



Ordinary Meeting of Council

AGENDA

**Thursday 18 October 2018, 6:00pm
City of Vincent
244 Vincent Street, Leederville**

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

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TAMALA PARK REGIONAL COUNCIL

Councillors of the Tamala Park Regional Council are advised that the ordinary meeting of Council will be held in the Council Chambers at the City of Vincent, 244 Vincent Street, Leederville on Thursday 18 October 2018 at 6:00pm.

The business papers pertaining to the meeting follow.

Your attendance is requested.

Yours faithfully

TONY ARIAS

Chief Executive Officer

MEMBERSHIP

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

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

Council Meeting – 16 August 2018

5A BUSINESS ARISING FROM MINUTES

6. ANNOUNCEMENTS BY CHAIRMAN (WITHOUT DISCUSSION)

7. MATTERS FOR WHICH MEETING MAY BE CLOSED

8. REPORTS OF COMMITTEES

CEO Performance Review Committee Meeting – 5 September 2018

Management Committee Meeting – 20 September 2018

Audit Committee Meeting - 18 October 2018

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

9.1 BUSINESS REPORT – PERIOD ENDING 10 OCTOBER 2018

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council RECEIVES the Business Report to 10 October 2018.

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix:

- Landscape Schedule and Program FYE 2018
- Photos of Catalina Beach Sales Office (under construction)

Background

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

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

Comment

1. Civil Construction - Status

The next civil construction stage is planned to be Stage 26 - Catalina Beach, which comprises 38 lots and a road connection north into the existing Mindarie community. Construction of the Stage is anticipated to commence at the end of October 2018, in accordance with the approved Lot Sales and Release Strategy FYE 2019.

2. Landscape Works – Status

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

3. Housing Construction

The following table provides an overview of the current progress of housing construction to October 2018.

Stage	Total Lots	Under Construction	Completed	Vacant
Stages 1 - 11	529	1	523	5
Stage 12	49	1	48	0
Stage 13	82	1	80	1
Stage 14	73	1	70	2
Stage 15	55	0	53	2
Stage 17A	25	1	21	3
Stage 17B (Release 1)	18	3	0	15
Stage 18A	29	1	27	1
Stage 18B	31	3	13	15
Stage 25 (Display Village)	15	8	5	2
Stage 25	25	3	1	21
Stage 25B	7	7	0	0
Stage 25 (Builders Release)	7	0	0	7
Total	945	30	841	74

4. Builders Display Village 3 (Catalina Beach)

The Catalina Beach Builders Display Village is due to open in October 2018, following the closure of Builders Display Village 2 (Central Precinct).

To date, five display homes; Content, Home Group WA, Celebrations, Ben Trager and Red Ink have been completed and are open for display. A further 8 display homes are significantly progressed with the majority to open by 31 October 2018.

The remaining two builders' display homes (B1 and 101 Residential) have been approved for construction and are anticipated to commence construction in late October 2018. Meetings have been held with these builders to ensure measures will be in place to limit disruption to existing display homes.

5. Catalina Beach Sales Office

Construction on the Catalina Beach Sales Office is well advanced and is on program for completion in late October 2018. Photos showing the Catalina Beach Sales Office (under construction) are attached at Appendix 9.1

6. Local Centre Site - Update

Settlement of the Local Centre occurred on 17 August 2018. Meetings have been held with the purchaser's representative to discuss the delivery of the Local Centre in accordance with the contract.

Development Plans have been provided to the TPRC, as required under the sales contract. The Development Plans are for a building fronting Aviator Boulevard consisting of multiple retail tenancies on the ground floor; offices on the first floor, and a separate building for a childcare facility. The Development Plans are generally consistent with the approved

concept plans, with the exception of the removal of the third storey of the building fronting Aviator Boulevard which included two apartments.

The Plans are required to be materially consistent with the Approved Concept Plans. The removal of the apartments is a departure from the Approved Concept Plans and could be refused by the TPRC.

The purchaser has informed the TPRC that the removal of the upper floor is primarily due to a lack of demand from the market for apartments in this area, ultimately impacting on the viability of the building.

The TPRC/SPG are in discussions with the purchaser to resolve the matter. The purchaser is considering how the built-form can be addressed to provide the presence of a three-storey building and any additional sustainability initiatives to be incorporated in lieu of the apartments. If the purchaser wishes to pursue changes to the approved Concept Plans a report on the TPRC's options will be provided to Council for consideration.

