 anticipated to commence in October 2016.

Cossill and Webley (Project Engineer) has been progressing the detailed design to minimise the impact of the level differences between the existing Mindarie residents and the Catalina Beach Precinct. Individual lot plans detailing level difference have been completed, the lot levels can generally be lowered to be at grade with adjacent homes to minimise impacts. The TPRC/SPG have commenced consultation with the affected residents to outline potential impacts.

3. Landscape works – Status

Landscape works for the Southern BCA and Stages 9 and 10 verge treatments were completed by the end of June.

A status report on Landscape Works proposed for FYE 2017 is attached at Appendix 9.1. The report details budget, detailed design and approval status and commencement and completion timeframes.

4. Housing Construction

The following table provides an overview of the current progress of housing construction to date. A significant number of homes are under construction in Stages 13-15.

Stage	Under Construction	Completed	Total
Stage 1	1	32	33
Stage 2	0	32	32
Stage 3	1	42	43
Stage 4	4	43	47
Stage 5	0	60	60
Stage 6	9	33	42
Stage 7	0	63	63
Stage 8	1	52	53
Stage 9	5	41	46
Stage 10	4	22	26
Stage 11	2	72	74
Stage 12	5	38	43
Stage 13	17	52	69
Stage 14A	25	15	40
Stage 15	53	0	53
Total	129	595	724

5. Waste Management Program

Instant Waste Management is providing quarterly reports identifying recycling achieved from waste collected from the Catalina Estate. The latest report identifies 158 participating building sites with a waste recovery rate of 95.44% (by weight) being achieved. To the end of June 2016 a total of 3,399 tonnes of waste has been recycled through the Waste Management Program.

6. Builders Display Village

To date, 21 display homes have been completed and opened to the public. The remaining home is expected to be completed by the end of November 2016.

7. Lot 1 – TPRC/ABN Development

Construction and landscaping of the 25 apartments is complete.

To date 24 apartments have been settled. One apartment remains unsold.

9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF MAY & JUNE 2016

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.66.401.0

Recommendation

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

- **31 May 2016; and**
- **30 June 2016.**

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix:

- Statement of Financial Activity for 31 May 2016
- Statement of Financial Activity for 30 June 2016

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 30 June 2016 exceeding 10% were experienced in relation to the following:

Interest Earnings	Interest earnings exceed budget predictions as a result of higher principal..
Employee Costs	The positive variation is a result of under expenditure.
Materials and Contracts	The positive variance is a result of deferred expenditure and savings on consultant payments.
Utilities	The positive variance is a result of under expenditure.
Income Sale of Lots – Subdivisions	The negative variance relates to fewer lot settlements.
Income Other - Subdivisions	The negative variance relates to the Local Centre settlement which is now forecast to settle in FYE 2017.
Land Production Costs	The positive variance relates to deferred works and savings.
Profit Distribution	It is noted that the favourable variance was in accordance with Council's decision to reduce distributions in FYE 2016..
Apartments	It is noted that the favourable Income variance was offset by unfavourable Costs variance.

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

Financial Snapshot as at 30 June 2016

**TAMALA PARK REGIONAL COUNCIL
FINANCIAL SNAPSHOT
FOR THE PERIOD ENDING 30 JUNE 2016**

	2015-16 Adopted Budget	2015-16 Amended Budget	2015-16 Actual	Variance		Variance %
				Favourable	Unfavourable	
Revenue	\$		\$	\$	\$	%
Interest Earnings	958,606	1,100,000	1,435,796	335,796		30.53%
Other Revenue	1,937	5,700	5,700	-		0.00%
	<u>\$960,543</u>	<u>\$1,105,700</u>	<u>\$1,441,496</u>	<u>\$335,796</u>	<u>\$0</u>	
Less Expenditure						
Depreciation	(17,797)	(17,797)	-	17,797		100.00%
Employee Costs	(727,610)	(726,650)	(538,897)	187,753		25.84%
Insurance	(17,323)	(10,152)	(10,152)	-		0.00%
Materials and Contracts	(443,516)	(445,634)	(133,326)	312,308		70.08%
Other	(175,970)	(175,970)	(158,533)	17,437		9.91%
Utilities	(6,150)	(6,150)	(457)	5,693		92.57%
Members Equity						
-Income Sale of Lots - Subdivisions	40,743,130	34,691,577	30,837,832		(3,853,745)	-11.11%
-Income Sale of Lots - Apartments	-	6,096,997	7,651,813	1,554,816		25.50%
-Income Other - Subdivisions	1,659,807	1,142,116	50,703		(1,091,413)	-95.56%
-Land Production Costs	(47,630,553)	(29,667,690)	(15,104,538)	14,563,152		49.09%
-Development Costs - Apartments	-	(5,952,363)	(7,498,311)		(1,545,948)	-25.97%
-Profit distribution/Contributions Returned	(18,350,650)	(18,350,650)	(15,310,057)	3,040,593		16.57%
	<u>(\$24,966,632)</u>	<u>(\$13,422,366)</u>	<u>(\$213,923)</u>	<u>\$19,699,549</u>	<u>(\$6,491,106)</u>	
Total Change in Equity	<u>(\$24,006,089)</u>	<u>(\$12,316,666)</u>	<u>\$1,227,573</u>	<u>\$20,035,345</u>	<u>(\$6,491,106)</u>	

Balance Sheet Summary as at 30 June 2016

**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Actual 2014-15 \$	Actual 2015-16 \$	Variance \$	Variance %
Current assets				
Cash and cash equivalents	46,060,590	47,135,952	1,075,362	2.33%
Trade and other receivables	389,122	404,325	15,203	3.91%
Total current assets	46,449,712	47,540,277	1,090,565	2.3%
Non-current assets				
Inventories	1,818,182	1,818,182	0	0.00%
Property, plant and equipment	151,944	153,260	1,316	0.87%
Total non-current assets	1,970,126	1,971,442	1,316	0.07%
Total assets	48,419,838	49,511,719	1,091,881	2.26%
Current liabilities				
Trade and other payables	184,646	56,034	128,612	69.65%
Provisions	109,986	102,906	7,080	6.44%
Total current liabilities	294,632	158,940	135,692	46.1%
Non-current liabilities				
Provisions	30,931	30,931	0	0.00%
Total non-current liabilities	30,931	30,931	0	0.00%
Total liabilities	325,563	189,871	135,692	41.68%
Net assets	48,094,275	49,321,848	1,227,573	2.55%

9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF MAY & JUNE 2016

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.66.401.0

Recommendation

That the Council RECEIVES and NOTES the list of accounts paid under Delegated Authority to the CEO for the months of May and June 2016:

- **Month ending 31 May 2016 (Total \$1,875,214.72)**
- **Month ending 30 June 2016 (Total \$7,027,704.71)**
- **Total Paid - \$8,902,919.43**

Voting Requirements

Simple Majority

Report Purpose

Submission of payments made under the CEO's Delegated Authority for the months ending 31 May 2016 and 30 June 2016.

