

Meeting of Management Committee

Thursday 16 September 2021

AGENDA

Notice of Meeting

Councillors of the Tamala Park Regional Council Management Committee are advised that a meeting will be held in the Challenger Room, City of Stirling at 25 Cedric Street, Stirling on Thursday 16 September 2021 at 6:00pm.



JON MORELLINI
Chief Executive Officer

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

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MEMBERSHIP

OWNER COUNCIL	MEMBER
Town of Cambridge	Cr Andres Timmermanis (CHAIR)
City of Joondalup	Cr John Chester
City of Vincent	Cr Joanne Fotakis
City of Stirling	Cr Karen Caddy Cr David Lagan Cr Suzanne Migdale Cr Bianca Sandri
City of Wanneroo	Cr Brett Treby

Representatives from the Satterley Property Group will be in attendance at the meeting.

PRELIMINARIES

1. OFFICIAL OPENING

DISCLOSURE OF INTERESTS

2. PUBLIC STATEMENT/QUESTION TIME

3. APOLOGIES AND LEAVE OF ABSENCE

4. PETITIONS

5. CONFIRMATION OF MINUTES

That the Management Committee CONFIRMS and the Chair signs the minutes from the Management Committee meeting held 15 July 2021 as a true and accurate record of proceedings.

5A BUSINESS ARISING FROM MINUTES

6. ANNOUNCEMENTS BY CHAIR (WITHOUT DISCUSSION)

7. ADMINISTRATION REPORTS AS PRESENTED (ITEMS 7.1 – 7.4)

7.1 BUSINESS REPORT – PERIOD ENDING 9 SEPTEMBER 2021

Responsible Officer: Manager Project Coordination

Attachments: NA

Voting Requirements: Simple Majority

RECOMMENDATION

That the Management Committee RECEIVES the Business Report to 9 September 2021.

PURPOSE

The report provides information to the Management Committee on key activities, programs and milestones.

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 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

Stage 28

Titles for 34 lots in Stage 28 issued on 1 September 2021.

Connolly Drive/Aviator Boulevard Roundabout

Civil works for the Connolly/Aviator Boulevard roundabout are to be completed in early November 2021.

Catalina Beach Foreshore Access Road / Carpark

Earthworks for the Beach Foreshore Access Road and Carpark have been completed. Civil works are anticipated to be completed in early December 2021.

Portofino Promenade/Longbeach Promenade

Civil works for Portofino Promenade and Longbeach Promenade are scheduled to be completed in conjunction with the Foreshore Access Road and Carpark works.



Portofino Promenade extension under construction, Catalina Beach

Stage 27B

Civil works for Stage 27B (32 lots) will commence 23 September 2021. Practical completion is anticipated in mid February 2022.

Catalina Green

Earthworks for Phase 1 of Catalina Green commenced late August 2021 and are expected to be completed mid-November 2021. Careful attention has been given to the identification and protection of existing trees that are to be retained within the development. Civil design for the first stages of subdivision is well advanced and will be submitted to the City of Wanneroo for approval this month.

Release of the first stage of lots for sale is proposed in October 2021.



Catalina Green Earthworks in progress

2. Landscape Works – Status

Foreshore Access Road and Carpark

The first stage of landscaping works, involving revegetating of the earthwork batters adjacent to the Foreshore Access Road and Carpark, has been completed. A second stage of revegetation works will be completed in winter 2022 following the completion of civil works.

Portofino Promenade and Longbeach Promenade

Landscape works will follow the completion of civil works for these road extensions in early 2022.

Stage 28 Display Village/Marmion Avenue West

Landscaping of the verges opposite the Stage 28 Display Village and adjacent to Marmion Avenue is programmed to commence November 2022.

Catalina Beach Park – Phase 2

Landscape works are programmed to commence April 2022.

Foreshore Park

Landscape works are programmed to commence April 2022.

Aviator Boulevard Greenlink

Landscape works for the Aviator Boulevard Greenlink extension from Roulettes Parade to Connolly Drive in Catalina Central are programmed to commence November 2021.

Connolly Drive/Aviator Boulevard Roundabout and Entry Statement

Landscape works for the Connolly/Aviator Roundabout and adjoining entry statements for Catalina Central are programmed to commence late November 2021.

Catalina Green

Landscape design for streetscape works and entry statements on Connolly Drive and Neerabup Road and parkland adjacent to Neerabup Road in the first phase of the Catalina Green development area is well advanced. Landscape works are programmed to commence in May 2022.

3. Housing Construction

The following table provides an overview of the current progress of housing construction to 9 September 2021:

Stage	Total Lots	Under Construction	Completed	Vacant
Stages 1 – 15, 17A, 18A, 18B, Stage 25 (Display Village), 25B	885	1	882	2
Stage 16A	17	10	0	7
Stage 17B	36	5	27	4
Stage 25	38	2	33	3
Stage 25 (Builders Release)	7	0	6	1
Stage 26	38	16	18	4
Stage 27A	20	7	0	13
Total	1,041	41	966	34



Recently completed Homes on Portofino Promenade, Stage 25 Catalina Beach

4. Community Events

A new Community Development event series called the Weekend Connector is being implemented during FYE 2022 to provide regular connection opportunities for residents and engagement of local community groups and businesses. Weekend Connector events will be held on the first Sunday each month at Drimmie Park in Catalina Central.

The first event in the series was held on 5 September 2021 on Father's Day and was attended by 50 residents who enjoyed TPRC provided coffee and a pop-up reading corner and story time facilitated by Paint the Town REaD. The next event will be held on 3 October 2021 and will feature a yoga session and promotion of mental health awareness.



5. Commercial Centres

Aviator Boulevard, Catalina Central

Construction is progressing well for the child care centre being developed at the corner of Aviator Boulevard and Roulettes Parade. The child care centre is due to open for business in early 2022. Stage 2 of the development will include several shop tenancies (300m² net lettable area) and a 170m² café and is due to be completed by May 2023.



Catalina Central Local Centre – Child Care Centre under construction

Connolly Drive, Catalina Green

The first stage of civil works within Catalina Green will include the local centre site located at the intersection being construction at Connolly Drive and Aviator Boulevard. A tender/expression of interest campaign is being proposed by Satterley to offer the site to market, consistent with the approved Annual Plan FYE 2022. A separate report on this matter is included in item 7.3.

6. Planning Applications

Stage 18C – Catalina Central

Subdivision approval for Stage 18C consisting of 28 residential lots, was issued by the Western Australian Planning Commission on 10 August 2021.

Stage 27C, 29 and 30 – Catalina Beach

Subdivision approval for Stages 27C, 29 and 30 consisting of 117 residential lots, was issued by the Western Australian Planning Commission on 18 August 2021.

Stages 36 and 37 – Catalina Green

Subdivision approval for the first phase of Catalina Green consisting of 127 residential lots and a commercial lot, was issued by the Western Australian Planning Commission on 4 August 2021.

Stage 28 Builders' Display Village – Development Application

Planning approval for the development of the Stage 28 Builders' Display Village is expected to be issued by the City of Wanneroo in late September 2021.

7.2 PROJECT FINANCIAL REPORT – JULY 2021

Responsible Officer:	Chief Executive Officer
Attachments:	Letter from Satterley Property Group dated 31 August 2021 with Financial Report
Voting Requirements:	Simple Majority

RECOMMENDATION

That the Management Committee RECEIVES the Project Financial Report (July 2021) submitted by the Satterley Property Group.

PURPOSE

To consider the Project Financial Report for July 2021 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 July 2021.

RISK MANAGEMENT IMPLICATIONS

Risk Ref: 2	Risk Rating:
Strategic - Stable and effective governance environment.	Moderate
Action:	
SPG and TPRC provide reports/information to Council Meetings.	

The report provides information to the Management Committee on Catalina Project financial outcomes in particular, revenue, expenditure and variances to ensure transparency and governance of financial activity.

BACKGROUND

At its meeting of 17 June 2021, the Council approved the Project Budget FYE 2022, submitted by the Satterley Property Group (Satterley). The Development Manager's Key Performance Indicators 2020 - Governance, requires the preparation of monthly progress reports.

COMMENT

Satterley has prepared a Financial Report for July 2021 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 July 2021 and is attached at Appendix 7.4.

The Financial Report identifies the following main areas of variance:

1. Residential settlement revenue for the year to date to 31 July 2021 is \$265k which is \$761k behind the approved 'July 2021' Budget due to two less settlements.
2. Expenditure was \$91k over budget, in the following areas:
 - Lot Production \$77k under budget;
 - P&L expenditure is \$10k under budget;
 - Infrastructure \$557k under budget;
 - Clearance Bonds refunds \$754k adverse to budget;
 - Indirect consultants \$5k under budget;
 - Landscaping \$32k under budget;
3. Year to date sales for FYE 2022 are \$707k ahead of budget due to higher average price \$37k/lot and 1 more sale than budget.

The Satterley Financial Report provides detail on the variations.

Satterley representatives will be in attendance to present the report.

7.3 SALES AND SETTLEMENT REPORT – PERIOD ENDING 9 SEPTEMBER 2021

Responsible Officer: Manager Project Coordination

Attachments: Staging Plan

Voting Requirements: Simple Majority

RECOMMENDATION

That the Management Committee RECEIVES the Sales and Settlement Report to 9 September 2021

PURPOSE

To advise the Management Committee 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:	\$ 34,688,724
Received to Date:	\$ 260,835
Balance:	\$ 34,427,889

Note: Refers to Budget FYE 2022 (current to 31 July 2021)

RISK MANAGEMENT IMPLICATIONS

Risk Ref: 2	Risk Rating:
Strategic - Stable and effective governance environment.	Moderate
Action:	
SPG and TPRC provide reports/information to Council Meetings.	