7. Catalina Vision Workshop

A workshop to review the vision and objectives for the Catalina Project was held on 18 August 2018. The workshop was attended by 11 Councillors, 2 TPRC Officers and 5 SPG representative and provided opportunity for an open and robust discussion on the vision, objectives and significant issues.

The Facilitator engaged to carry out the workshop has completed a report. The report is anticipated to provide guidance on the update to the Tamala Park Strategic Community Plan 2013 – 2023. A copy of the facilitator's report has been circulated to all Councillors for consideration prior to a report being presented to the Council in December 2018.

9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF JULY & AUGUST 2018

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

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

- 31 July 2018; and
- 31 August 2018.

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix:

- Statement of Financial Activity for 31 July 2018
- Statement of Financial Activity for 31 August 2018

Local Government Act/Regulation

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

Background

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

Comment

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

Variances at 31 August 2018 exceeding 10% were experienced in relation to the following:

Employee Costs	The positive variation reflects timing of payments.
Insurance	The negative variation reflects timing of payment.
Materials and Contracts	The positive variation relates to consultancy fees and timing of payments.
Income Sale of Lots - Subdivisions	The negative variance is due to fewer residential lot settlements.
Land Production Costs	The positive variance relates to deferral of construction works in line with lower sales.

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

Financial Snapshot as at 31 August 2018

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

	2018-19	2018-19	2018-19	Variance		Variance
	Adopted Budget	Budget YTD	Actual YTD	Favourable	Unfavourable	
Revenue	\$	\$	\$	\$	\$	%
Interest Earnings	1,040,633	208,126	200,331		(7,795)	-3.75%
Other Revenue	2,000	1,000	673		(327)	-32.70%
	\$1,042,633	\$209,126	\$201,004	\$0	(\$8,122)	
Less Expenditure						
Depreciation	(25,381)	0	0			
Employee Costs	(725,924)	(118,229)	(94,116)	24,113		20.40%
Insurance	(13,880)	(6,941)	(8,823)		(1,882)	-27.11%
Materials and Contracts	(404,895)	(67,425)	(22,807)	44,618		66.17%
Other	(186,390)	(45,723)	(41,509)	4,214		9.22%
Utilities	(6,450)	(1,075)	0	1,075		100.00%
Members Equity						
-Income Sale of Lots - Subdivisions	14,405,835	1,201,400	1,079,233		(122,167)	-10.17%
-Income Other - Subdivisions	1,950,000	1,400,000	1,400,000			
-Land Production Costs	(21,277,191)	(1,527,275)	(511,669)	1,015,606		66.50%
-Profit distribution/Contributions Returned	(4,209,337)	0	(110,528)		(110,528)	-100.00%
-Members Equity - GST Withheld	0	0	(16,940)		(16,940)	-100.00%
	(\$10,493,613)	\$834,732	\$1,672,841	\$1,089,626	(\$251,517)	
Total Change in Equity	(\$9,450,980)	\$1,043,858	\$1,873,845	\$1,089,626	(\$259,639)	

Balance Sheet Summary as at 31 August 2018

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

	Actual 2017-18 \$	Actual 2018-19 \$	Variance \$	Variance %
Current assets				
Cash and cash equivalents	43,846,407	45,879,110	2,032,703	4.64%
Trade and other receivables	251,449	217,105	(34,344)	-13.66%
Total current assets	44,097,856	46,096,215	1,998,359	4.5%
Non-current assets				
Inventories	1,800,000	1,800,000	0	0.00%
Property, plant and equipment	129,727	129,727	0	0.00%
Total non-current assets	1,929,727	1,929,727	0	0.00%
Total assets	46,027,583	48,025,942	1,998,359	4.34%
Current liabilities				
Trade and other payables	49,430	173,945	-124,514	-251.90%
Provisions	240,675	240,675	0	0.00%
Total current liabilities	290,105	414,620	-124,514	-42.9%
Non-current liabilities				
Provisions	5,150	5,150	0	0.00%
Total non-current liabilities	5,150	5,150	0	0.00%
Total liabilities	295,255	419,770	-124,514	-42.17%
Net assets	45,732,328	47,606,172	1,873,845	4.10%