Relevant Documents

Appendix:

- Cheque Detail for May & June 2016
- Summary Payment List for May 2016
- Summary Payment List for June 2016

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 months accounts.

9.4 PROJECT FINANCIAL REPORT – JUNE 2016

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.66.401.0

Recommendation

That the Council RECEIVES the Project Financial Report (June 2016) submitted by the Satterley Property Group.

Voting Requirements

Simple Majority

Report Purpose

To consider the Project Financial Report for June 2016 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 June 2016.

Relevant Documents

Appendix: Letter from Satterley Property Group dated 21 July 2016 with Financial Report

Background

At its meeting of 13 August 2015 the Council approved the Project Budget 2015/2016 (July 2015), submitted by the Satterley Property Group, as the basis of financial planning for the 2015/2016 TPRC budget.

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 May 2016 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 30 June 2016 and is attached at Appendix 9.4.

The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$30.5M which is \$10.2M under budget with 39 less residential settlements for the year less year to date.
2. Expenditure is \$28.1M under budget, in the following areas:
 - Lot Production \$15.8M;
 - Landscape \$4.5M;
 - Infrastructure \$3.7M;
 - P&L expenditure \$3.0M.

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

Lot Sales Value was \$25.2M less favourable to budget due to 88 less lot sales year to date.

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

9.5 SALES AND SETTLEMENT REPORT – PERIOD ENDING 4 AUGUST 2016

Report Information

Reporting Officer: Project Coordinator

File Reference: N/A

Recommendation

That the Council RECEIVES the Sales and Settlement Report to 4 August 2016.

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:	\$26,283,529
Received to Date:	\$ 1,771,941
Balance:	\$24,511,588

Note: Based on Draft TPRC Budget 2016/2017.

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 9.1 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 to date:

Stage	Release Date	Lots Released	Lot Sizes	Sold	Stock	Settled
Stages 1 – 11, 12B, 13A, 14A, 14 Builders and 14C	NA	632	NA	632	0	632
Stage 12A	May 2014	25	295-463	23	2	22
Stage 13B (Public)	Oct 2014	39	295-450	31	8	31
Stage 14B (Public)	Feb 2015	19	274-450	18	1	17
Stage 14B (Release 2)	July 2016	10	262-329	2	8	0
Stage 14D (Public)	June 2015	8	225–322	8	0	7
Stage 15A (Public)	July 2015	16	300–450	15	1	12
Stage 15B (Public)	Sep 2015	20	300–450	18	1	15
Stage 15C (Public)	Nov 2015	17	200–510	16	1	11
Stage 18A	March 2016	29	300-510	22	7	3
Total		815		786	29	750

The following table provides a summary of lot sizing and commentary of current “aged stock” on hand. It is noted that 10 lots considered as ‘aged stock’ have been sold in the last three months.

Stage	Release Date	Lot Number	Price	M ²	Comment
12A	May 2014	296	\$299,000	432	Corner lot, side loaded, located on (Aviator Boulevard), elevated, opposite school.
12A	May 2014	305	\$304,000	447	Corner lot, side loaded, located on (Aviator Boulevard), elevated, opposite future primary school site.
13B	October 2014	725	\$229,000	295	Corner Lot, 9m frontage, mandatory 2 storey, opposite POS.
13B	October 2014	726	\$202,000	225	9m frontage, mandatory 2 storey, opposite POS.
13B	October 2014	727	\$202,000	225	9m frontage, mandatory 2 storey, opposite POS.
13B	October 2014	728	\$202,000	225	9m frontage, mandatory 2 storey, opposite POS.
13B	October 2014	730	\$229,000	295	Corner lot, 9m frontage with truncation, mandatory 2 storey, opposite POS.
13B	October 2014	755	\$202,000	225	9m frontage, mandatory 2 storey, opposite POS.
13B	October 2014	757	\$202,000	225	9m frontage, mandatory 2 storey, opposite POS.
13B	October 2014	758	\$202,000	225	9m frontage, mandatory 2 storey, opposite POS.
14B	February 2015	765	\$315,000	448	Corner lot, irregular shape with 3 street frontages. Potential duplex lot
15A	July 2015	821	\$263,000	358	Corner lot, fronting Neerabup Rd, quiet house requirements

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15B	September 2015	841	\$257,000	300	Regular lot, located on the lower side of 2.5m rear retaining wall.
15B	September 2015	853	\$298,000	375	Regular lot (fall over – back on market).
15C	November 2015	861	\$298,000	375	Regular lot located on the lower side of 2.5m rear retaining wall.

Note: \$8,000 rebate has been applied to the pricing of applicable lots.

Competition Analysis

The following table provides a summary of gross sales at competing developments in the northern corridor for the FYE 2016.

SPG has noted that Catalina has been the equal best performer of SPG managed estates in the North West corridor for the FYE 2016.

Estate	Sales												YTD total	Size Range (m ²)	Price Range
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
Allara	13	18	10	10	8	7	5	8	7	9	15	17	127	225-561	\$139,950-\$223,000
Eden Beach	7	9	7	11	5	19	10	14	7	6	15	4	114	225-625	\$200,000-\$430,000
Catalina	10	12	14	9	18	15	6	8	13	3	8	11	127	200-510	\$202,000-\$359,000
Alkimos Beach	7	4	21	13	21	17	8	9	6	14	13	15	148	150-535	\$128,000-\$335,000
Amberton	14	12	15	18	8	3	11	9	13	11	10	10	134	188-526	\$160,000-\$275,000
Shorehaven	6	10	28	8	6	3	3	4	8	9	9	5	99	217-385	\$179,000-\$315,000
Trinity	37	11	24	18	12	8	13	8	11	10	5	13	170	298-542	\$198,000-\$280,000
Total	94	76	119	87	78	72	56	60	65	62	75	75	919		
CATALINA MARKET SHARE (%)	10.6%	15.8%	11.8%	10.3%	23.1%	19.2%	10.7%	13.3%	20.0%	4.8%	10.6%	14.6%	13.8%		

A summary of available stock in the corridor is provided in the table below. The table shows that generally Eden Beach and Catalina are the most expensive estates with Catalina having the most expensive 225m² and 450m² products.