The report provides information on Catalina Project sales/settlements and variances to ensure the Management Committee is well informed on sales and market trends.

BACKGROUND

The Sales and Settlement Report provides the Management Committee with a status update of sales and settlements for the Project. The Staging Plan provided under Appendix 7.3 identifies the extent of the stage boundaries referenced within the report.

COMMENT

Table 1 provides a summary of the Catalina Estate Sales and Settlement position for lots released up to 9 September 2021.

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

Stage/ Release Date	Release Date	Lots Released	Lot Sizes (m ²)	Sold*	Stock	Settled
Completed Stages	-	1001	174 - 658	1001	0	1001
Stage 16A	Aug-20	17	375 - 450	17	0	15
Stage 26 (3)	Dec-19	7	367 - 481	7	0	6
Stage 27A (1)	Aug-20	12	225 - 450	12	0	11
Stage 27B (1)	Jun-21	11	300 - 617	11	0	0
Stage 27B (2)	Jul-21	12	375 - 539	11	1	0
Stage 28 (1)	Nov-20	10	357 - 450	10	0	2
Stage 28 (2)	Feb-21	10	370 - 450	10	0	1
Stage 28 (DV)	Mar-21	12	375 - 474	3	9	0
Stage 28 (3)	Apr-21	6	375 - 449	6	0	0
Total		1,098	174 - 658	1,088	10	1,036

Table 2: Summary of Net Sales for FYE 2022 against Budget – Catalina Estate

	Jul	Aug	Sep	YTD	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYE 22
Budget	8	8	8	24	10	9	10	9	10	9	10	9	10	110
Actual	9	13	5	27										
Variance	1	5	-3	3										

The Project currently holds 52 contracts, 20 unconditional, 30 conditional and two pending advertising and acceptance.

Table 3: Summary of Available Stock Position – Catalina Estate

10 released lots are currently available, comprised of the stock listed in Table 3:

Stage	No. of Lots	Title Status
Stage 28 (Beach Precinct) Builders Display Village	9*	Titled
Stage 27B (Beach Precinct)	1	Untitled

* 12 display village lots have been allocated to builders in accordance with Tender 01/2021 and the indicated figure represents the number of sales contracts that are currently pending signing by the builders.

Table 4: Summary of Settlements for FYE 2022 against Budget – Catalina Estate

	Jul	Aug	Sep	YTD	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYE 22
Budget	3	5	2	10	5	2	7	4	6	17	8	20	19	98
Actual	1	3	0	4										
Variance	-2	-2	-2	-6										

The Stage 28 titles issued on 1 September 2021. All lots in this stage have either been sold or allocated to builders for the display village pending the signing of sales contracts. Most lots in this stage should settle between late September and November 2021



Titled Stage 28 lots, looking north.

Northern Corridor Estates Analysis

Table 5 provides a summary of sales at developments in the northern corridor.

Table 5: Summary of Sales in Northern Corridor (August 2020 to July 2021)

ESTATE	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	Jun	Jul	12 Month Total Sales
NORTH-WEST METRO													
Alkimos Beach (Alkimos)	5	0	7	5	7	5	12	7	5	5	6	10	74
Alkimos Vista (Alkimos)	13	3	2	7	7	3	-1	11	10	3	4	3	65
Allara (Eglinton)	14	13	2	3	-3	3	3	7	8	2	2	11	65
Amberton (Eglinton)	24	15	18	10	10	5	7	13	13	15	12	13	155
Beaumaris (Iluka)	0	0	2	1	3	1	0	0	0	0	0	0	7
Burns Beach (Burns Beach)	0	0	0	0	0	0	0	0	0	0	0	0	0

Catalina (Clarkson-Mindarie)	3	16	10	6	3	-2	9	6	10	3	2	9	75
East of the Beach (Eglinton)	4	0	-1	3	3	8	7	12	12	5	12	9	74
Eden Beach (Jindalee)	22	7	8	7	13	12	5	15	5	4	10	9	117
Shorehaven (Alkimos)	26	5	10	7	8	10	9	15	15	7	9	8	129
Trinity (Alkimos)	25	20	8	11	1	12	7	15	15	8	5	16	143
TOTAL	136	79	66	60	52	57	58	101	93	52	62	88	904
CATALINA SHARE (%)	2.2 %	20.3 %	15.2 %	10.0 %	5.8 %	0 %	15.5 %	5.9 %	10.7 %	5.7 %	3.2 %	10.2 %	8%

Note 1: Satterley reporting is based on 'mid-month' sales period.

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

Table 6 provides a summary of available stock in the northern corridor.

Table 6: Summary of Price of Available Lots in Northern Corridor Estates

Estate	225sqm Price (\$)	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	500sqm + Price (\$)	Total Dwellings	Stock
Allara	n/a	n/a	190,000	220,000	235,000	3,405	17
Alkimos Beach	n/a	225,000	260,000-262,000	287,000	n/a	2,413	16
Amberton	n/a	n/a	220,000-285,000	268,000-330,000	379,000	2,500	18
Burns Beach	n/a	n/a	445,000	550,000-565,000	n/a	1,580	15
Catalina Central	n/a	n/a	n/a	n/a	n/a	2,480	0
Catalina Beach	n/a	n/a	n/a	n/a	n/a		10
Eden Beach	n/a	n/a	298,000	339,00-344,000	n/a	1,100	14
Shorehaven	289,000	n/a	249,000-253,000	n/a	n/a	2,800	16
Trinity	n/a	170,000-193,000	211,000-245,000	248,000-285,000	n/a	2,500	30

Lot Releases

Upcoming releases in Catalina are summarised below.

Stage 18C – Catalina Central

The stage consists of 28 lots.

- Sales: September 2021 (First Release)
- Construction: October 2021 (Commence)
- Practical Completion: February 2022
- Titles Forecast: March 2022

Stage 30 – Catalina Beach

The stage consists of 37 lots, directly west of Stage 27B. It is anticipated that the stage will comprise three releases of 12 to 13 lots each.

- Sales: October 2021 (First Release)
- Construction: November 2021 (Commence)
- Practical Completion: April 2022

- Titles Forecast: May 2022

Stage 36 – Catalina Green

The first stage consists of 74 lots, including 53 standard lots (which includes lots for a future display village) and 21 rear loaded lots (some of which will be held back from sale pending use for car parking for the display village). Earthworks commenced in August 2021.

- Sales: October 2021 (First Release)
- Construction: August 2021 (Commence)
- Practical Completion: April 2022
- Titles Forecast: May 2022

The release of lots in Stages 18c, 30 and 36 will result in lots being available for sale simultaneously in all three Catalina precincts for the first time.

Marketing

Current project marketing is focussed on lead generation and brand awareness campaigns through social media advertising (primarily Google and Facebook) and search engine optimisation.

Catalina Green pre-launch messaging has commenced and marketing collateral is currently in development.

Signage across the Project has been updated with new imagery and Catalina Green branding.



Signage on Neerabup Road in Catalina Central



Signage at corner of Neerabup Road and Connolly Drive in Catalina Green

7.4 PROJECT FORECAST (2021)

Responsible Officer:	Manager Project Coordination
Attachments:	Satterley Property Group correspondence (dated 2 September 2021)
Voting Requirements:	Simple Majority

RECOMMENDATION

That the Council:

1. **RECEIVES** the Satterley Property Group correspondence dated 2 September 2021 in relation to opportunities to increase lot income and reduce development costs to maximise Project financial returns.
 2. **REQUESTS** the Satterley Property Group to prepare an updated Project Forecast as part of its mid-year review of the Project Budget FYE 2022 for consideration by the Council at its December 2021 meeting, incorporating updated pricing as set out in its correspondence dated 2 September 2021.
-

PURPOSE

To consider correspondence prepared by the Satterley Property Group (Satterley) on opportunities to address reduced Project cashflow identified in its proposed Project Forecast (2021).

POLICY REFERENCE

N/A

LOCAL GOVERNMENT ACT/REGULATION

N/A

PREVIOUS MINUTES

- Council Meeting – 19 August 2021 (Item 8.5 – Project Forecast 2021)
- Council Meeting – 15 April 2021 (Item 8.1 – Project Forecast Review)
- Council Meeting – 18 June 2020 (Item 9.5 – Project Forecast 2020)

FINANCIAL/BUDGET IMPLICATIONS

Input into TPRC project and financial planning.

RISK MANAGEMENT IMPLICATIONS

Risk Ref: 1	Risk Rating:
Strategic – Common vision	Moderate
Action:	

Council to determine Project Forecast 2020 (Scenarios) which will provide a guide to the long term cashflow direction of the Project and to provide the basis of Project and financial planning and project profit.

An updated Project Forecast will assist to guide project and financial planning.

BACKGROUND

The Project Forecast is intended as a general guide to the long term cashflow direction of the Project and to provide the basis of project and financial planning and the forecasted profit and distributions for the TPRC and member local governments.

At its meeting of 20 June 2018, the Council approved the Project Forecast (2018).

At its meeting of 18 June 2020, the Council considered the Project Forecast (2020), as prepared by Satterley, which contained three long-term scenarios to assist the Council in determining the strategic direction of the Catalina Project, particularly in relation to lot sales rates and pricing. The Council resolved to defer consideration of the Project Forecast (2020) and request Satterley to update the Project Forecast Scenarios (2020) in light of amended lot pricing and supporting analysis. The Council also authorised engagement of an independent consultant to review the Project Forecast (2020), undertake a benchmarking exercise on key project elements and provide advice and recommendations to the Council.