Investment Summary as at 31 August 2018

**TAMALA PARK REGIONAL COUNCIL
TERM DEPOSITS
AS AT 31 AUGUST 2018**

ID	Bank	Rating	Invest. Date	Maturity	Term	Interest	Principal
510	Bankwest	A1+	7/05/2018	10/09/2018	126	2.70%	2,000,000.00
513	Westpac	A1+	14/06/2018	15/10/2018	123	2.84%	2,008,608.10
514	Westpac	A1+	14/06/2018	15/10/2018	123	2.84%	3,024,361.64
515	Suncorp Metway	A1-	20/06/2018	17/09/2018	89	2.75%	2,000,000.00
516	Westpac	A1+	20/06/2018	22/10/2018	124	2.81%	3,043,686.79
517	Westpac	A1+	27/06/2018	29/10/2018	124	2.84%	3,068,897.00
518	NAB	A1+	27/06/2018	25/09/2018	90	2.77%	2,016,306.85
519	Westpac	A1+	9/07/2018	12/11/2018	126	2.80%	3,000,000.00
520	Westpac	A1+	12/07/2018	12/11/2018	123	2.79%	3,064,742.70
521	Bankwest	A1+	16/07/2018	13/11/2018	120	2.88%	3,000,000.00
522	Bankwest	A1+	16/07/2018	13/11/2018	120	2.88%	3,000,000.00
523	Bankwest	A1+	30/07/2018	3/12/2018	126	2.72%	4,026,926.02
524	Westpac	A1+	20/08/2018	20/12/2018	122	2.71%	2,018,904.11
525	Suncorp Metway	A1-	30/08/2018	8/01/2019	131	2.67%	3,018,986.30
526	Suncorp Metway	A1-	30/08/2018	8/01/2019	131	2.67%	2,514,880.14
527	Bankwest	A1+	30/08/2018	8/01/2019	131	2.67%	3,000,000.00
Total Invested Funds							43,806,299.65
Total Bankwest						34.30%	15,026,926.02
Total Suncorp						17.20%	7,533,866.44
Total Westpac						43.90%	19,229,200.34
Total NAB						4.60%	2,016,306.85
Total 2018_08_31							43,806,299.65

9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF JULY & AUGUST 2018

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council RECEIVES and NOTES the list of accounts paid under Delegated Authority to the CEO for the months of July and August 2018:

- **Month ending 31 July 2018 (Total \$189,791)**
- **Month ending 31 August 2018 (Total \$624,668)**
- **Total Paid - \$814,459**

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix:

- Summary Payment List for July 2018
- Summary Payment List for August 2018

Local Government Act/Regulation

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

Background

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

Comment

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

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

9.4 PROJECT FINANCIAL REPORT – AUGUST 2018

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

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

Voting Requirements

Simple Majority

Report Purpose

To consider the Project Financial Report for August 2018 submitted by the Satterley Property Group.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

N/A

Financial/Budget Implications

Review of Project Financial Report for August 2018.

Relevant Documents

Appendix: Letter from Satterley Property Group dated 25 September 2018 with Financial Report

Background

At its meeting of 16 August 2018, the Council approved the Project Budget FYE 2019, submitted by the Satterley Property Group, as the basis of financial planning for the 2018/2019 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 August 2018 for the Project. The report has been prepared on a cash basis and compares actual expenditure to approved budget expenditure for the period up to 31 August 2018 and is attached at Appendix 9.4. The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$1.1M which is \$0.1M behind budget.
2. Expenditure was \$364,000 under budget, in the following areas:
 - Lot Production \$88,000;
 - Infrastructure \$61,000;
 - Special Sites Development \$211,000;
 - P&L Expenditure \$110,000.

Note: Landscaping is \$106,000 ahead of budget.

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

3. Lot Sales Value was \$1.0M unfavourable to budget due to two 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 10 OCTOBER 2018

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council RECEIVES the Sales and Settlement Report to 10 October 2018.

Voting Requirements

Simple Majority

Report Purpose

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

Policy Reference

N/A

Local Government Act/Regulation

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

Previous Minutes

N/A

Financial/Budget Implications

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

Budget Amount:	\$ 14,405,835
Received to Date:	\$ 3,062,647
Balance:	\$ 11,343,188

Relevant Documents

Appendix:

- Staging Plan
- Aged Stock Table

Background

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

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

The following table provides a summary of the Sales and Settlement position for lots released up to 10 October 2018:

Stage	Release Date	Lots Released	Lot Sizes	Sold	Stock	Settled
Stages 1 – 11, 12A, 12B, 13A, 13B, 14A, 14B, 14C, 14D, 15A, 15B, 15C, 15D, Stage 25 DV, Stage 25B	-	800	-	800	0	800
Stage 14B (Release 2)	Jul 2016	10	262-329	9	1	9
Stage 17A	Oct 2016	25	300-510	23	2	22
Stage 17B	Nov 2017	18	300 - 450	9	9	4
Stage 18A	Mar 2016	29	300-510	29	0	28
Stage 18B	Mar 2017	31	200-474	24	7	21
Stage 25A	May 2017	21	300-450	12	9	8
Stage 25 Builder Release	April 2018	6	254 - 307	4	2	2
Stage 25C	September 2019	5	277-450	1	4	0
Total		945		911	34	894

Comment

The Project has a stock position of 34 lots, 15 in Catalina Beach and 19 in Catalina Central, with 11 lot sales FYE 2019 YTD.