Estate	225sqm Price (\$)	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	Stock
Allara	149,950	169,000	193,000	223,000	32
Eden Beach	200,000	275,000	325,000	330,000	25
Catalina	210,000	255,000	297,000	339,000	29
Alkimos Beach	186,000	235,000	265,000	300,000	85
Amberton	160,000	204,000	233,000	270,000	18
Shorehaven	199,000	265,000	287,000	N/A	51
Trinity	N/A	195,000	230,000	265,000	28
TOTAL					266

Note: Competitor's sales results are indicative only based on information that the SPG is able to obtain in the marketplace.

9.6 TPRC DRAFT BUDGET FOR THE FINANCIAL YEAR 2016/2017

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.26.141

Recommendation

That the Council:

1. **ADOPTS the Budget for the Tamala Park Regional Council for the year ending 30 June 2017, incorporating the following statements:**
 - a. **Statement of Comprehensive Income, indicating an operating deficit of \$515,963.**
 - b. **Statement of Financial Activity, showing surplus at end of year position of \$34,005,735.**
 - c. **Rate Setting Statement, indicating no rates levied.**
 - d. **Notes 1 to 27 forming part of the Budget.**
2. **ADOPTS the Significant Accounting Policies as detailed in pages 14-30.**
3. **ADOPTS a percentage of 10% or \$5,000 whichever is the greater for the purposes of the reporting of material variances by Nature and Type monthly for the 2016/2017 financial year, in accordance with Regulation 34(5) of the Local Government (Financial Management) Regulations 1996.**

Voting Requirements

Simple Majority

Report Purpose

Consideration of the budget estimates for the financial year 1 July 2016 - 30 June 2017 including project approval and resource allocation.

Relevant Documents

Appendix: Draft Annual Budget Estimates for 2016/2017 including -

- Comprehensive Income Statement;
- Statement of Financial Activity;
- Rate Setting Statement.

Previous Minutes

- Council Meeting – 13 August 2015 (Item 9.11 - TPRC Draft Budget for the Financial Year 20015/2016)
- Council Meeting – 21 August 2014 (Item 9.7 - TPRC Draft Budget for the Financial Year 20014/2015)

Policy Reference

N/A

Local Government Act/Regulation

- Local Govt Act 1995: Sect 6.2 Council Required, between 1 June and 31 August to adopt budget for financial year
- Local Govt (Financial Management) Regs 1996: Part 3 - Annual Budget form and content
- Guideline 8 - Opening Closing Funds - Annual Budget
- Local Government (Financial Mgt) Regs 1996: Reg 34 (5) Material Variance Reports [10%]
- Local Government (Audit) Regs 1996: Reg 13 Compliance Audit Item

Background

The Local Authority Budget sets out the programs, projects and allocation of resources required to perform the Municipal obligations and functions required by the Local Government Act and associated legislation.

The Budget is used as the base document for monthly financial reporting, for the formal Budget Review and for the Annual Financial Report, including financial performance ratios.

At its meeting of 16 June 2016 the Council approved the Project Budget 2016/2017 (May 2016), submitted by the Satterley Property Group, as the basis of financial planning for the TPRC Budget 2016/2017.

As a result of subdued market conditions, the SPG has proposed a conservative Project Budget 2016/2017 (May 2016) incorporating lower sales rates, revenue and construction activity than anticipated in the approved Project Forecast 2011 – 2029.

The Project Budget 2016/2017 (May 2016) is based on the following key activities and key assumptions:

Civil Construction / Bulk Earthworks - \$14.5M

- Civil construction Stages 17A, 18B and 25 - 120 lots.
- Bulk Earthworks completion for Catalina Central Primary School site and Western Precinct.

Infrastructure - \$1.5M

- Waste Water Pump Station - Catalina Beach.

Landscape Construction - \$6.8M

- Stages 10 – 15 Public Open Space areas;
- Marmion Avenue verge and median;
- Marmion Avenue Catalina Beach Entry Statement;
- Biodiversity Conservation Area (South).

Marketing - \$0.66M

- Continued Catalina branding;
- Promotion of second Builders Display Village;
- Launch Catalina Beach Precinct;
- Upgrading of estate signage;
- Advertising for estate campaigns;
- Research.

Sales / Settlements

- 119 sales;
- Titles Stages 14B and 25 - 68 lots;
- 93 settlements.

Planning

- Subdivision application for Stages 16A, 16B, 17B and 18B in Catalina Central;
- Planning for the Eastern Precinct and lodgement of first subdivision application.

The Project Budget 2016/2017 (May 2016) has been used to inform the TPRC Budget for 2016/2017.

The proposed Distribution of \$11 to member local governments remains unchanged.

Comment

1. In 2015/2016 the TPRC did not expend all projected operating allocations, particularly in the areas of Infrastructure, Lot Production, Administration and Marketing as a result of lower lot sales resulting in less lot production/infrastructure expenditure. Consequently the operating budget for the financial year was in surplus.
2. As indicated above, the TPRC Budget 2016/2017 is based on the Project Budget 2016/2017 (May 2016), submitted by the Satterley Property Group. The SPG considers that the decline of the WA resource sector and slowing population growth is likely to result in the land market remaining soft for the next 18-24 months. As a result the SPG has proposed a conservative position in terms of sales and revenue.
3. The projected income and expenditure for 2016/2017 is shown in the table below.

Net Result	Budget 2016/17 \$
Income	
Investments	959,170
Proceeds Sale of Lots, Apartments, Telethon Home & Access Fee	31,077,779
Profit Disposal of Assets	1,602
Other income	1,985
Total Income	32,040,536
Expenditure	
Depreciation	21,024
Employee Costs	752,311
Insurance	17,756
Administration Expenses	510,112
Governance	177,517
Total Expenditure	1,478,720
Net Result	30,561,816

Less Development of Land for Resale	
Development Costs, Subdivisions & Apartments	32,546,354
Equity Distribution	11,327,714
Net Change in Members Equity	(13,312,252)
Plus Accumulated Surplus as at 30th June	49,238,752
Less Changes on Revaluation of Non- Current Assets	0
Total Members Equity	35,926,500

4. The budget has been assembled in local government format and is shown in Appendix 9.6, which indicates items of revenue and expenditure and cash flow through the 12 months of the financial year. The emphasis of the budget is focused on initiatives in the following areas:

- Administration;
- Sales and Marketing;
- Land Development Costs;
- Revenue (sales revenue and investment income).

4.1. Administration

This category provides for the operation of the TPRC administration.