A key consideration for the review was the substantial reduction in project profit and distributions between the Project Forecast (2018) and the Project Forecast (2020), noting a \$84.2M cashflow reduction between the two forecasts.

In October 2020, CBRE (Valuers) was engaged to undertake an independent review of the Project Forecast (2020), undertake a benchmarking exercise on key project elements and provide advice and recommendations to the Council. CBRE's review concluded that the Project Forecast (2020) is an appropriate general guide for the Project and financial planning, providing only a very slight bias to conservatism with lot prices and escalations and the outlook of the market indicates the prospect for buoyant conditions in the short to medium term. At its meeting of 15 April 2021, the Council received the CBRE report (December 2020) on the review of Project Forecast (2020) and requested Satterley provide an updated Project Forecast that accounts for changing market conditions experienced in the later part of 2020 and early 2021.

At its meeting of 19 August 2021, the Council received an updated Project Forecast (2021), as prepared by Satterley. The Project Forecast (2021) indicated a significant reduction in project profit of \$100.3M since the Project Forecast (2018), with income reduced by \$54.3M and development costs increased by \$46.0M. The Council requested that Satterley identify opportunities to increase lot income and reduce development costs in order to maximise financial returns to the member Councils while delivering environmental, social and economic objectives and provide a report on this matter for consideration at the Council's October 2021 meeting.

COMMENT

Satterley has provided correspondence, dated 2 September 2021, in relation to opportunities to increase lot income and reduce development costs, which is contained in Appendix 7.4.

Income

Satterley notes that CBRE’s review of the Project Forecast (2020) had found lot pricing assumptions were conservative. It advises that the Project Forecast (2021) was based on May 2021 lot pricing and expected to achieve a long-term average of eight sales per month and since this time estates in the northern corridor have continued to experience strong sales and positive sentiment remains in the market.

Satterley has modelled price increases across all three Catalina precincts, based on the pricing set out in the following table.

CATALINA Project Forecast Updated Pricing					
PRODUCT TYPE	YIELD	CURRENT (SEP-21)	PREVIOUS (MAY-21)	VARIANCE	VARIANCE (%)
Beach					
Front 10.5 x 30 315m ²	42	340,000	314,290	25,710	8%
Front 12.5 x 30 375m ²	82	375,000	345,000	30,000	9%
Front 15 x 30 450m ²	80	440,000	385,000	55,000	14%
Rear 6 x 30 180m ²	52	215,000	181,732	33,268	18%
Central					
Front 12.5 x 30 375m ²	63	280,000	235,000	45,000	19%
Front 15 x 30 450m ²	46	315,000	265,000	50,000	19%
Rear 7.5 x 30 225m ²	61	175,000	179,455	(4,455)	(2%)
Green					
Front 10.5 x 30 315m ²	526*	230,000	225,000	5,000	2%
Front 12.5 x 30 375m ²	27	270,000	227,113	42,887	19%
Front 15 x 30 450m ²	32	305,000	238,500	66,500	28%

*Includes Catalina Green assumed yield following phase one of 518 lots at 312m² average.

Satterley advises that the price changes have a positive impact on the May 2021 forecast gross income with an increase of \$32.5M. It is noted that this recovers approximately 60% of the reduction in gross income of \$54.3M between the 2018 and 2021 forecasts.

PROJECT FORECAST ANALYSIS	2021 PROJECT FORECAST CURRENT PRICING	2021 PROJECT FORECAST PREVIOUS PRICING	VARIANCE
ASSUMPTIONS			
Base pricing	Current (Sep-21)	Previous (May-21)	+8.7%
Sales rate	8 per month	8 per month	-
Income escalation rate	3.0%	3.0%	-
Cost escalation rate	2.0%	2.0%	-
NPV OUTCOMES			
NPV @ 6%	\$86.1m	\$65.7m	\$20.4m
NPV @ 8%	\$72.5m	\$54.5m	\$18.0m
NPV @ 10%	\$61.4m	\$45.5m	\$16.0m
PROJECT CASHFLOW			
Gross Income	\$660.0m	\$627.4m	\$32.5m
Development Costs	\$388.1m	\$387.3m	(\$0.8m)
Net Cashflow	\$271.9m	\$240.1m	\$31.8m
Final settlement date	Nov-35	Nov-35	-

As was noted in the report to the Council’s meeting of 19 August 2021, design changes made since the Project Forecast (2018) have reduced total residential lot yield across Catalina by 94 lots, attributed mainly to refinement of design in Catalina Green to accommodate tree retention which reduced saleable area by 2.31ha, and increased lot sizes from an average lot size of 254m² to 320m².

Development Costs

As was noted in the report to the Council's meeting of 19 August 2021, development costs increased by \$46.0M between the 2018 and 2021 forecasts, comprised of the following increases:

- \$8.3M Infrastructure costs.
- \$8.8M Lot production costs, with a \$9.3M escalation variance due to the deferral of works and extended duration from the Project Forecast (2018).
- \$10.8M Landscape costs, mostly attributable to an increased scope of works for Catalina Green.
- \$3.3M Marketing and community development costs due to the extended Project duration.
- \$12.7M Administration costs due to extended Project duration resulting in higher holding costs, such as rates, taxes, audits and maintenance.
- \$1.5M due to the extended Project duration.

Satterley advises that the Project Forecast (2021) incorporated cost estimates provided by the Project's engineering and landscape consultants in April and May 2021 and based on 7% cost escalation for FYE 2022 and 2% annually thereafter.

Satterley has modelled alternative cost escalation scenarios from a 'low' scenario of 1% annual increase to a 'high' 2.5% increase. It advises the difference between these scenarios equates to \$18.8M. Adoption of a 2% annual cost increase beyond FYE 2022 is towards the conservative end of the modelled escalation scenarios and is considered to be a prudent approach, supported by the CBRE review.

Satterley advises that cost estimates will be continually updated as an input to subsequent budget updates as further planning and detailed design is undertaken and that development costs will be carefully monitored, controlled and value will be added through efficient earthworking and servicing methodologies. Satterley has not identified any other opportunities to minimise cost increases for the Project.

CONCLUSION

The Project Forecast is a general guide to the long term cashflow direction. Despite the inherent uncertainties associated with forecasting over the lengthy timeframe of the Project's lifecycle, there is a reasonable expectation that the Project Forecast can be used by the TPRC as the basis of Project and financial planning and that the forecasted Project profit and distributions can be relied upon by the member local governments.

A significant and concerning decline in Project profit of \$100.3M emerged between the last approved Project Forecast (2018) and the most recent Project Forecast (May 2021). Satterley has since modelled lot sales price increases which would have a positive impact on gross income of \$32.5M. It has not identified any opportunities to significantly decrease development costs.

The key objective of the Economic pillar of the Strategic Community Plan (2020), adopted by the Council at its February 2020 meeting, is to maximise returns for member Councils while delivering environmental, social and economic objectives.

It is recommended that the Council receives Satterley’s advice on the Project Forecast (2021), as set out in its correspondence dated 2 September 2021, and require it to provide an updated Project Forecast as part of its mid-year review of the Project Budget FYE 2022 for consideration by the Council at its December 2021 meeting, incorporating the updated pricing contained in the latest advice.

8. ELECTED MEMBERS MOTIONS OF WHICH NOTICE HAS BEEN GIVEN
9. QUESTIONS BY ELECTED MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN
10. URGENT BUSINESS APPROVED BY THE CHAIR
11. GENERAL BUSINESS
12. DECISION TO MOVE TO CONFIDENTIAL SESSION

That the Management Committee:

Move into Closed Session and exclude members of the press and public from the meeting of the Closed Session and access to the correspondence and reports relating to the items considered during the course of the Closed Session be withheld. This action is taken in accordance with Section 5.23 of the *Local Government Act 1995*, as items 12.1 – Review of Deliverables – Development Manager’s Key Performance Indicators and 12.2 Catalina Green Neighbourhood Centre Business Case come within the following provisions:

- c) *a contract entered into, or which may be entered into, by the TPRC and which relates to a matter to be discussed at a meeting (section 5.23(2)(c));*
- d) *legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting; or*
- e) *a matter that if disclosed, would reveal –*
 - i) *Information that has a commercial value to a person; or*
 - ii) *Information about the business, professional, commercial or financial affairs of a person where the information is held by, or is about, a person other than the TPRC (section 5.23(2)(e)).*

13. FORMAL CLOSURE OF MEETING

APPENDICES

Appendix 7.2

31 August 2021

Mr Tony Arias
Chief Executive Officer
Tamala Park Regional Council
PO Box 655
INNALOO WA 6918

Dear Tony

Catalina Financial Report for July 2021

Please find attached the Catalina Financial Report for July 2021. This report has been prepared on a cash basis and compares actual income and expenditure to the June 2021 approved budget for the period 1 July 2021 to 31 July 2021.

Residential settlement revenue for the year to date to 31 July 2021 is \$265k which is \$716k behind the approved 'July 2021' budget due to 2 less settlements.

YTD Sales for FYE2022 are \$707k ahead of budget due to higher average price \$37k/lot and 1 more sale than budget.