The following table summarises sales for FYE 2019 against Budget:

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

* Sales to date

The SPG has advised that sales are lower than anticipated due to soft market conditions and a competitive market, which includes established housing.

The SPG notes that prospective buyers continue to remain cautious and take the time to research their available options and incentives prior to committing to purchasing. The established homes market also continues to provide significant competition to lot sales.

The TPRC approved a Spring Marketing Campaign which commenced on 8 September 2018. The campaign includes a retail offer of \$20,000 (discount) on house and land packages. The \$20,000 offer consists of a \$10,000 reduced lot price (provided by the TPRC) and a \$10,000 builders construction discount (provided by 24 participating builders). The Spring Campaign also includes the use of a \$2,000 referral fee to the Builder's Sales Representative for providing a qualified sales lead that results in the settlement of a lot at Catalina.

Since commencement of the Spring Campaign seven nett sales have been achieved to date. The SPG has anticipated that the Spring Campaign will result in approximately 14 sales for the months of September – November 2018.

Northern Corridor Estates Analysis

The following table provides a summary of sales at developments in the northern corridor.

The SPG has expressed caution that these sales results are indicative only based on information that the SPG is able to obtain in the marketplace.

ESTATE	SALES												
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	12 Month Total Sales
NORTH-WEST METRO													
Allara (Eglington)	6	6	2	6	12	4	6	8	8	2	2	3	65
Catalina (Clarkson)	7	8	3	2	2	2	1	3	8	2	2	3	43
Eden Beach (Jindalee)	10	12	5	5	10	9	11	3	9	3	5	4	86
Alkimos Beach (Alkimos)	19	14	12	12	8	15	6	4	5	2	1	8	106
Amberton (Eglington)	6	1	-1	3	4	10	5	5	4	2	1	12	52
Kinross (Kinross)	0	0	0	0	0	0	0	1	5	5	4	3	18
Shorehaven (Alkimos)	0	4	2	4	0	2	5	8	2	4	5	4	40
Trinity (Alkimos)	14	10	8	3	9	8	1	1	5	3	0	9	71
TOTAL	62	55	31	35	45	50	35	33	46	23	20	46	481
CATALINA NORTHERN CORRIDOR (%)	11.29	14.55	9.68	5.71	4.44	4.00	2.86	9.09	17.39	8.70	10.00	6.98	9.00
CATALINA 3 MONTH AVERAGE (%)	16.06	15.42	12.16	10.74	3.60	4.61	3.75	5.08	10.53	12.75	13.48	8.14	

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

The Northern Corridor Comparison Table has been amended to report on nett sales to provide more accurate sales figures in the corridor. The SPG has advised that the TPRC generally has a lower cancellation rate when compared to other estates in the North-Western corridor.

The Kinross Estate (part of the Burns Beach Development) is also presenting direct competition to Catalina. It comprises 67 lots with 52 lots released and 32 sales to date. The SPG has advised that the lower sales price point provided by Kinross Estate is affecting the market share of Catalina.

A summary of available stock in the corridor is provided in the following table. The table indicates that generally Burns Beach is the most expensive estate. Catalina Beach is the most expensive for 300m² lots and Burns Beach has the most expensive lots 450m² and above.

Estate	225sqm Price (\$)	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	500sqm + Price (\$)	Total Dwellings	Stock
Allara	132,000	159,000	198,000	223,000	N/A	3,405	16
Alkimos Beach	182,000	199,000	255,000	285,000	320,000	2,413	31
Amberton	178,000	194,000	226,000	260,000	N/A	2,500	16
Burns Beach	N/A	N/A	535,000 - 550,000	475,000	510,000 – 755,000	1,580	23
Catalina Central	N/A	257,000	298,000	335,000	N/A	2,480	19
Catalina Beach	N/A	N/A	380,000	425,000	N/A		15
Eden Beach	185,000	245,000	289,000	339,000	N/A	1,100	45
Kinross	N/A	N/A	295,000	325,000 - 330,000	342,000 – 355,000	67	22

Shorehaven	169,000	245,000	249,000	280,000	N/A	2,800	38
Trinity	N/A	202,000	225,000	253,000	286,000	2,500	12

Catalina Beach - Stage 25B Builders Allocation Tender

In July 2018 the Management Committee approved the reallocation of two builders ‘hold allocation’ lots to Terrace for a period of 16 weeks, concluding in November 2018. Terrace has sold its original allocation of three lots and are actively pursuing the sale of the two “allocation” lots.