4.2. Sales and Marketing

Provision is made for the Sales and Marketing of the Project consistent with the Annual Marketing Plan (May 2016) and the Project Budget 2016/2017 (May 2016) approved by Council. The expenditure covered in this category is under item E145216 (Direct Selling Expenses). This category allows for expenditure associated with the following:

- Brand Development;
- Lead generation to achieve sales targets;
- Project Signage Strategy and upgrade;
- Point of Sale – Improve purchaser journey;
- Project website improvements and sales collateral refinement; and
- Catalina Beach Launch.

4.3. Land Development Costs

This category reflects the forecast subdued market conditions and proposes a conservative construction program for 2016/2017.

The expenditure projected is shown in the table below:

Land & Special Sites Development	\$49,657
Consultants	\$675,204
Landscape	\$6,807,816
Infrastructure	\$1,474,031
Bulk Earthworks	\$3,770,383
Lot Production	\$10,717,375
Admin Land Development	\$1,075,117
Community Development	\$192,500
Contingency	\$1,483,907

Finance	\$1,600,000
Debtors /Creditors Movement	<u>\$165,944</u>
	<u>\$28,011,934</u>

These are shown as Capital Costs in the Budget.

4.4. Revenue

Last financial year investment income amounted to \$1,459,506. Indications are that interests will remain stable through 2016/2017. The estimated investment revenue is \$959,170. This assumes an investment rate of 2.5% per annum for 2016/2017.

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 2016/2017.

5. Financial Activity Statement

The Financial Activity Statement 2016/2017 (Appendix 9.6) shows the TPRC cashflow position for 2016/2017. It predicts that the TPRC can meet all cashflow obligations. This assumes income from the sale of lots of \$31,077,779. The Draft Annual Budget for 2016/2017 predicts that the TPRC can meet all cashflow obligations without the need for a finance or overdraft facility.

6. Material Variance

Regulation 34(5) of the *Local Government (Functions and General) Regulations 1996* specifically requires Local Government in each financial year, to adopt a percentage or value to be used in the Statements of Financial Activity. In previous years the TPRC used 10% for reporting material variances. This is considered an appropriate measure of variance that has resulted in reporting of minor variations in total cost terms.

It is recommended that the Council adopt a percentage of 10% or \$5,000 whichever is the greater for the purpose of reporting material variances by Nature and Type monthly for 2016/2017.

7. Distributions

The Draft TPRC Budget for 2016/2017 predicts Distributions to the seven participant members totalling \$11 million. It is anticipated that the Distributions are to be made as follows:

- December 2016 - \$5M
- June 2017 - \$6M

Conclusion

The Draft TPRC Budget for 2016/2017 is based on Project Budget 2016/2017 (May 2016), approved by Council at its 16 June 2016 meeting and is considered to provide a sound basis for the TPRC Budget for 2016/2017.

It reflects conservative sales, revenue and construction activity position which is considered appropriate given the soft forecast for the land sales market and the adverse conditions being reported on the Western Australian economy. It is also consistent with the Annual Plan (May 2016) and the Sales and Lot Release Strategy Plan (May 2016) approved by Council on 16 June 2016, as the basis of sales, land releases and civil construction.

It predicts that the TPRC can meet all cashflow obligations without the need for any call upon member local government funds to meet any operating or capital expenditure.

The Draft TPRC Budget for 2016/2017 is recommended for adoption.

At its meeting of 28 July 2016 the Audit Committee considered the Draft TPRC Budget for 2016/2017 and resolved to recommend that Council:

1. *ADOPTS the Budget for the Tamala Park Regional Council for the year ending 30 June 2017, incorporating the following statements:*
 - a. *Statement of Comprehensive Income, indicating an operating deficit of \$515,848.*
 - b. *Statement of Financial Activity, showing surplus at end of year position of \$34,006,500.*
 - c. *Rate Setting Statement, indicating no rates levied.*
2. *ADOPTS a percentage of 10% or \$5,000 whichever is the greater for the purposes of the reporting of material variances by Nature and Type monthly for the 2016/2017 financial year, in accordance with Regulation 34(5) of the Local Government (Financial Management) Regulations 1996.*

9.7 REVIEW OF SUSTAINABILITY INITIATIVES PLAN

Report Information

Reporting Officer: Project Coordinator

File Reference: 1.88.246

Recommendation

That the Council:

1. **RECEIVES** the Catalina Sustainability Initiative Plan Annual Review (May 2016) prepared by the Satterley Property Group.
2. **APPROVES** the following sustainability initiatives and budget for FYE 2017:

SUSTAINABILITY INITIATIVE	ALLOCATION
Waterwise Landscape Package including soil moisture sensors	\$5,500 per lot
Solar Panel Rebate	\$2,000 per lot
Fibre Optic Service	\$1,550 per lot
Community Development	\$1,200 per lot
Waste Recycling (Housing Construction)	\$1,000 per lot

3. **APPROVES** the continuation of the existing landscape initiatives including native and low water use plants, native seed collection and propagation, use of site mulch and waterwise irrigation systems.
4. **APPROVES** the continuation of the existing bulk earthworks and civil works initiatives for fauna and flora relocation and for the investigation of underground drainage storage, warm asphalt and alternative power initiatives for implementation in Catalina.
5. **APPROVES** the continuation of small lot and Medium Density Housing opportunities in accordance with the Catalina Built Form and Housing Strategy (May 2016).
6. **ADVISES** the Satterley Property Group that prior to considering the following new initiatives recommended by SPG a detailed analysis of the current initiatives is to be undertaken against the Catalina Project's competitors and provided for Council's consideration:
 - Mandate in the design guidelines high rated WELS appliances;
 - Supply of an AquaMonitor to all homes;
 - Reducing and recycling general waste from the Estate;
 - The use of recycled rubber mulch in POS and Streetscapes;

The SPG analysis should also include advice on the achievement of sustainability outcomes, potential impacts on sales, financial and management implications and support from the City of Wanneroo (where appropriate).
7. **ACCEPTS** that Satterley Property Group has achieved Key Performance Indicator 2.8 requiring an annual review of sustainability initiatives by May each year.

8. REQUESTS the Satterley Property Group to provide advice on declining participation rates of the solar panel rebate and waste management initiative, to be provided at the October 2016 Council meeting.