Overall FYE2022 expenditure is \$91k over budget per the approved 'June 2021' budget, with \$292k spent against a budget of \$201k. The main areas of variances are summarised below:

- Lot Production is \$77k under budget due to minor variances across multiple stages
- Landscaping is \$32k under budget due to minor variances across multiple jobs.
- Infrastructure Spend is \$557k under budget, noting the following variances:
 - Connolly Drv Aviator Blvd Intersection \$304k under budget;
 - Foreshore Access Rd \$263k under budget;
 - \$11k over budget due to combined minor variances
- Clearance bonds \$754k adverse to budget – delayed return (timing).
- Indirect Consultants are \$5k under budget due to timing of invoice payments.
- P&L expenditure is \$10k over budget, noting the following variances:
 - Maintenance \$55k under budget due to timing of invoice payments;
 - Contingency \$45k not required;
 - Rates & Taxes \$146k ahead of budget due to timing of invoice payments;
 - \$56k under budget - combined minor variances for other Overheads.

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2022		Actual MTD Vs Budget Jul 2021			Year to date Vs Budget to Jul 2021			Project to date Vs Budget to Jul 2021			Comments regarding variance
Job Description	Account Description	Actual 1 month to Jul 2021	Budget 1 month to Jul 2021	Variance	YTD to Jul 2021	YTD budget	Variance	PTD to Jul 2021	PTD budget	Variance	
REVENUE											
Settlements	Settlement revenue	255,000	981,484	(716,484)	255,000	981,484	(716,484)	274,828,000	276,092,945	(1,104,945)	1 settlements YTD ex GST Margin scheme.
Margin GST	Margin GST	(4,165)	(13,670)	9,505	(4,165)	(13,670)	9,505	(8,919,768)	(8,962,713)	42,945	GST Margin as detailed in Burgess Rowson valuations
Direct Selling Costs		(12,002)	(45,095)	33,093	(12,002)	(45,095)	33,093	(12,548,335)	(12,562,298)	13,964	Includes Commission and Management Fees
Interest Income		0	0	0	0	0	0	90,913	89,000	1,913	Penalty interest income on settlements
Forfeited Deposits		0	0	0	0	0	0	27,273	27,273	0	
Other Income	Special sites revenue	0	0	0	0	0	0	3,728,594	3,728,594	0	
Rebate Allowance		(35,475)	(61,692)	26,216	(35,475)	(61,692)	26,216	(6,149,534)	(7,502,872)	1,353,338	Construction Recycling, Fencing, Landscape, Shared
		213,357	861,028	(647,670)	213,357	861,028	(647,670)	256,157,144	255,849,929	307,214	Bene. Solar, and Display Builder Rebates
LOT PRODUCTION											
Completed Earthworks	Steworks / Earthworks	0	0	0	0	0	0	13,529,541	13,502,429	(27,113)	
Earthworks Stages 25-27	Direct Consultants	0	0	0	0	0	0	3,603,087	3,603,087	0	
		0	0	0	0	0	0	186,216	189,523	3,307	
Total Earthworks Stage 25-27		0	0	0	0	0	0	3,789,303	3,792,610	3,307	
Earthworks Stages 36-40	Steworks / Earthworks	0	0	0	0	0	0	14,720	0	(14,720)	
Total Earthworks Stage 36-40		0	0	0	0	0	0	14,720	(0)	(14,720)	
Completed Stages	Steworks / Earthworks	0	0	0	0	0	0	46,092,294	46,092,295	1	
Stage 148	Authorities Fees	0	0	0	0	0	0	482,855	500,850	17,995	
	Direct Consultants	0	0	0	0	0	0	110,991	110,991	0	
		0	0	0	0	0	0	17,639	17,639	0	
Total Stage 148		0	0	0	0	0	0	611,485	629,480	17,995	
Stage 16A	Steworks / Earthworks	0	0	0	0	0	0	1,352,625	2,652,323	1,299,698	
	Authorities Fees	0	0	0	0	0	0	131,304	362,023	230,719	
	Direct Consultants	0	0	0	0	0	0	144,400	144,400	0	
Total Stage 16A		0	0	0	0	0	0	1,579,066	3,158,746	1,579,681	
Stage 16B	Direct Consultants	0	0	0	0	0	0	26,000	26,000	0	
Total Stage 16B		0	0	0	0	0	0	26,000	26,000	0	
Stage 17A	Steworks / Earthworks	0	0	0	0	0	0	732,033	732,033	0	
	Authorities Fees	0	0	0	0	0	0	161,279	161,279	0	
	Direct Consultants	0	0	0	0	0	0	110,250	110,250	0	
Total Stage 17A		0	0	0	0	0	0	1,003,563	1,003,563	0	
Stage 17B	Steworks / Earthworks	0	0	0	0	0	0	1,273,015	1,273,015	0	
	Authorities Fees	0	0	0	0	0	0	194,411	194,411	0	
	Direct Consultants	0	0	0	0	0	0	180,869	180,869	0	
Total Stage 17B		0	0	0	0	0	0	1,648,295	1,648,295	0	
Stage 18B	Steworks / Earthworks	0	0	0	0	0	0	1,986,381	1,986,290	91	
	Authorities Fees	0	0	0	0	0	0	267,438	270,948	3,510	
	Direct Consultants	0	0	0	0	0	0	191,390	191,390	0	
Total Stage 18B		0	0	0	0	0	0	1,945,209	2,450,628	485,419	
Stage 18C	Steworks / Earthworks	0	0	0	0	0	0	0	0	0	
	Authorities Fees	0	0	0	0	0	0	5,539	5,502	37	
	Direct Consultants	0	0	0	0	0	0	5,370	55,502	50,132	
Total Stage 18C		0	0	0	0	0	0	10,909	55,502	44,593	
Stage 25	Steworks / Earthworks	0	0	0	0	0	0	5,523,981	5,523,981	0	
	Authorities Fees	0	0	0	0	0	0	212,929	212,929	0	
	Direct Consultants	0	0	0	0	0	0	280,279	276,971	(3,307)	
Total Stage 25		0	0	0	0	0	0	6,017,188	6,013,881	(3,307)	
Stage 26	Steworks / Earthworks	0	0	0	0	0	0	1,273,228	1,199,122	(74,106)	
	Authorities Fees	0	0	0	0	0	0	239,777	465,655	225,878	
	Direct Consultants	0	0	0	0	0	0	144,968	162,500	17,532	
Total Stage 26		0	0	0	0	0	0	1,657,973	1,827,277	169,304	

Catalina Actual vs Budget Analysis

Job Description	Actual (MTD Vs Budget Jul 2021)		Year to date Vs Budget to Jul 2021		Project to date Vs Budget to Jul 2021		Comments regarding variance
	Actual 1 month to Jul 2021	Budget 1 month to Jul 2021	YTD to Jul 2021	YTD budget	PTD to Jul 2021	PTD budget	
Western Cell Long Beach Prom Entry Statement	0	0	0	0	19,164	19,164	
Western Cell PO2	0	0	0	0	64,091	64,091	
West Cell Bore, Pump, Electrics & Iron Filtration	0	0	0	0	118,324	118,324	
West Cell Bore, Pump, Electrics & Iron Filtration	0	0	0	0	9,466	9,466	
Western Cell Long Beach Prom Medians	0	0	0	0	19,357	19,357	
Catalina Beach Foreshore Node / Beach Connect	0	0	0	0	889	0	(889)
Catalina Beach Portofino Medians	0	0	0	0	506	0	(506)
Catalina Beach Greenlink Stage 25	0	0	0	0	3,941,470	3,941,448	(22)
Preliminary Landscaping Consultancy	7,045	7,045	25,590	7,045	120,249	118,508	(1,741)
Northern Biodiversity Conservation Area	0	0	0	0	378,074	319,478	(58,596)
Northern Biodiversity Conservation Area	0	0	0	0	354,111	354,111	
Neerabup Road Vergé Treatment - West	0	0	0	0	19,093	19,093	
Neerabup Road Vergé Treatment - West	0	0	0	0	795,713	795,713	
Neerabup Road Vergé Treatment - East	0	0	0	0	47,056	47,056	
Neerabup Road Vergé Treatment - East	0	0	0	0	180,487	180,487	
Neerabup Entry Statement	0	0	0	0	23,134	23,134	
Neerabup Entry Statement	0	0	0	0	87,605	87,605	
Public Open Space - Lot 8009	0	0	0	0	1,927	1,927	
Public Open Space - Lot 8009	0	0	0	0	166,728	166,728	
Environmental Landscaping	1,792	13,828	1,792	13,828	11,504	11,504	
Public Art	0	0	0	0	283,522	329,970	46,448
Streescapes Stg 2 Consultancy	0	0	0	0	171,764	171,764	
Streescapes Stg 2 Consultancy	0	0	0	0	13,105	13,105	
Streescapes To Stage 3	0	0	0	0	164,882	164,882	
Aviator Blvd Greenlink (5.2)	0	0	0	0	11,980	11,980	
Neerabup Road Vergé Treatment Stg4	0	0	0	0	40,537	40,537	
Neerabup Road Vergé Treatment Stg4	0	0	0	0	6,072	6,072	
Neerabup Road Vergé Treatment Stg5	0	0	0	0	206,713	206,713	
Neerabup Road Vergé Treatment Stg5	0	0	0	0	12,759	12,759	
Public Open Space Stage 6	0	0	0	0	157,346	157,346	
Public Open Space Stage 6	0	0	0	0	14,093	14,093	
Sales Centre Landscaping Stg 2	0	0	0	0	145,252	145,252	
Sales Centre Landscaping Stg 2	0	0	0	0	6,768	6,768	
Public Access Way 2.1	0	0	0	0	6,798	6,798	
Public Access Way 2.1	0	0	0	0	7,527	7,527	
Public Access Way 2.1	0	0	0	0	150,700	150,700	
Aviator Blvd Entry Stmt	0	0	0	0	11,232	11,232	
Aviator Blvd Entry Stmt	0	0	0	0	511,858	511,858	
Roundabout	0	0	0	0	27,897	27,897	
Roundabout	0	0	0	0	7,162	7,162	
Fauna Relocation	0	0	0	0	1,035	1,035	
Stage 11 Landscaping Phase 2	17,278	17,278	17,278	17,278	37,080	(0)	(37,080)
Catalina Grove Initial Scoping Works	0	0	0	0	743,690	743,690	
Catalina Central Landscape Upgrade	0	0	0	0	16,803	16,803	
Catalina Central Landscape Upgrade	0	0	0	0	821,012	821,012	
Stage 12/13 Greenlink New Bore	0	0	0	0	63,128	63,128	
Marmion Ave Shrub Planting	0	0	0	0	70,354	70,354	
Catalina Beach Stage 26 Landscaping	0	0	0	0	18,751	17,282	(1,469)
Beach Foreshore Access Area 1	0	0	0	0	30,906	30,906	
Beach South Buffer	54,542	54,542	54,542	54,542	40,000	40,000	
TOTAL LANDSCAPING	44,661	77,491	44,661	77,491	18,096,149	18,021,267	(74,883)
INDIRECT CONSULTANTS							
Planning - indirect	16,498	20,808	16,498	20,808	2,632,761	2,667,868	35,107
Architect	668	668	668	668	15,100	24,207	9,107
Environmental	1,776	1,670	1,776	1,670	369,619	358,486	(11,133)
Geotechnical	510	510	510	510	12,300	6,931	(5,369)
Title - Survey & Legal fees	5,033	1,337	5,033	1,337	169,455	171,257	1,802

