

Responsible Officer	Chief Executive Officer
Relevant delegations	N/A
Initial Council adoption	19 August 2021
Amendments	N/A
Last Council adoption	19 August 2021
Review due	August 2022

1. POLICY

This Policy provides guidance on the size and timing of payment of distributions to member local governments.

2. PRINCIPLES

The TPRC Establishment Agreement 2006 sets out the share of ownership of the land by the member local governments and the distribution proportions, which is to be based on the shareholding by the member local governments as follows:

Council	Project Shareholding
Town of Cambridge	One Twelfth Share
City of Joondalup	Two Twelfths Share
City of Perth	One Twelfth Share
City of Stirling	Four Twelfths Share
Town of Victoria Park	One Twelfth Share
City of Vincent	One Twelfth Share
City of Wanneroo	Two Twelfths Share

The TPRC Establishment Agreement 2006 also recognises the need for the TPRC to maintain cashflow balance having regard to the TPRC:

- Objectives, including its objective to maximise, within prudent risk parameters, the financial return to the participants; and
- Need to maintain positive cashflow balance for operational costs and approved development works.

3. OBJECTIVES

When considering the size and timing of payment of distributions to member local governments the TPRC will have regard for the following:

- The cash reserves required to be retained by the TPRC to fund future development of the Catalina Project;
- The approved Project Forecast and approved TPRC Budget;
- Being consistent with the TPRC's objectives and maximize its value for member local governments.
- TPRC will seek, to the extent possible, to provide member Councils with predictable and smoothed distributions from year to year

4. STRATEGIES

In determining the distribution amount and timing the following matters will be taken into consideration:

- Predicted market and economic conditions;
- Risks to achieving forecast revenue and potential for cost overruns;
- Maintaining a minimum cash flow balance of \$15M;
- Avoiding need for member contributions;
- The Catalina Project Forecast.

Predicted market and economic conditions

The TPRC cashflow is heavily influenced and impacted by the Western Australian property market. The payment of distributions must have due regard for predicted property market conditions and the advice provided by the TPRC 's Development Manager.

The Development Manager provides Council with monthly updates on market and economic conditions which should be considered in determining Dividend payments.

Risks to achieving forecast revenue and potential for cost overruns

Achieving forecast revenue is heavily dependent on the issue of titles and subsequent lot settlements by purchasers which could be impacted by the following:

- Timely approvals from statutory authorities;
- Construction contracts being completed on program;
- Extended periods of shortages of labour or materials which will delay construction programs;
- Unforeseen construction conditions.

Maintaining a minimum cash flow balance of \$15M

The TPRC has determined that a minimum cash reserve of \$15M is necessary in order to fund the required development works at Catalina Project and provide a buffer for cyclic property market conditions.

Avoiding need for member contributions

An objective of the TPRC to date has been to manage the Catalina Project so as to avoid any contributions of funding from member local governments. This objective is to be maintained and the payment of distributions must not lead to a position where funding from member local governments may be required to fund the Catalina Project.

The Catalina Project Forecast

The Development Manager is required to prepare a Catalina Project Forecast, every three years, for Council's consideration.

The Project Forecast is intended as a general guide to the long term cashflow direction of the Catalina Project and to provide the basis of project and financial planning and the forecasted project profit. It also includes forecast distributions for the member local governments. The Project Forecast is a general guide to the long term cashflow direction of the TPRC and should be used as the basis of project financial planning and distributions to the member local governments.

TPRC will provide Member Councils with updated distribution forecasts in January – March of every year to help inform their budget-setting process.

TIMING OF PAYMENTS

The timing of payments will generally be made as follows:

- Distributions forecast to be \$3.0M or less in December each year,
- Distributions forecast to be greater than \$3.0M to be made in two instalments, the first in December and the second in June.

MID-YEAR BUDGET REVIEW

A review (Mid-Year Review) is conducted of the TPRC Budget of predicted revenue and expenditure each year in December in accordance with the requirements of the *Local Government (Financial Management) Regulations 1996*, Regulation 33A. As part of the Mid-Year Review, Council will consider sales, revenue, and expenditure estimates and the advice of the Development Manager on property market conditions. Based on this review the Council will determine the capacity to make the budgeted distributions.

CHANGING THE BUDGET DISTRIBUTION

Any change to the distribution payment in the approved TPRC Annual Budget is subject to the considerations listed above. It will be the subject of a report to Council addressing the matters in (4) above including recommendations from the Development Manager.