Stage 25C Release

Stage 25C was released on the 15 September 2018. The release comprised a total of five lots (including Lot 2087, formerly included within the exclusive builder allocation lots). One lot from the release (Lot 2087) is now under contract with the SPG advising of interest in other lots from the release.

Stage 26 Release

As detailed in the Business Report of this Agenda (Item 9.1), the next civil construction stage is planned to be Stage 26 - Catalina Beach, which is anticipated to commence at the end of October 2018. The construction of Stage 26 will provide a connection to the existing Mindarie suburb, in particular the local schools, shopping centre, beaches and Mindarie Marina.

The construction and release of Stage 26 is consistent with:

- FYE 2019 Budget;
- Approved Sales and Lot Release Strategy; and
- The approved sales trigger for the construction and release of lots.

The first sales release for Stage 26 is anticipated for 3 November 2018 and is to consist of 8 lots.

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

9.6 TPRC ANNUAL FINANCIAL REPORT FOR THE YEAR 1 JULY 2017 TO 30 JUNE 2018

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council RECEIVES the Annual Financial Report for the year ended 30 June 2018 and that it be INCLUDED in the Annual Report.

Voting Requirements

Simple Majority

Report Purpose

To consider the Annual Financial Report of the TPRC for the year ended 30 June 2018.

Relevant Documents

Appendix: Audited Annual Financial Report for the year ended 30 June 2018

Previous Minutes

- Council Meeting – 12 October 2017 (Item 9.7: TPRC Annual Financial Report for the Year 1 July 2016 to 30 June 2017)
- Council Meeting – 20 October 2016 (Item 9.6: TPRC Annual Financial Report for the Year 1 July 2015 to 30 June 2016)

Policy Reference

TPRC Audit Charter: Scope, includes review of Annual Financial Report and recommendation of adoption by the Council

Local Government Act/Regulation

- *Local Government Act 1995: S6.4* - Requires Local Government to prepare annual Financial Report in prescribed form; balanced accounts and financial report for preceding year to be submitted to Auditor by 30 September.
- *Local Government Act 1995: S7.2* - Requires accounts and financial report to be audited by an auditor appointed [according to prescribed procedures] by the Local Government.
- *Local Government Act 1995: S7.9* - Requires Auditor to provide report on accounts and financial report to Chairman, CEO and Minister by 31 December.
- Regs - *Local Government (Audit) 1996 R 9* Sets out Criteria for Conduct of Audit.
- Guideline 18 - Financial Ratios - Describes Financial Ratios required in financial reports.
- Regs - *Local Government (Financial Management) 1996: R36-49* prescribes report inclusions.
- Regs - *Local Government (Financial Management) 1996: R50* - CEO to forward copy of Financial Report to Executive Director within 30 Days of Audit.
- *Local Government (Audit) Regs 1996: Reg 14* Compliance Audit Item.

Background

An Annual Financial Report is required to provide a comprehensive outline of financial activities of the TPRC for the public record and public inspection.

A series of legislative requirements must be observed in preparing the Annual Financial Report.

The Annual Financial Report must be submitted for audit and included in the Council Annual Report for adoption no later than 31 December.

Comment

The TPRC accounts for the financial year have been balanced, the financial report has been prepared by Moore Stephens – Accountants and reviewed by Dom Carbone & Associates. The accounts and report have been submitted to the Council appointed Auditor (Butler Settineri) for review.

The Auditor has completed audit of the documents and has provided the required management report which is required to be presented to the Chairman of the Council, the CEO and the Minister for Local Government. The Auditor's Report is considered in Item 9.6.

The accounts are in balance and there are no adverse comments or notifications from Council's accountants.

The Audit Committee is to consider the Annual Financial Report of the TPRC for the year ended 30 June 2018 at its meeting of 20 September 2018 (immediately prior to the Council meeting). An update on the Audit Committee recommendations to Council will be provided at the meeting.