Catalina Actual vs Budget Analysis

Job Description	Actual MTD Vs Budget Jul 2021			Year to date Vs Budget to Jul 2021			Project to date Vs Budget to Jul 2021			Comments regarding variance
	Actual 1 month to Jul 2021	Budget 1 month to Jul 2021	Variance	YTD to Jul 2021	YTD budget	Variance	PTD to Jul 2021	PTD budget	Variance	
Engineering fees	3,584	4,273	689	3,584	4,273	689	292,686	293,976	1,289	
Traffic planning	0	76	76	0	76	76	84,181	85,164	982	
Landscape consultancy	0	0	0	0	0	0	0	0	(9,956)	
Miscellaneous Consultants	1,072	2,236	1,164	1,072	2,236	1,164	6,690	32,737	26,047	
Planning - fire & safety	2,200	210	(1,990)	2,200	210	(1,990)	14,080	4,835	(9,245)	
Planning - Hydrology	0	1,990	1,990	0	1,990	1,990	132,273	143,509	11,236	
Planning - Sustainability	0	945	945	0	945	945	26,805	37,126	10,320	
Acoustic & Noise Consult	0	120	120	0	120	120	8,265	120	(8,145)	
Tree Mapping	0	167	167	0	167	167	4,406	3,783	(623)	
TOTAL INDIRECT CONSULTANTS	30,162	35,009	4,847	30,162	35,009	4,847	3,778,558	3,842,286	63,728	Within budget
INFRASTRUCTURE										
Completed Infrastructure	0	0	0	0	0	0	11,110,854	11,110,854	-0	
Marrion relocation services	0	0	0	0	0	0	450,680	450,680	0	Com
Marrion relocation services	0	0	0	0	0	0	48,750	48,750	0	Com
Neerabup Rd Macrochydore Way intersection	0	0	0	0	0	0	1,498,274	1,480,279	(17,995)	
Neerabup Rd Macrochydore Way intersection	0	0	0	0	0	0	97,321	97,321	0	
Connolly Drive Aviator Blvd Intersection	0	0	0	0	0	0	102,519	403,715	301,196	
Connolly Drive Aviator Blvd Intersection	0	301,196	301,196	0	301,196	301,196	108,142	108,473	330	
Neerabup Road Green Link Underpass	0	3,651	3,651	0	3,651	3,651	2,296,934	2,296,934	0	Com
EPBC Offset - foraging	0	0	0	0	0	0	490,000	490,000	0	Com
Gravity Sewer	0	0	0	0	0	0	1,518,761	1,518,761	0	Com
Gravity Sewer Engineering	0	0	0	0	0	0	100,778	100,778	0	Com
Marrion Avenue Green Link Intersection	0	0	0	0	0	0	3,041,955	3,041,955	0	Com
Marrion Avenue Green Link Intersection Eng	0	0	0	0	0	0	151,585	151,585	0	Com
Asbestos and rubbish removal - Gen Allowance	0	0	0	0	0	0	25,801	47,412	21,611	
Foreshore Access Road	0	256,018	256,018	0	256,018	256,018	256,018	256,018	0	
Foreshore Access Road	2,673	10,369	7,696	2,673	10,369	7,696	39,087	47,953	8,866	
Portofino Extension	0	0	0	0	0	0	1,500	1,500	(0)	
Portofino Extension	1,575	0	(1,575)	1,575	0	(1,575)	42,292	42,292	0	
Housing Auth Dist Plan Scheme 2	0	0	0	0	0	0	162,919	162,919	0	Com
Catalina Beach North/South Dual Use Path	0	0	0	0	0	0	680,742	730,000	49,258	
Catalina Beach North/South Dual Use Path	0	0	0	0	0	0	0	35,000	35,000	
Longreach Prom Extension	9,680	0	(9,680)	9,680	0	(9,680)	0	0	0	
Longreach Prom Extension	0	0	0	0	0	0	17,314	17,314	0	
Rubbish removal - General Allowance	0	0	0	0	0	0	13,782,467	14,380,730	597,263	Within budget
INFRASTRUCTURE REFUNDS										
Neerabup Road Reimbursement	0	0	0	0	0	0	(432,548)	(432,548)	0	
Waste Water Pump Station (West)	0	0	0	0	0	0	(1,397,613)	(1,397,613)	0	
INFRASTRUCTURE REFUNDS										
TOTAL INFRASTRUCTURE	13,927	571,235	557,307	13,927	571,235	557,307	11,953,306	12,550,569	597,263	Within budget

Catalina Actual vs Budget Analysis

Job Description	Actual MTD Vs Budget Jul 2021		Year to date Vs Budget to Jul 2021		Project to date Vs Budget to Jul 2021		Comments regarding variance
	Actual 1 month to Jul 2021	Budget 1 month to Jul 2021	YTD Budget	Variance	PTD budget	Variance	
SPECIAL SITES & FIXED ASSETS							
Lot 1 Group Housing Site Construction	0	0	0	0	172,782	0	
Removal of temp sales office	0	0	0	0	8,636	0	
Sales Office Building	0	0	0	0	573,981	932	
Sales Office Retrofit	0	0	0	0	3,440	(7,746)	
Sales Office Carparks	0	0	0	0	98,087	0	
Temp sales office services	0	0	0	0	3,812	0	
Sales Office Construction Western	0	0	0	0	624,762	744	
Sales office carparks Western	0	0	0	0	240,000	0	
Security Cameras	0	0	0	0	19,560	0	
TOTAL SPECIAL SITES & FIXED ASSETS	0	0	0	0	1,751,825	(6,070)	Within budget
TOTAL CONSTRUCTION	113,700	32,580	113,700	32,580	117,536,338	4,509,736	Within budget
LAND	0	0	0	0	0	0	
PROFIT & LOSS EXPENDITURE							
Sales & Marketing							
Brand Development	950	6,667	950	6,667	287,165	26,226	
Sales Office & Builder Rel.	0	1,667	0	1,667	120,974	9,307	
Brochures	1,630	1,667	1,630	1,667	156,560	8,947	
Advertising	16,749	16,667	16,749	16,667	943,842	62,139	
Signage	5,000	5,000	780	1,667	452,544	40,639	
Website	780	1,667	780	1,667	14,861	4,670	
Promotions	0	0	0	0	19,550	28,303	
Public Relations	0	0	0	0	13,198	5,775	
Total Sales and Marketing	20,109	33,333	20,109	33,333	1,953,770	167,055	Within budget
Total Community Development Administration	2,920	10,313	2,920	10,313	691,738	134,668	Within budget
Audit and Tax	1,444	0	1,444	0	272,343	243,217	(29,127)
Cleaning	1,050	1,006	1,050	1,006	46,159	2,658	
Computer Costs	503	503	503	503	5,685	5,685	
Couriers	302	302	302	302	1,338	12,101	
Electricity & Gas	24	1,006	24	1,006	127,419	10,763	(3,724)
Insurance	503	503	503	503	6,187	3,003	
Legal fees	4,191	4,191	4,191	4,191	199,392	29,200	
Licenses & Fees	503	503	503	503	4,285	3,422	
Postage, Print & Stationery	503	503	503	503	31,994	29,751	
Rent - Sales Office & Cprk	0	0	0	0	467,350	0	
Sundry Office Expenses	1,509	1,509	1,509	1,509	25,285	24,209	
Training	2,095	2,095	2,095	2,095	14,596	14,596	
Valuations	3,353	3,353	3,353	3,353	196,366	9,153	
Rates & Taxes	146,685	146,685	146,685	146,685	705,692	216,317	
Maintenance	5,604	60,841	5,604	60,841	2,441,392	206,051	
Maint- Carpark Makegood	0	0	0	0	53,798	0	
Security	3,018	3,018	3,018	3,018	28,877	21,438	
Total Administration	155,807	79,331	155,807	79,331	4,538,280	543,395	Within budget
Finance	0	45,454	0	45,454	417,479	(1,770,685)	Actual Contingency spend apalled to cost types above.
Contingency	0	45,454	0	45,454	2,188,164	0	
Contingency Offset Transfer	0	0	0	0	(2,188,164)	0	
Total Finance	0	45,454	0	45,454	417,479	417,479	
Total P&L Expenditure	178,836	188,432	178,836	188,432	8,251,717	1,262,597	
Grand Expense Total	292,536	201,011	292,536	201,011	130,297,780	5,772,333	Within budget

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2022	Actual 1 month to Jul 2021	Budget 1 month to Jul 2021	Variance	Year to date YTD to Jul 2021	YTD budget	Variance	Project to date Vs Budget to Jul 2021	PTD to Jul 2021	PTD budget	Variance	Bud Comparison Jun 21 Approved	Comments regarding variance
Account Description												
Job Description												

Contingency Summary		45,454
YTD Budget		0
Contingency Transferred (Actual & Budget)		45,454
Contingency not yet used		
List of Contingency items transferred year to date		
Period	Job Description	Amount
		0
Budget Transfers		
List of Budget items transferred year to date		
Period	Job Description	Amount
		0

Note: Actual Contingency spend in prior years is reported against the job that the spend relates to.