Voting Requirements

Simple Majority

Report Purpose

To consider a report on the review of sustainability initiatives for the Project, prepared by the Satterley Property Group.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

- Council Meeting – 13 August 2015 (Item 9.6: Review of Sustainability Initiatives Plan (July 2015));
- Council Meeting – 26 June 2014 (Item 9.12: Development Managers - Key Performance Indicators)

Financial/Budget Implications

Expenditure under this matter will be incurred under the following items:

- Item E145211 (Land Development – Lot Production):

Budget Amount:	\$10,717,375
Spent to Date:	\$ 163,002
Balance:	\$10,554,373

- Item E145216 (Sales Expenditure – Direct Selling Costs):

Budget Amount:	\$ 3,805,686
Spent to Date:	\$ 208,659
Balance:	\$ 3,597,027

- Item E145213 (Land Development – Community Development):

Budget Amount:	\$ 192,500
Spent to Date:	\$ 0
Balance:	\$ 192,500

Note: Based on Draft TPRC Budget 2016/2017.

Relevant Documents

Appendix: SPG Letter May 2016 - Catalina Sustainability Initiative Paper

Background

In August 2015 the Council considered a review of the Sustainability Initiatives Plan (SIP), prepared by the Satterley Property Group and resolved that the following sustainability initiatives be implemented in the Project:

SUSTAINABILITY INITIATIVE	APPROVED BUDGET
Share Bore	\$2,500 per lot
Waterwise Landscape Package	\$5,500 per lot
Solar Panel Rebate	\$2,000 per lot
Fibre Optic Service	\$1,000 per lot
Community Development	\$1,200 per lot
Waste Recycling (housing construction)	\$1,000 per lot

The purpose of the Sustainability Initiatives Plan (SIP) is to identify initiatives that the Council can undertake in the Project to meet sustainability and innovation objectives. The SIP focuses on key elements including reduction of water use, reduction of energy use, reduction of waste; and general initiatives relating to civil design and construction and landscape design and construction.

The approved Development Managers KPI 2.8 requires the Satterley Property Group to undertake an annual review of sustainability initiatives contained in the SIP by May each year.

Comment

In accordance with the approved Development Managers KPI 2.8 the Satterley Property Group (SPG) has undertaken a review of the sustainability initiatives being implemented in Catalina. The SPG has also reviewed and reported on a number of broader sustainability initiatives being implemented in the Project. The SPG report is attached as Appendix 9.7.

The following is a review of the current and proposed new initiatives:

Waterwise Initiatives

SHARED BORE TRIAL

In February 2013 the Council approved the implementation of a Shared Bore Trial for Stages 4, 5 and 7 for front loaded lots. To date 45 out of the 72 homes in the trial are connected to the shared bores. In December 2015, the Council considered a report on the Shared Bore Trial and resolved not to approve an extension to the Shared Bore program to Catalina Beach or Catalina Grove and requested SPG to further investigate the matter as part of the annual review of the Sustainability Initiatives Plan.

The SPG has assessed the Shared Bore Trial and considers that although the initiative reduces potable water use it is not reducing water use overall. SPG has recommended that alternative water sustainability initiatives contributing to the overall reduction of household water use be implemented in place of the Shared Bore Trial. These initiatives are detailed in this report.

WATERWISE LANDSCAPE PACKAGES

The waterwise landscape packages assist lot purchasers with water conservation and promote locally appropriate and waterwise plant species. A budget of \$5,500 per lot is allocated to this initiative.

The waterwise landscape package applies to the front of the lot and typically includes waterwise native vegetation, automated waterwise irrigation system (including a rain sensor), soil preparation (including additives to enhance moisture retention abilities) and subsurface irrigation of garden beds to reduce water loss.

The SPG considers that the Waterwise Landscape Package is contributing to the reduction of water use and should be continued for future stages. The recommendation is supported

Energy

The Council has approved a \$2,000 per lot solar rebate where purchasers install a solar system, within a nominated time frame and specifications.

To date 163 purchasers have installed the required solar system, which represents 24% of the homes completed and eligible. The SPG estimates a reduction of greenhouse gas emissions of approximately 1.4 tonnes per annum per home and a total reduction in greenhouse gas emissions of 228 tonnes per annum based on the participating homes to date.

The SPG has recommended that the solar rebate be continued.

It is noted that the take up rate for the solar rebate has reduced over the last two years. Given the benefits of this initiative the SPG should be requested to provide further advice on the matter in order to improve participation rates.

Fibre Optic Service

The TPRC has facilitated the provision of fibre optic services to all completed stages of development.

The SPG has recommended that the TPRC continue to support the provision of fibre optic services for Catalina Beach.

The provision of fibre optic services provides access to the latest technology and provides the potential for home offices and mixed-use sites in Catalina. The recommendation is supported.

Community Development

The TPRC is implementing an approved Community Development Plan (CDP).

The focus of the CDP to date has been on stakeholder consultation, local community events such as street parties, tree planting day, environmental walks and the completion of the Community Garden.

The SPG recommends that the Community Development initiatives be continued over the next 12 months.

Waste Recycling

In December 2014 the Council approved a tender proposal from Instant Waste Management to establish and operate a Waste Management Program to collect, sort, store and reuse builders' waste material generated from within the Catalina Estate.

To date over 3,341 tonnes of building waste has been diverted from landfill and recycled at a rate of 95% of all materials.

The program is voluntary in public release stages, however it has been mandated for builder releases from Stage 9 onwards and the 2nd Catalina Display Village. It is receiving good feedback from builders who have participated to date and is achieving excellent recycling results. In order to offset the additional costs the TPRC provides a rebate of \$750 for Stage 14 onwards to participating builders.

A total of 153 homes have participated in the Program to date out of a total of 681 homes that have been able to participate, indicating a participation rate of 22%.

The SPG has recommended that the Waste Recycling (Housing Construction) program be continued. The recommendation is supported. However, the SPG should be requested to provide further advice to improve participation rates in the program.

Housing Design Guidelines

The Council approved the Catalina Design Guidelines in February 2013. The Guidelines include a number of recommendations for purchasers to reduce the consumption and cost of household energy and water. These recommendations include:

- Installing high star rated electrical and water using appliances;
- Installing a solar hot water system;
- Installing an array of photovoltaic cells;
- Incorporating shade devices that allow northern winter sun to living areas and prevent summer sun access;
- Passive solar design by locating the dwelling's daytime living areas and their associated openings to a north facing aspect where practical;
- Locating windows and doors in habitable rooms opposite each other to allow for ventilation through the dwelling from cooling summer breezes from the south-west.

The SPG considers the design guidelines incorporated into Catalina homes have achieved mixed success. Low cost design elements are being incorporated into the majority of designs. Solar hot water systems and shade devices are generally not being included in building designs due to the higher cost involved with their installation.