9.7 REVIEW OF THE AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council:

- 1. RECEIVES the Auditor's Report for the financial year ended 30 June 2018.**
- 2. NOTES that the Audit Report does not note or make recommendations on any matter requiring attention from the Annual Audit for the year ended 30 June 2018.**
- 3. NOTES that the Council's Auditor (Butler Settineri) met with the Audit Committee at its meeting of 18 October 2018 to discharge the statutory obligation to meet with the Local Government at least once per annum.**

Voting Requirements

Simple Majority

Report Purpose

To facilitate review of the Auditor's Report as required by Regulation.

Relevant Documents

Appendix: Audit Report for Financial Year ended 30 June 2018

Previous Minutes

- Council Meeting – 12 October 2017 (Item 9.8: Review of the Auditor's Report for the Financial Year Ended 30 June 2017)
- Council Meeting – 20 October 2016 (Item 9.7: Review of the Auditor's Report for the Financial Year Ended 30 June 2016)

Policy Reference

TPRC Audit Charter 6(f) and (h)

Local Government Act/Regulation

- *Local Government Act Section 7.9(3)* – Auditor is to provide a copy of the audit report within 30 days of completion to the Chairman, the CEO and the Minister.
- *Local Government Act Section 7.12(3)* – Local Government required to take action on matters raised in Audit Report.
- *Local Government (Audit) Regulations 10.4* – Auditor may prepare a Management Report in addition to the Audit Report and copy to Chairman, the CEO and the Minister.

Background

The *Local Government (Audit) Regulations* require the Council's appointed Auditor to prepare an Auditor's Report.

The report is to give the Auditor's opinion of:

- (a) The financial position of the local government;
- (b) The results of the operations of the local government.

Comment

The Council's appointed Auditor (Butler Settineri) has completed its assessment for the financial year ending 30 June 2018. There are no adverse comments raised by the external Auditor in its report.

There is a statutory obligation for the Council's appointed Auditor to meet with the Local Government at least once per annum. The Auditor (Mr Marius van der Merwe) is to be in attendance at the Audit Committee meeting of 18 October 2018 to discharge this obligation.

The Audit Committee is to consider the Auditor's Report, as required by Regulation, at its meeting of 18 October 2018 (immediately prior to the Council meeting), including meeting with Council's appointed Auditor (Mr Marius van der Merwe). An update on the Audit Committee recommendations to Council will be provided at the meeting.

9.8 FINANCIAL MANAGEMENT – SIGNIFICANT ACCOUNTING POLICIES REVIEW 2018

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council APPROVES the Financial Management – Significant Accounting Policies (September 2018).

Voting Requirements

Simple Majority

Report Purpose

To review the Financial Management – Significant Accounting Policies.

Relevant Documents

Appendix: Financial Management – Significant Accounting Policies (September 2018)

Policy Reference

Proposed Financial Management – Significant Accounting Policies

Local Government Act/Regulation

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*
- Australian Accounting Standards

Previous Minutes

- Council Meeting – 12 October 2017 (Item 9.9 – Financial Management – Significant Accounting Policies Review)
- Council Meeting – 20 October 2016 (Item 9.9 – Financial Management – Significant Accounting Policies Review)

Financial/Budget Implications

N/A

Background

In October 2017, the Council approved the Policy Financial Management – Significant Accounting Policies consistent with the Local Government Regulations. The Policy provides guidelines for the preparation of the financial report.

Comment

The Financial Management – Significant Accounting Policies reflect the most recent accounting standards and local government practice, as recommended by Moore Stephens Accountants and Butler Settineri - Auditors.

The proposed changes to the Financial Management – Significant Accounting Policies (September 2018) are consistent with the Annual Financial Report for the year ended 30 June 2018 (Notes) prepared by Moore Stephens – Accountants and reviewed by the Council appointed Auditor (Butler Settineri).

The proposed changes are highlighted in the Financial Management – Significant Accounting Policies (September 2018) attached at Appendix 9.8 and are recommended for adoption.

The Audit Committee is to consider the review of the Financial Management – Significant Accounting Policies at its meeting of 18 October 2018 (immediately prior to the Council meeting). An update on the Audit Committee recommendations to Council will be provided at the meeting.

9.9 CATALINA DISPLAY VILLAGE STRATEGY – CATALINA BEACH SALES OFFICE

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council:

1. **RECEIVES** the update on the Sales Strategy of the Catalina Beach Sales Office prepared by the Satterley Property Group (dated September 2018).
2. **APPROVES** Lot 2094 and Lot 9025 being retained in Council ownership until the completion of the Catalina Beach Sales Office function when both sites will be sold.
3. **REQUESTS** that the Satterley Property Group undertake a review and report on the sale and lease back options by October 2020 for Council's consideration.