CATALINA
FINANCE REPORT
JULY 2021

1.0 Management Accounts

1.1 KEY STATISTICS

1.1.1 RESIDENTIAL LOTS & DISTRIBUTIONS								
	<u>Lots Produced (titles)</u>		<u>Sales</u>		<u>Settlements</u>		<u>Distributions</u>	
	<u>Actual</u>	<u>Budget</u> <i>(Jun-21)</i>	<u>Actual</u>	<u>Budget</u> <i>(Jun-21)</i>	<u>Actual</u>	<u>Budget</u> <i>(Jun-21)</i>	<u>Actual</u>	<u>Budget</u> <i>(Jun-21)</i>
Prior Years	1,041	1,041	1,061	1,067	1,032	1,033	78,000,000	78,000,000
Jul-2021	-	34	9	8	1	3	-	-
Aug-2021	-	-	-	8	-	5	-	-
Sep-2021	-	-	-	8	-	2	-	-
Sep Qtr	-	34	9	24	1	10	-	-
Oct-2021	-	-	-	10	-	5	-	-
Nov-2021	-	-	-	9	-	2	-	-
Dec-2021	-	-	-	10	-	7	-	-
Dec Qtr	-	-	-	29	-	14	-	-
Jan-2022	-	-	-	9	-	4	-	-
Feb-2022	-	62	-	10	-	6	-	-
Mar-2022	-	-	-	9	-	17	-	-
Mar Qtr	-	62	-	28	-	27	-	-
Apr-2022	-	79	-	10	-	8	-	-
May-2022	-	-	-	9	-	20	-	-
Jun-2022	-	-	-	10	-	19	-	10,000,000
Jun Qtr	-	79	-	29	-	47	-	10,000,000
PTD	1,041	1,075	1,070	1,075	1,033	1,036	78,000,000	78,000,000
Full 2021/22 Year	-	175	9	110	1	98	-	10,000,000
2022/23		81		110		108		6,000,000
2023/24		103		96		104		8,000,000

- There were 9 sales and 1 residential settlements for July.

1.2 Sales & Settlements

	<u>MTH Act</u>	<u>MTH Bqt</u> <i>(Jun-21)</i>	<u>YTD Act</u>	<u>YTD Bqt</u> <i>(Jun-21)</i>	<u>PTD Act</u>	<u>PTD Bqt</u> <i>(Jun-21)</i>
Residential						
- Sales #	9	8	9	8	1,070	1,075
- Sales \$	3,635,000	2,927,840	3,635,000	2,927,840	288,966,500	290,192,065
- Sales \$/lot	403,889	365,980	403,889	365,980	270,062	269,946
- Settlements #	1	3	1	3	1,033	1,036
- Settlements \$	265,000	981,485	265,000	981,485	274,928,000	276,032,946
- Settlements \$/lot	265,000	327,162	265,000	327,162	266,145	266,441
Special Sites						
- Sales #	-	-	-	-	4	4
- Sales \$	-	-	-	-	3,772,000	3,772,000
- Sales \$/lot	-	-	-	-	943,000	943,000
- Settlements #	-	-	-	-	4	4
- Settlements \$	-	-	-	-	3,772,000	3,772,000
- Settlements \$/lot	-	-	-	-	943,000	943,000
Lots Under Contract						
- Unsettled sales #	37			3	Titled	
- Unsettled sales \$	14,038,500			34	1,046 incl. Spec sites	
- Unsettled sales \$/lot	379,419					

CATALINA
FINANCE REPORT
JULY 2021

1.3 Cashflow - MTD Actuals to budget

	MTD Act	MTD Bgt (Jun-21)	Variance
Income			
Settlement Revenue	265,000	981,484	(716,484)
Margin GST	(4,165)	(13,670)	9,505
Direct selling costs	(12,002)	(45,095)	33,093
Interest Income	-	-	-
Forfeited Deposits	-	-	-
Other Income	-	-	-
Rebate Allowance	(35,475)	(61,692)	26,216
	<u>213,357</u>	<u>861,028</u>	<u>(647,670)</u>
Development costs			
WAPC Land Acq.	-	-	-
Lot production	24,950	102,375	77,425
Clearance Bonds	-	(753,530)	(753,530)
Landscaping	44,661	77,491	32,830
Consultants	30,162	35,009	4,847
Infrastructure	13,927	571,235	557,307
Sales office building	-	-	-
	<u>113,700</u>	<u>32,580</u>	<u>(81,121)</u>
Overheads			
Sales & marketing	20,109	33,333	13,224
Community Develop.	2,920	10,313	7,393
Administration	155,807	79,331	(76,475)
Finance/Contingency	-	45,454	45,454
	<u>178,836</u>	<u>168,432</u>	<u>(10,404)</u>
Net Cashflow	(79,178)	660,016	(739,195)

1.4 Cashflow - YTD Actuals to budget

	YTD Act	YTD Bgt (Jun-21)	Variance
Income			
Settlement Revenue	265,000	981,484	(716,484)
Margin GST	(4,165)	(13,670)	9,505
Direct selling costs	(12,002)	(45,095)	33,093
Interest Income	-	-	-
Forfeited Deposits	-	-	-
Other Income	-	-	-
Rebate Allowance	(35,475)	(61,692)	26,216
	<u>213,357</u>	<u>861,028</u>	<u>(647,670)</u>
Development costs			
WAPC Land Acq.	-	-	-
Lot production	24,950	102,375	77,425
Clearance Bonds	-	(753,530)	(753,530)
Landscaping	44,661	77,491	32,830
Consultants	30,162	35,009	4,847
Infrastructure	13,927	571,235	557,307
Sales office building	-	-	-
	<u>113,700</u>	<u>32,580</u>	<u>(81,121)</u>
Overheads			
Sales & marketing	20,109	33,333	13,224
Community Develop.	2,920	10,313	7,393
Administration	155,807	79,331	(76,475)
Finance/Contingency	-	45,454	45,454
	<u>178,836</u>	<u>168,432</u>	<u>(10,404)</u>
Net Cashflow	(79,178)	660,016	(739,195)

1.5 Bonds

	Last Year	Last Month	This Month
City of Wanneroo	242,868	896,155	896,155
	<u>242,868</u>	<u>896,155</u>	<u>896,155</u>

Bonds relate to stages 25, 16A & 27A early clearances.

CATALINA
**FINANCE REPORT
JULY 2021**
2.0 PROFIT & LOSS

	<u>MTH Act</u>	<u>MTH Bgt</u>	<u>Var</u>	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>Var</u>	<u>PTD Act</u>	<u>PTD Bgt</u>
		<i>(Jun-21)</i>			<i>(Jun-21)</i>			<i>(Jun-21)</i>
- Revenue \$ (Stlmts)	265,000	981,485	(716,485)	265,000	981,485	(716,485)	274,928,000	276,032,946
- Revenue \$/lot	265,000	327,162		265,000	327,162		266,145	266,441
- Selling & GST \$	28,717	99,306	70,588	28,717	99,306	70,588	24,435,515	25,163,365
- Selling & GST \$/lot	28,717	33,102		28,717	33,102		23,655	24,289
- Cost of sales \$	109,817	389,005	279,188	109,817	389,005	279,188	96,957,629	99,140,047
- Cost of sales \$/lot	109,817	129,668		109,817	129,668		93,860	95,695
- Gross profit \$	126,466	493,174	(366,708)	126,466	493,174	(366,708)	153,534,856	151,729,533
- Gross profit \$/lot	126,466	164,391		126,466	164,391		148,630	146,457
- Gross profit Mgn %	47.72%	50.25%		47.72%	50.25%		55.85%	54.97%
- Special Sites \$	-	-	-	-	-	-	2,091,959	2,091,959
- Other income \$	-	-	-	-	-	-	265,756	263,843
- Sales & Marketing \$	23,029	44,101	21,072	23,029	44,101	21,072	2,455,988	2,689,296
- Administration \$	24,201	96,717	72,516	24,201	96,717	72,516	5,171,398	5,273,889
- Finance/Other \$	-	-	-	-	-	-	198,181	198,181
- Contingency \$	-	45,454	45,454	-	45,454	45,454	-	162,330
- Net profit \$	79,236	306,902	(227,667)	79,236	306,902	(227,667)	148,067,004	145,761,639
- Net profit \$/lot	79,236	102,301		79,236	102,301		143,337	140,697

- Year to date Gross profit is \$367k unfavourable to budget due to 2 less settlements.
- Year to date Overheads are \$139k below budget due to:
 - Marketing \$21k favourable due - timing;
 - Admin \$72k favourable - timing (mainly R&M);
 - Unused Contingency \$45k.