The SPG has recommended amending the design guidelines to mandate high rated WELS (Australia's water efficiency labelling scheme) fixtures, fittings and appliances as an effective way of reduced water consumption in the home. The SPG propose the following:

- Mandating a minimum 4 Star WELS rated toilet within the design guidelines;
- Mandating a minimum 3 Star WELS rated shower head in the design guidelines;
- Mandating a minimum 6 Star WELS rated taps in the design guidelines;
- Mandating a minimum 4 Star WELS rated washing machine in the Design Guidelines;
- Mandating a minimum 6 Star WELS rated dishwasher within the Design Guidelines.

Mandating minimum requirements for fixtures, fittings and appliances will result in additional costs for the home owner. The SPG recommends including a \$1,000 rebate to purchasers to offset the approximate \$2,500 costs of the high rated items.

Whilst potentially a positive initiative to reduce water consumption, it will result in increased costs to lot purchasers. The SPG has not provided any advice on the impact of this additional cost impediment on lot sales. It has also not provided information on the use and success of such an initiative in other Estates, particularly competing Estates.

The SPG has also recommended separate design guidelines for Catalina Beach be prepared to ensure higher levels of sustainability are achieved in Catalina Beach. The SPG has not provided any detail on the level of sustainability or nature of the elements proposed for the design guidelines for Catalina Beach.

Project Dwelling Densities

The Catalina development includes a diversity of lot sizes, including a high proportion of medium density lots compared to competing developments. The medium density housing has a number of sustainability benefits including:

- Shorter journeys to facilities and services;
- Greater opportunities for social interaction and support;
- Greater opportunities for provision of social infrastructure;
- Affordable homes creating a greater diversity of residents.

To date medium density development in Catalina Central has consisted of a number of 7.5m frontage lots (225m²), 'squat' lots with dimensions of 10m x 20m (200m²) and the ABN development which provided 25 one and two bedroom units. Opportunities for lots sizes less than 160m² are currently being considered within Stages 16 and 18.

The SPG has recommended that the Council continue to provide small lot and Medium Density Housing opportunities in accordance with the Catalina Built Form and Housing Strategy (May 2016) and continue to investigate new product types and builder partnerships.

Bulk Earthworks and Civil Works

Prior to and as part of the bulk earthworks and civil works a number of sustainability initiatives are being implemented.

FAUNA RELOCATION

Prior to the commencement of stages of bulk earthworks the TPRC undertakes best practice fauna capture and relocation.

FLORA RELOCATION

Prior to the commencement of bulk earthwork stages, grass trees are relocated and stored for reuse in public open space and in streetscapes.

The SPG has recommended that the existing bulk earthworks and civil works initiatives are continued. SPG has also recommended the investigation of three new civil works initiatives detailed later in this report.

Landscape Works

Prior to and as part of the Landscape Works a number of sustainability initiatives are implemented.

FLORA REVEGETATION PROGRAMS

The majority of public areas/streetscapes comprise native and low water use plants. In addition over 50% of plantings of trees and shrubs in street-scaping and other public areas are primary feeding plants for Carnaby's Black-Cockatoo.

NATIVE SEED COLLECTION

The TPRC has collected seeds from uncleared areas on site and undertaken a propagation program. These plants have then been used for tube stock planting in conservation and open space areas.

Landscape contracts also include the following sustainability initiatives:

- Use of site mulch from trees cleared during earthworks;
- Installation of solar lights in parks;
- Investigations for the blending of topsoil with fill for use in deep fill, rather than removing from site;
- Rehabilitation of Biodiversity Conservation Areas through weed management, fencing and planting of native species while minimising disturbance;
- Recycling of material through Instant Waste Management;
- Reuse of limestone boulders and logs from on site.

The SPG notes that the existing landscape initiatives are providing good results and should be continued. The recommendation is supported.

Sustainability Best Practice and Competitor Review

The SPG considers the initiatives being implemented at Catalina exceed those at Beaumaris, Burns Beach and Jindalee. Generally sustainability initiatives at these developments consist of community development, retention of vegetation, environmentally friendly front landscaping and a fibre optic service.

The projects listed above are not considered direct competitors. For a meaningful comparison the SPG should be requested to provide a detailed analysis against competing projects.

The Alkimos Beach development features an Energy Smart Home Package which includes the following:

- A cash rebate of \$2,500 upon installation of a 1kW or greater solar panel system;
- A cash rebate of \$1,500 towards a solar hot water system (gas boosted);
- In home energy display valued at approximately \$200;
- Efficient air conditioning rebate valued at approximately \$300;
- Front landscaping package to the value of \$2,500.

Allara, a joint venture between LandCorp and Satterley in Eglinton, commenced in November 2014 and also includes a sustainability package summarised as follows:

- Smart thermostat to provide energy efficient air conditioning value valued at \$300;
- Energy monitors and smart meters valued at \$366;
- LED lights valued at \$500;
- Photo voltaic cells to the value of \$2,600;
- Waterwise front landscaping to the value of \$3,500.

EnviroDevelopment

Four of Catalina's competitors in the northern corridor have EnviroDevelopment ratings. The projects have EnviroDevelopment certification ratings' ranging from 1 leaf to 6 leaves.

Alkimos Beach, a joint venture between LandCorp and Lend Lease, has received a 6 elements EnviroDevelopment rating.

The TPRC is soon to lodge a submission for EnviroDevelopment accreditation. It is anticipated that the Project would be eligible for certification in 4 of the 6 elements. The SPG has recommended a number of new initiatives that primarily focus on strengthening the case of the Project for the water leaf.

New Initiatives

The SPG recommends the following initiatives:

- The inclusion of a soil moisture sensor.

Soil moisture sensors shut down the irrigation system when soil moisture is above a set point and help to restrict the overwatering of reticulated areas. The cost of the sensor is \$280 per home.

There is a water reduction benefit associated with the soil moisture sensor. There is budget allowance within the existing waterwise landscape package to include the soil moisture sensor. The soil moisture sensor is considered a cost effective way to reduce water use and is therefore supported.

- The supply of an AquaMonitor to all homes at a cost of \$249 per home

The installation of a water usage monitor such as the AquaMonitor allows home owners to see real time water usage, track usage, compare previous days/weeks/months, and makes owners conscious of their water usage.

The water use monitor is dependent on the home owner responding to water usage and would be difficult to measure its success. SPG have not provided any advice on the success of the water use monitor or how it will be measured. Until these matters are addressed by the SPG the water use monitor is not supported.

- Reducing and recycling general waste from the Estate

The SPG recommends installing separate waste receptacles for general and recyclable waste in public spaces, a biannual green waste collection and the installation of a communal composting facility within the community garden.

The SPG has not provided advice on how this is to be managed or funded. The collection of waste in the Estate is controlled by the City of Wanneroo and not a function of the TPRC. Any consideration to the installation of additional recycling bins in public spaces and a biannual green waste collection would need further consideration around costs, management and require the City of Wanneroo's support.