Voting Requirements

Simple Majority

Report Purpose

To consider an update on the strategy for the sale and lease back options for the Catalina Beach Sales Office.

Policy Reference

N/A

Local Government Act/Regulation

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

Previous Minutes

N/A

Financial/Budget Implications

Expenditure under this matter will be incurred under Item E145211 (Land Development – Lot Production):

Budget Amount:	\$ 3,600,062
Spent to Date:	\$ 28,761
Balance:	\$ 3,571,301

Relevant Documents

Appendix: SPG – Display Village Strategy

Background

At its meeting of 20 October 2016, the Council approved the Display Village Strategy (September 2016), prepared by the Satterley Property Group. The objective of the Display Village Strategy is to provide direction to the TPRC on the location and number of Display Villages required to support sales across all three precincts in the Project.

The Strategy recommended Lot 2094 (Catalina Beach Sales Office) and Lot 2137 (Sales Office Carpark) be retained in Council ownership until the completion of the Sales Office function when both sites would be sold. The Council also requested that the Satterley Property Group undertake an annual review of the sale and lease back options to determine that it reflects the best position for the TPRC.

The Catalina Beach Sales Office is currently under construction and is to comprise a three storey 4 bedroom/2 bathroom home with views of the ocean, on a 255m² block. The Sales Office is anticipated to service sales across all three precincts until 2024.

The construction of the Catalina Beach Sales Office is due for completion in late October 2018. The Catalina Central Sales Office is budgeted to be sold in FYE 2019.

The Catalina Beach Sales Office adjoins Lot 9025 which is a future group housing site which will contain landscaping and an associated carpark for the Builders Display Village and Catalina Beach Sales Office. A copy of the Stage 25 sales plan showing the location of the two lots is attached at Appendix 9.9.

Comment

The SPG has provided an update on the disposal/lease for Lots 2094 and 9025 (formerly referred to as Lot 2137) and provided the following two options for the Council to consider:

- Retain ownership of the Sales Office and carpark until 2024, (when operations at the Sales Office are anticipated to cease) and then sell the Sales Office/carpark;
- Sell the Sales Office and carpark now with a lease back until 2024 (the anticipated life of the Sales Office).

A copy of the SPG's advice is attached at Appendix 9.9.

The SPG advice indicates that based on current market conditions retaining ownership of the Catalina Beach Sales Office / carpark sites (Lots 2094 and 9025) is still the recommended option for the following reasons:

- Sales within Catalina Beach have been slow and introducing a completed home to the market would compete with vacant lots currently on offer.
- The annual costs associated with holding Lots 2094 and 9025 are less than rental values for the three storey dwelling / large car parking site.
- The market / demand for group housing sites is very low due to the current economic climate.
- Should market conditions remain soft for a protracted period, the use of the Land Sales Office in Catalina Beach may be extended beyond the currently envisaged timeframe. By retaining ownership, the TPRC have surety over the site.
- The TPRC does not require capital to cash fund any portion of works currently.

The SPG has also undertaken a Net Present Value calculation on both options. Details of the calculations for both options are included in the tables below and take into consideration escalation and lost opportunity costs.

Retention of the Sales Office and Carpark until 2024	
Budgeted Sale Price: Sales Office (land \$250,000 escalated 3% per annum from July 2019; no escalation applied to \$650,000 build)	\$940,404
Budgeted Sale Price: Group Dwelling Site 4,574m ² (Carpark site) - sales rate of \$380m ² (escalated 2% per annum from July 2019)	\$1,918,257
Estimated holding costs (opportunity cost loss of interest for 6 years at 2.7%)	-\$427,375
Estimated maintenance costs for Sales Office landscaping (\$1,600 / month), utilities (\$400 / month) for 6 years	-\$144,000
Estimated fit out (garage, painting etc)	-\$7,000
Estimated Overall Return	\$2,280,286

Sale of the Sales Office and Carpark and enter a lease back arrangement for the duration of the sales function (2024)	
Current Sale Price: Sales Office (no escalation for \$250,000 land and \$650,000 build)	\$900,000
Current Sale Price: Group Dwelling Site 4,574m ² (carpark site) - sales rate of \$380m ²	\$1,738,120
Rent for 6 years - assume \$800 per week for Sales Office based on market values and 7% of sales price for carpark per annum based on % achieved for Catalina Central	-\$979,610
Estimated maintenance costs for Sales Office landscaping (\$1,600 / month), utilities (\$400 / month) for 6 years	-\$144,000
Estimated Overall Return	\$1,514,510

The SPG has recommended that the Council retain ownership for the present time and that it sells the Sales Office and Group Housing site in 2024, the anticipated end of sales function. The calculation prepared by the SPG indicates financial benefits (increased return) by retaining ownership of the Sales Office and Group Housing site until 2024.