YEAR TO DATE VERSUS FULL YEAR BUDGET

	<u>YTD Act</u>	<u>Full Year Bgt</u>	<u>Var</u>
- Revenue \$ (Stlmts)	265,000	29,575,140	(29,310,140)
- Revenue \$/lot	265,000	301,787	
- Selling & GST \$	28,717	3,170,867	3,142,150
- Selling & GST \$/lot	28,717	32,356	
- Cost of sales \$	109,817	15,715,690	15,605,873
- Cost of sales \$/lot	109,817	160,364	
- Gross profit \$	126,466	10,688,583	(10,562,117)
- Gross profit \$/lot	126,466	109,067	
- Gross profit Mgn %	47.72%	36.14%	
- Special Sites \$	-	3,059,650	(3,059,650)
- Other income \$	-	-	-
- Sales & Marketing \$	23,029	570,645	547,615
- Administration \$	24,201	1,215,869	1,191,668
- Finance \$	-	-	-
- Contingency \$	-	1,999,327	1,999,327
- Net profit \$	79,236	9,962,392	(9,883,157)
- Net profit \$/lot	79,236	101,657	

CATALINA
FINANCE REPORT
JULY 2021

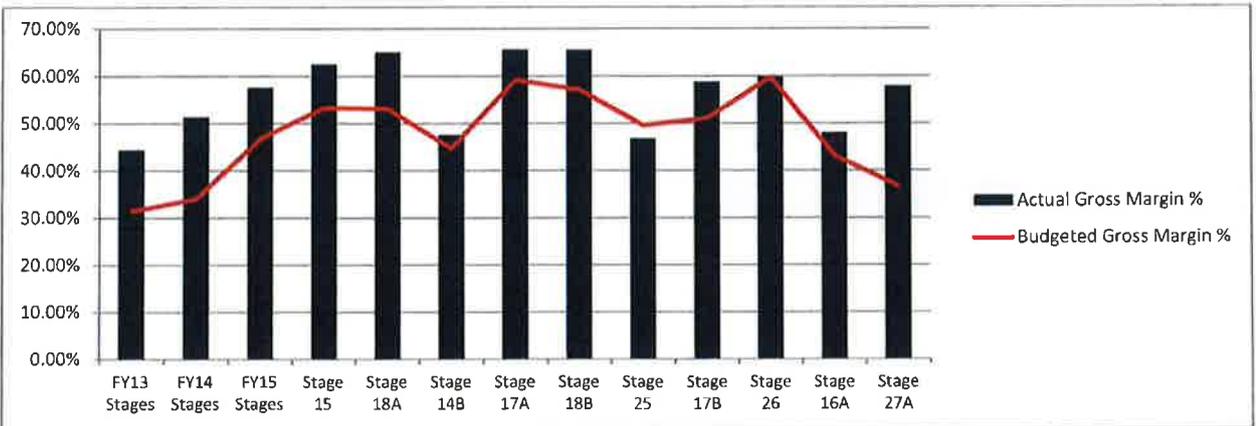
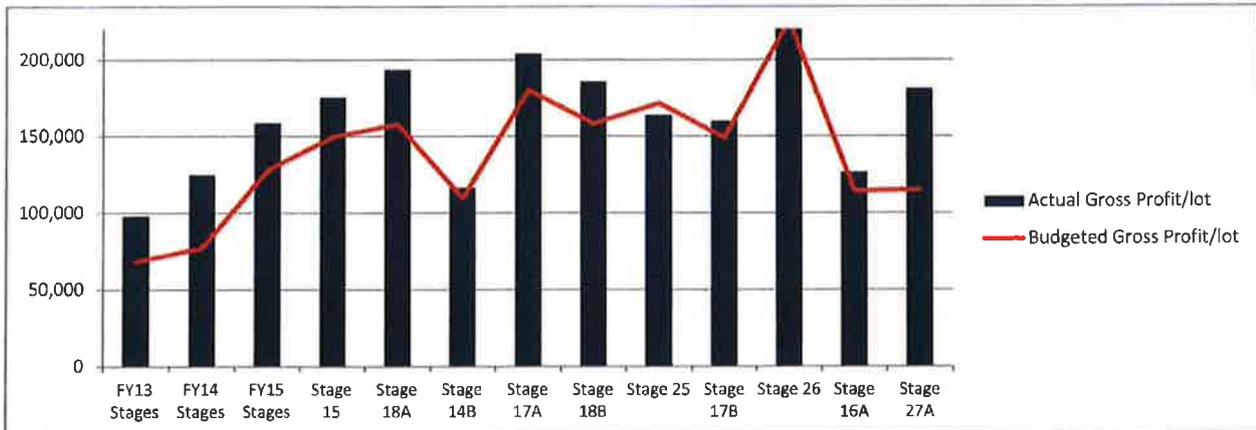
2.1 GROSS PROFIT ANALYSIS

Actual		Direct Selling & COGS (incl. GST)				Actual Gross Profit	Actual Gross Profit/lot	Actual Gross Margin %
Stages	Title Issue Date	Revenue	Revenue/lot	Direct Costs/lot	Direct Costs/lot	Profit	Profit/lot	Margin %
Incentives Writeback				-4,253,385		4,253,385		
FY13 Stages	2012 / 2013	51,375,500	220,496	28,570,159	122,619	22,805,341	97,877	44.39%
FY14 Stages	2013 / 2014	50,325,000	243,116	24,477,309	118,248	25,847,691	124,868	51.36%
FY15 Stages	2014 / 2015	77,688,000	275,489	32,963,408	116,892	44,724,592	158,598	57.57%
Stage 15	15-Dec-15	15,444,000	280,800	5,791,507	105,301	9,652,433	175,499	62.50%
Stage 18A	27-May-16	8,626,000	297,448	3,015,429	103,980	5,610,571	193,468	65.04%
Stage 14B	28-Oct-16	2,444,000	244,400	1,281,011	128,101	1,162,989	116,299	47.59%
Stage 17A	20-Feb-17	7,774,000	310,960	2,674,295	106,972	5,099,705	203,988	65.60%
Stage 18B	13-Jun-17	8,792,000	283,613	3,035,185	97,909	5,756,815	185,704	65.48%
Stage 25	8-Aug-17	19,616,000	350,286	10,447,883	186,569	9,168,117	163,716	46.74%
Stage 17B	22-May-18	9,528,000	272,229	3,931,249	112,321	5,596,751	159,907	58.74%
Stage 26	26-Sep-19	13,417,500	372,708	5,396,444	149,901	8,021,056	222,807	59.78%
Stage 16A	25-Jan-21	3,952,000	263,467	2,055,346	137,023	1,896,654	126,444	47.99%
Stage 27A	24-Feb-21	5,946,000	312,947	2,508,717	132,038	3,437,283	180,910	57.81%
		<u>274,928,000</u>		<u>121,894,616</u>		<u>153,033,384</u>		

- Values for actuals are based on 'settled lots only' for the relevant stages.

Budget		Direct Selling & COGS (incl. GST)				Budgeted Gross Profit	Budgeted Gross Profit/lot	Budgeted Gross Margin %
Stages	Budget Version	Revenue	Revenue/lot	Direct Costs/lot	Direct Costs/lot	Profit	Profit/lot	Margin %
FY13 Stages	May-12	51,358,953	217,623	35,200,675	149,155	16,158,278	68,467	31.46%
FY 14 Stages	Jun-13	46,931,935	226,724	30,917,421	149,360	16,014,514	77,365	34.12%
FY 15 Stages	Aug-14	76,167,089	273,000	40,469,170	145,051	35,697,919	127,950	46.87%
Stage 15	Aug-15	15,433,000	280,800	7,203,599	130,975	8,229,401	149,625	53.32%
Stage 18A	Jun-16	8,626,000	297,448	4,048,854	139,618	4,577,146	157,833	53.06%
Stage 14B	Jun-16	2,448,067	244,809	1,352,232	135,223	1,095,855	109,585	44.78%
Stage 17A	Jun-16	9,427,756	304,121	3,845,430	124,046	5,582,326	180,075	59.21%
Stage 18B	Jun-16	8,584,690	276,925	3,677,414	118,626	4,907,276	158,299	57.16%
Stage 25	Aug-17	19,696,448	345,552	9,915,141	173,950	9,781,307	171,602	49.66%
Stage 17B	Dec-17	10,496,494	291,569	5,131,807	142,550	5,364,687	149,019	51.11%
Stage 26	Jun-19	14,347,000	377,553	5,766,060	151,738	8,580,940	225,814	59.81%
Stage 16A	Dec-20	4,498,002	284,588	2,555,841	150,344	1,942,161	114,245	43.18%
Stage 27A	Dec-20	6,251,840	312,592	3,951,378	197,569	2,300,462	115,023	36.80%
		<u>274,267,294</u>		<u>154,035,023</u>		<u>120,232,272</u>		

- Values for budget are based on 'total lots' for the relevant stages.



* Stage 27A Gross profit / lot is \$64k above budget due to savings on construction. Stage 27A was originally budgeted as a single stage 27, but when it was split into 2, the construction budget was split 50/50. We therefore expect extra costs for stage 27B.