Given the potential health issues and management issues from a composting facility in the Community Garden the initiative is not supported.

- The use of recycled rubber mulch in POS and Streetscapes

The SPG review identifies recycled rubber mulch as long lasting and as having higher soil moisture retention properties as opposed to conventional mulch. The cost of rubber

mulch (\$24m²) is significantly higher than conventional mulch (\$7.73m²). It is noted that the Project creates a significant amount of mulch which is used within the Project's landscape areas. Additionally the SPG has not provided advice on the City of Wanneroo's position, proposals for the Project's mulch or the long term implications/liabilities of using the rubber mulch.

Initiatives to be investigated

The SPG has recommended three additional initiatives to be investigated in FYE 2017 for potential implementation across Catalina. The initiatives to be investigated include:

- An alternate power system for housing, an example is the battery storage system currently being trialled at Alkimos Beach in partnership with Synergy;
- Warm asphalt, which reduces the temperature that asphalt is manufactured at which reduces carbon dioxide emissions and fume emissions; and
- Alternate drainage storage systems, such as underground storage, which will allow the 1 in 1 year storm events to be captured and then discharged underground, limiting the need for open swales above ground and creating more usable space in the POS areas.

The three proposed initiatives to be investigated could present good sustainability outcomes. The SPG should be requested to provide detailed reports on the feasibility, impact on TPRC budget, support from City of Wanneroo and reference to the TPRC sustainability objectives.

Conclusion

The sustainability initiatives approved in August 2015 by Council are being implemented within the Project and are being well received by purchasers and builders' and supporting the TPRC's sustainability objectives. Based on this the existing initiatives are supported with the exception of the Shared Bore Trial.

The SPG review concludes that the current initiatives being implemented at Catalina exceed those at the majority of competing developments and reflects industry best practice.

A number of the proposed new initiatives, recommended by SPG, may improve the sustainability of the Catalina Project, however, require information in order to determine sustainability outcomes, financial and management implications prior to Council formally committing to the initiatives.

The SPG consider Catalina to already exceed the majority of competitors' initiatives and is providing best practice. However the SPG has not provided a detailed competition analysis in order for Council to consider additional initiatives.

The following represents a summary of recommendations on SIP:

1. That the Shared Bore Trial is not extended to Catalina Beach or Catalina Grove;
2. That the Waterwise Landscape Package be continued at \$5,500 per lot;
3. That the Solar rebate be continued at \$2,000 per lot;
4. That Fibre Optic services be continued at \$1,550 per lot;
5. That Community development is continued at \$1,200 per lot;
6. That the Waste Recycling (Housing Construction) program be continued at \$1,000 per lot;

7. That the existing bulk earthworks and civil works initiatives for fauna and flora relocation are continued;
8. That the existing landscape initiatives including native and low water use plants, native seed collection and propagation, use of site mulch and waterwise irrigation systems are continued;
9. That Design Guidelines for Catalina Beach are prepared for Council's consideration;
10. That medium density housing options are continued into future stages including medium density housing on front loaded small lots and partnering with builders to deliver medium density dwellings on group housing sites;
11. That the investigation of initiatives relating to underground drainage storage, warm asphalt and alternative power be undertaken by the SPG. The investigation to report to Council on the feasibility, impact on TPRC budget, City of Wanneroo position and reference to the TPRC sustainability objectives; and
12. That prior to considering the following new initiatives recommended by SPG a detailed analysis of the current initiatives being undertaken against Catalina projects competitors is undertaken and provided for Council's consideration;
 - Mandate in the design guidelines high rated WELS appliances;
 - Supply of an AquaMonitor to all homes;
 - Reducing and recycling general waste from the Estate;
 - The use of recycled rubber mulch in POS and Streetscapes.

The SPG analysis should also include achievement of sustainability outcomes, potential impacts on sales, financial and management implications and support from the City of Wanneroo (where appropriate) purpose of the analysis is to benchmark the Catalina Project against other projects and determine the value to the TPRC in providing additional initiatives.

At its meeting of 21 July 2016 the Management Committee considered the Catalina Housing and Built Form Strategy (May 2016), prepared by the Satterley Property Group, and resolved to recommend that Council:

1. *RECEIVES the Catalina Sustainability Initiative Plan Annual Review (May 2016) prepared by the Satterley Property Group.*
2. *APPROVES the following sustainability initiatives and budget for FYE 2017:*

SUSTAINABILITY INITIATIVE	ALLOCATION
<i>Waterwise Landscape Package including soil moisture sensors</i>	<i>\$5,500 per lot</i>
<i>Solar Panel Rebate</i>	<i>\$2,000 per lot</i>
<i>Fibre Optic Service</i>	<i>\$1,550 per lot</i>
<i>Community Development</i>	<i>\$1,200 per lot</i>
<i>Waste Recycling (Housing Construction)</i>	<i>\$1,000 per lot</i>

3. *APPROVES the continuation of the existing landscape initiatives including native and low water use plants, native seed collection and propagation, use of site mulch and waterwise irrigation systems.*

4. *APPROVES the continuation of the existing bulk earthworks and civil works initiatives for fauna and flora relocation and for the investigation of underground drainage storage, warm asphalt and alternative power initiatives for implementation in Catalina.*
5. *APPROVES the continuation of small lot and Medium Density Housing opportunities in accordance with the Catalina Built Form and Housing Strategy (May 2016).*
6. *ADVISES the Satterley Property Group that prior to considering the following new initiatives recommended by SPG a detailed analysis of the current initiatives is to be undertaken against the Catalina Project's competitors and provided for Council's consideration:*
 - *Mandate in the design guidelines high rated WELS appliances;*
 - *Supply of an AquaMonitor to all homes;*
 - *Reducing and recycling general waste from the Estate;*
 - *The use of recycled rubber mulch in POS and Streetscapes.*
7. *The SPG analysis should also include achievement of sustainability outcomes, potential impacts on sales, financial and management implications and support from the City of Wanneroo (where appropriate).*
8. *ACCEPTS that Satterley Property Group has achieved Key Performance Indicator 2.8 requiring an annual review of sustainability initiatives by May each year.*
9. *REQUESTS the Satterley Property Group to provide advice on declining participation rates of the solar panel rebate and waste management initiative, to be provided at the October 2016 Council meeting.*

9.8 AUDIT COMMITTEE AUDIT CHARTER & ANNUAL AUDIT PLAN REVIEW

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.19.382.2

That the Council:

- 1. APPROVES the TPRC Audit Charter (July 2016).**
- 2. ADOPTS the Audit Plan 2016/2017.**

Voting Requirements

Simple Majority

Report Purpose

To review the TPRC Audit Charter and Annual Audit Plan 2016/2017.