Conclusion

The SPG's recommendation to retain ownership of the Sales Office and carpark lot is supported. The retention of ownership is considered important and will enable the TPRC to maintain full control over the site.

In addition to the above, the current market is considered soft with a lack of demand and is unlikely to attract budgeted price for the Sales Office and carpark lot, by holding the lots there is potential to capitalise on any uplift in the market value over the 6-year period to 2024.

It is recommended that the Council retains ownership of the Sales Office and carpark (Lots 2094 and 9025) until 2024 when operations at the Sales Office are anticipated to cease and then sell the Sales Office/carpark lots. It is further recommended that the Satterley Property Group be requested to undertake a review and report on the sale and lease back options by October 2020 for Council's consideration.

9.10 COUNCIL MEETING SCHEDULE 2019

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

1. That the schedule of Council meetings dates be APPROVED for 2019 as follows:
 - 14 February 2019 (Town of Cambridge)
 - 18 April 2019 (City of Joondalup)
 - 20 June 2019 (City of Stirling)
 - 15 August 2019 (Town of Victoria Park)
 - 17 October 2019 (City of Vincent)
 - 5 December 2019 (City of Perth)
2. That the commencement time for Council meetings be 6:00pm.
3. That Council meetings be held on a rotational basis at participant Council premises.
4. That the schedule of Management Committee meetings dates be APPROVED for 2019 as follows:
 - 14 March 2019
 - 23 May 2019
 - 18 July 2019
 - 19 September 2019
 - 7 November 2019
5. That the Management Committee meetings be held at the City of Stirling and the commencement time be 5:00pm.
6. That the schedule of meeting dates be advertised as required by the Local Government Act.

Voting Requirements

Simple Majority

Report Purpose

To set ordinary Council meetings and Management Committee meetings dates for 2019 to facilitate advertising by the LGA.

Policy Reference

N/A

Local Government Act/Regulation

- *Local Government Act Section 5.25(g)*
- *Local Government Administrative Regulation 12* - Publication of meetings open to public

Previous Minutes

Ordinary meeting of Council - 7 December 2017 (Item 9.11 - Meeting Schedule 2018)

Background

Councils are required to advertise dates of all Council and some other classes of meetings where delegated authority of the Council may be exercised. Advertising is required to provide the opportunity for members of the public to attend meetings and be informed about governance of the local authority. Where an advertised meeting date is changed re-advertising is required.

In the case of a Regional Council advertising occurs by publication in a newspaper circulating in the Regional Council area, by publication on the notice board on each of the participant local governments and publication of each of the libraries of the participant Councils.

Comment

Council meetings are mainly held on a Thursday, on a bi-monthly basis. The following schedule of Ordinary Council meetings and Management Committee meetings is proposed:

Ordinary Council Meetings

- 14 February 2019 (Town of Cambridge)
- 18 April 2019 (City of Joondalup)
- 20 June 2019 (City of Stirling)
- 15 August 2019 (Town of Victoria Park)
- 17 October 2019 (City of Vincent)
- 5 December 2019 (City of Perth)

Management Committee Meetings

- 14 March 2019
- 23 May 2019
- 18 July 2019
- 19 September 2019
- 7 November 2019

The Council has previously set the time for commencement of Ordinary Council meetings at 6:00pm as this seems to suit the convenience of most Council members. Meetings have previously been held at participant Council premises on a rotational basis. This provides an equal opportunity for each of the Councils to host the Regional Council.

Management Committee meetings are mainly held on a Thursday, in between Council meetings. The Committee has previously set the time for commencement of meetings at 5:00pm as this seems to suit the convenience of most Council members. The Management Committee has determined that the meetings will be held at the City of Stirling.

9.11 CATALINA HOUSING AND BUILT FORM STRATEGY FYE 2019 - **CONFIDENTIAL**

CONFIDENTIAL

9.12 DEVELOPMENT MANAGER'S KEY PERFORMANCE INDICATORS – FYE 2018 -
CONFIDENTIAL

CONFIDENTIAL

9.13 CEO PERFORMANCE REVIEW 2017/2018 - **CONFIDENTIAL**

CONFIDENTIAL

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

APPENDICES