Catalina COGS Calc

31-Jul-21

Job	Titled Date	Direct Cost	Indirect Cost	COGS Total	Lot #	Titled	Untitled	COGS/Lot	Settled Lots	PTD COGS	Finished Goods	FG/Lot
140-01-001	17-Oct-2012	4,004,839	637,443	4,642,282	35	35	-	132,637	35	4,642,282	-	-
140-01-002	7-Nov-2012	3,429,204	598,332	4,027,537	37	37	-	108,852	37	4,027,537	-	-
140-01-003	14-Jan-2013	3,002,658	554,241	3,556,899	43	43	-	82,719	43	3,556,899	-	-
140-01-004	20-Mar-2013	3,371,482	800,585	4,172,067	47	47	-	88,767	47	4,172,067	-	-
140-01-005	20-May-2013	4,894,899	968,068	5,862,967	63	63	-	93,063	63	5,862,967	-	-
140-01-06A	18-Jan-2013	483,435	179,725	663,160	8	8	-	82,895	8	663,160	-	-
140-01-06B	19-Jan-2015	1,100,352	510,130	1,610,482	24	24	-	67,103	24	1,610,482	-	-
140-01-06C	3-Apr-2014	671,286	211,296	882,581	10	10	-	88,258	10	882,581	-	-
140-01-007	31-Oct-2013	4,146,749	938,488	5,085,238	63	63	-	80,718	63	5,085,238	-	-
140-01-008	16-Jan-2014	4,389,068	881,805	5,270,874	53	53	-	99,450	53	5,270,874	-	-
140-01-009	8-May-2014	4,640,905	814,395	5,455,300	51	51	-	106,967	51	5,455,300	-	-
140-01-010	8-May-2014	2,460,031	595,126	3,055,157	30	30	-	101,839	30	3,055,157	-	-
140-01-011	1-Oct-2014	4,797,823	1,320,873	6,118,696	64	64	-	95,605	64	6,118,696	-	-
140-01-012	3-Dec-2014	3,225,081	1,064,585	4,289,666	49	49	-	87,544	49	4,289,666	-	-
140-01-13A	30-Mar-2015	2,965,498	717,571	3,683,069	37	37	-	99,542	37	3,683,069	-	-
140-01-13B	11-May-2015	2,739,324	986,155	3,725,479	45	45	-	82,788	45	3,725,479	-	-
140-01-014	4-Jun-2015	3,619,629	1,347,229	4,966,858	63	63	-	78,839	63	4,966,858	-	-
140-01-015	15-Dec-2015	3,073,171	1,243,145	4,316,316	55	55	-	78,478	55	4,316,316	-	-
140-01-18A	27-May-2016	1,453,614	760,239	2,213,853	29	29	-	76,340	29	2,213,853	-	-
140-01-14B	28-Oct-2016	784,420	224,347	1,008,767	10	10	-	100,877	10	1,008,767	-	-
140-01-017	20-Feb-2017	1,194,140	730,941	1,925,081	25	25	-	77,003	25	1,925,081	-	-
140-01-18B	13-Jun-2017	1,266,620	876,513	2,143,133	31	31	-	69,133	31	2,143,133	-	-
140-02-025	8-Aug-2017	6,444,321	1,929,606	8,373,927	58	58	-	144,378	56	8,085,170	288,756	144,378
140-01-17B	22-May-2018	1,555,232	1,222,995	2,778,227	36	36	-	77,173	35	2,701,054	77,173	77,173
140-02-026	26-Sep-2019	2,342,687	1,791,711	4,134,398	38	38	-	108,800	36	3,916,798	217,600	108,800
140-01-16A	25-Jan-2021	1,281,039	585,845	1,866,884	17	17	-	109,817	15	1,647,251	219,633	109,817
140-02-27A	24-Feb-2021	1,219,300	814,276	2,033,576	20	20	-	101,679	19	1,931,897	101,679	101,679
140-70-001	7-Nov-2012	423,461	16,171	439,633	1	1	-	439,633	1	439,633	-	-
140-70-004	12-Dec-2013	20,322	41,798	62,119	1	1	-	62,119	1	62,119	-	-
140-70-005	8-Aug-2017	110,657	24,492	135,149	1	1	-	135,149	-	-	135,149	135,149
140-70-007	17-Oct-2012	222,150	87,611	309,761	1	1	-	309,761	1	309,761	-	-
140-70-008	1-Oct-2014	438,532	74,117	512,649	1	1	-	512,649	1	512,649	-	-
140-70-028	8-Aug-2017	338,259	98,459	436,718	1	1	-	436,718	-	-	436,718	436,718
76,110,186		23,648,314		99,758,500	1,047	1,047	-		1,037	98,281,792		1,476,709

Appendix 7.3

LEGEND

- CATALINA ESTATE BOUNDARY
- TITLED LOTS
- LOTS TO BE TITLED
- CIVIL CONSTRUCTION COMMENCED BUT NOT TITLED
- CONSERVATION AREA - CONFIRMED
- CONSERVATION AREA - SUBJECT TO FUTURE PLANNING
- SUBJECT TO FUTURE PLANNING



CATALINA FYE 2022 OPERATIONS

Catalina Estate. TAMALA PARK

A Tamala Park Regional Council Project

Appendix Page 17

NORTH

Scale: 1:7500 @ A3

0 75 150 225m

PLAN: TAMCA-1-033 REVISION: A
 DATE: 09/06/2021 DRAWN: JP
 PROJECTION: PCG 94 PLANNER: TV
 DATUM: AHD CHECK: JH

cdp
 Town Planning & Urban Design

Unit 2, 464 Murray Street
 Perth WA 6000
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Appendix 7.4

2 September 2021

Mr. Jon Morellini
Chief Executive Officer
Tamala Park Regional Council
Unit 2, 369 Scarborough Beach Road
INNALOO WA 6018

Dear Jon,

Catalina 2021 Project Forecast; Request to identify opportunities to increase lot income and reduce development costs

As a result of discussions at the August 2021 Council meeting, the Tamala Park Regional Council (TPRC) has requested Satterley *“identify opportunities to increase lot income and reduce development costs in order to maximise financial returns to the member Councils while delivering environmental, social and economic objectives and provide a report on this matter for consideration at the Council’s October 2021 meeting.”*

1. Opportunities to increase lot income

The 2021 Project Forecast was initially prepared based on pricing set in May 2021 which was expected to achieve on average 8 net sales per month over the long-term. Feedback provided to Satterley following a third-party review of assumptions suggested that whilst overall assumptions appeared reasonable, underlying pricing may have been on the conservative side.

Since May 2021, and despite the conclusion of government stimulus measures, several estates in the northern corridor have continued to enjoy strong sales momentum. Given this, and positive sentiment around the property market more broadly, some increases in pricing may be more palatable in today’s market. The 2021 Project Forecast has been modelled to allow for the following increase to pricing, whilst retaining a long-term sales rate of 8 per month (prices shown are for the most common lot types):

CATALINA | Project Forecast Updated Pricing

PRODUCT TYPE	YIELD	CURRENT (SEP-21)	PREVIOUS (MAY-21)	VARIANCE	VARIANCE (%)
Beach					
Front 10.5 x 30 315m ²	42	340,000	314,290	25,710	8%
Front 12.5 x 30 375m ²	82	375,000	345,000	30,000	9%
Front 15 x 30 450m ²	80	440,000	385,000	55,000	14%
Rear 6 x 30 180m ²	52	215,000	181,732	33,268	18%
Central					
Front 12.5 x 30 375m ²	63	280,000	235,000	45,000	19%
Front 15 x 30 450m ²	46	315,000	265,000	50,000	19%
Rear 7.5 x 30 225m ²	61	175,000	179,455	(4,455)	(2%)
Green					
Front 10.5 x 30 315m ²	526*	230,000	225,000	5,000	2%
Front 12.5 x 30 375m ²	27	270,000	227,113	42,887	19%
Front 15 x 30 450m ²	32	305,000	238,500	66,500	28%

*Includes Catalina Green assumed yield following phase one of 518 lots at 312m² average.

After allowing for adjustments to pricing on all lot types, the overall impact to the 2021 Project Forecast is as follows:

PROJECT FORECAST ANALYSIS	2021 PROJECT FORECAST CURRENT PRICING	2021 PROJECT FORECAST PREVIOUS PRICING	VARIANCE
ASSUMPTIONS			
Base pricing	Current (Sep-21)	Previous (May-21)	+8.7%
Sales rate	8 per month	8 per month	-
Income escalation rate	3.0%	3.0%	-
Cost escalation rate	2.0%	2.0%	-
NPV OUTCOMES			
NPV @ 6%	\$86.1m	\$65.7m	\$20.4m
NPV @ 8%	\$72.5m	\$54.5m	\$18.0m
NPV @ 10%	\$61.4m	\$45.5m	\$16.0m
PROJECT CASHFLOW			
Gross Income	\$660.0m	\$627.4m	\$32.5m
Development Costs	\$388.1m	\$387.3m	(\$0.8m)
Net Cashflow	\$271.9m	\$240.1m	\$31.8m
Final settlement date	Nov-35	Nov-35	-

2. Opportunities to reduce development costs

The 2021 Project Forecast incorporated updated inputs from engineers and landscape consultants dated April-May 2021 to provide the most timely and accurate forecasts available. The 2021 Project Forecast also allowed for 7% cost escalation in FY22 following advice from consulting engineers. These inputs will continually be updated in subsequent budget updates as necessary, and as further planning works and detailed design occurs. At all times, development costs are carefully monitored and controlled, with value added through efficient earthworking and servicing methodologies.

Yours sincerely



Carl Buckley
Regional Manager