Relevant Documents

Appendix:

- Audit Charter (July 2016)
- Audit Plan (2016/2017)

Previous Minutes

- Audit Committee Meeting – 6 August 2015 (Item 8.3 – Audit Committee Audit Charter & Annual Audit Plan Review)
- Council Meeting – 13 August 2015 (Item 9.12 – Audit Committee Audit Charter & Annual Audit Plan Review)

Policy Reference

Audit Charter (2016)

Local Government Act/Regulation

- Local Government Act: Sect 7.1
- Regs - Local Government (Audit) 1996

Background

The Audit Committee has specific obligations prescribed by the Act and audit regulations. The Audit Committee also has obligations and responsibilities set out in the adopted Audit Charter.

The principal activities of the Audit Committee are as follows:

- Review of the draft budget and review of the formal budget review to be undertaken between 1 January – 31 March;
- Review of the format of financial statements;
- Review of the Annual Compliance Return;
- Review of the Annual Report and recommendation for adoption of the Annual Report to the Council.

Comment

The Audit Charter has been updated and includes minor modifications (attached at Appendix 9.8).

The Annual Audit Plan has been altered to reflect Audit Committee meetings during the next twelve months and proposed activities during that period and is attached at Appendix 9.8.

At its meeting of 28 July 2016 the Audit Committee resolved to recommend that Council APPROVES the TPRC Audit Charter (July 2016) and Annual Audit Plan 2016/2017.

9.9 CREDIT CARD POLICY REVIEW

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 4.123.760

Recommendation

That the Council APPROVES the Credit Card Policy (July 2016).

Voting Requirements

Simple Majority

Report Purpose

To review the Credit Card Policy consistent with Local Government Regulations.

Relevant Documents

Appendix: Credit Card Policy (July 2016)

Policy Reference

Existing Credit Card Policy (July 2015).

Local Government Act/Regulation

Local Government (Financial Management) Regulations 1996, Part 2 (General Financial Management)

Previous Minutes

- Audit Committee Meeting – 6 August 2015 (Item 8.6 – Credit Card Policy Review)
- Council Meeting – 13 August 2015 (Item 9.15 – Credit Card Policy Review)

Background

In August 2015 the Council reviewed and approved the Credit Card Policy (July 2015) consistent with the Local Government Regulations.

Comment

The Credit Card Policy continues to operate satisfactorily and provides internal control and operational guidelines for protection of the TPRC. It is noted that the Council's appointed Auditors have raised no issues in relation to the Credit Card Policy.

The Credit Card Policy (July 2016) includes minor modifications and is recommended for adoption.

At its meeting of 28 July 2016 the Audit Committee resolved to recommend that Council APPROVES the Credit Card Policy (July 2016), as amended.

9.10 PETTY CASH POLICY REVIEW

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 4.123.760

Recommendation

That the Council APPROVES the Petty Cash Policy (July 2016).

Voting Requirements

Simple Majority

Report Purpose

To review the Petty Cash Policy consistent with Local Government Regulations.

Relevant Documents

Appendix: Petty Cash Policy (July 2016)

Policy Reference

Existing Petty Cash Policy (July 2015).

Local Government Act/Regulation

- Local Government Act 1995 – Section 6.10
- Local Government (Financial Management) Regulation 11

Previous Minutes

- Audit Committee Meeting – 6 August 2015 (Item 8.7 – Petty Cash Policy Review)
- Council Meeting – 13 August 2015 (Item 9.16 – Petty Cash Policy Review)

Financial/Budget Implications

N/A

Background

In August 2015 the Council approved the Petty Cash Policy (July 2015) consistent with the Local Government Regulations.

Comment

The Petty Cash Policy continues to operate satisfactorily and no changes are proposed. The Petty Cash Policy (July 2016) is recommended for adoption.

At its meeting of 28 July 2016 the Audit Committee resolved to recommend that Council APPROVES the Petty Cash Policy (July 2016).

9.11 PROCUREMENT POLICY REVIEW

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 4.123.760

Recommendation

That the Council APPROVES the Procurement Policy (July 2016).

Voting Requirements

Simple Majority

Report Purpose

To review the Procurement Policy.

Relevant Documents

Appendix: Procurement Policy (July 2016)

Policy Reference

Existing Procurement Policy (July 2015)

Local Government Act/Regulation

Local Government (Financial Management) Regulations 1996, Part 2 (General Financial Management)

Previous Minutes

- Audit Committee Meeting – 6 August 2015 (Item 8.9 – Procurement Policy Review)
- Council Meeting – 13 August 2015 (Item 9.18 – Procurement Policy Review)

Financial/Budget Implications

N/A

Background

In August 2015 the Council approved the Procurement Policy consistent with the Local Government Regulations.

The Policy provides guidelines for the procurement of goods or services through quotes or public tender.

Part 3 of the Local Government Act together with the Financial Management Regulations and Functions and General Regulations provides an outline of specific requirements and probity guidelines in respect of the purchase of goods and tendering on behalf of local governments.

Comment

The Council's probity auditor considers the TPRC Procurement Policy provides sound guidelines for the procurement of goods or services.

It is noted that the Council's appointed Auditors have raised no issues in relation to the Procurement Policy.

The TPRC Procurement Policy continues to operate satisfactorily and provides best practice guidelines for the procurement of goods or services through quotes or public tender.

No changes are proposed and the Procurement Policy (July 2016) is recommended for adoption.

At its meeting of 28 July 2016 the Audit Committee resolved to recommend that Council APPROVES the Procurement Policy (July 2016).

9.12 CENTRAL PRECINCT LOCAL CENTRE SITE TENDER ASSESSMENT –
CONFIDENTIAL ITEM

CONFIDENTIAL

9.13 ANNUAL PLAN FYE 2017 – **CONFIDENTIAL ITEM**

CONFIDENTIAL

9.14 CATALINA HOUSING AND BUILT FORM STRATEGY FYE 2017 – **CONFIDENTIAL
ITEM**

CONFIDENTIAL

9.15 DEVELOPMENT MANAGERS – KEY PERFORMANCE INDICATORS - 2016
CONFIDENTIAL ITEM

CONFIDENTIAL

9.16 NEERABUP ROAD UPGRADE WORKS - **CONFIDENTIAL ITEM**

CONFIDENTIAL

9.17 CEO ANNUAL PERFORMANCE REVIEW FOR 2015/2016 – APPOINTMENT OF CONSULTANT – **CONFIDENTIAL ITEM**

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