



## **Ordinary Meeting of Council**

# **AGENDA**

**Thursday 20 June 2019, 6:00pm  
City of Stirling  
25 Cedric Street, Stirling**

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 Stirling, 25 Cedric Street, Stirling on Thursday 20 June 2019 at 6:00pm.

The business papers pertaining to the meeting follow.

Your attendance is requested.

Yours faithfully

**TONY ARIAS**

Chief Executive Officer

**MEMBERSHIP**

<b>OWNER COUNCIL</b>	<b>MEMBER</b>	<b>ALTERNATE MEMBER</b>
Town of Cambridge	Cr Andres Timmermanis	Cr Jo McAllister
City of Joondalup	Cr John Chester Cr Nige Jones	Cr Sophie Dwyer Cr Christine Hamilton-Prime
City of Perth	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 Sonet Coetzee 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 – 18 April 2019

**5A BUSINESS ARISING FROM MINUTES**

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

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

**8. REPORTS OF COMMITTEES**

Management Committee Meeting – 23 May 2019

**9. ADMINISTRATION REPORTS AS PRESENTED (ITEMS 9.1 – 9.15)**

## **9.1 BUSINESS REPORT – PERIOD ENDING 13 JUNE 2019**

### **Report Information**

Reporting Officer: Manager Project Coordination

### **Recommendation**

**That the Council RECEIVES the Business Report to 13 June 2019.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

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

### **Relevant Documents**

Appendix: Landscape Schedule and Program FYE 2019.

### **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**

Stage 26 Civil Works commenced on 25 March 2019, with practical completion expected 12 July 2019. Work is progressing well with sewer, drainage, water, gas, power and communications all completed. The construction of retaining walls is at 80% complete, roadworks are currently underway including the rolling of limestone.

Works are on program, with titles for the 38 residential lots anticipated to issue mid-September 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 13 June 2019.

Stage	Total Lots	Under Construction	Completed	Vacant
Stages 1 - 11	529	1	519	9
Stage 12	49	0	49	0
Stage 13	82	0	82	0
Stage 14	73	0	72	1
Stage 15	55	0	53	2
Stage 17A	25	0	22	3
Stage 17B (Release 1)	18	3	2	13
Stage 18A	29	0	28	1
Stage 18B	31	4	18	9
Stage 25 (Display Village)	15	1	13	1
Stage 25	25	1	4	20
Stage 25B	7	1	6	0
Stage 25 (Builders Release)	7	3	0	4
Total	945	14	868	63

#### 4. Catalina Beach Builders Display Village 3 and Sales Office

The Catalina Beach Builders' Display Village continues to experience good pedestrian traffic, showcasing modern and contemporary, energy efficient 7 star rated homes.

To date, twelve display homes have been completed and are open to the public. They include display homes from Impressions, Homegroup WA, Dale Alcock, Content Living, Celebrations, Redink, New Level, In Vogue, Ben Trager, WBN and Perceptions. The 101 Residential and B1 display homes are under construction.

#### 5. Community Events

##### Easter Egg Hunt

Residents of the Catalina Estate enjoyed an Easter Egg Hunt on Sunday 14 April 2019. The event was held in the Catalina Central Seeadler park and there was a great turn out with 150 people in attendance. The event offered activities and prizes for the children, and was attended by Kombi Brew Coffee Van which offered free coffee vouchers for the first 50 adults.

##### Charity Donation

The play equipment that was dismantled from the former Catalina Central sales office has recently been installed at the women's refuge, the Patricia Giles Centre. The centre offers safe crisis accommodation and counselling for women and children affected by domestic violence.

The equipment could not be utilised within the Project. The dismantling and installation were coordinated by the SPG and undertaken by LDT (project landscapers) at no cost.

The Patricia Giles Centre has expressed gratitude for the donation of the play equipment, which has already brought considerable joy to many families in need.

## 6. Stage 18B Group Housing

In April 2018 the Council approved the re-subdivision of the Stage 18B Group Housing sites (Lots 995 and 996) based on built form outcomes that include single and two-storey small lot product, create housing diversity, measures to limit acoustic attenuation and optimise financial returns to the TPRC.

Creative Design + Partners and David Barr Architects (project planners and architects) have been reviewing concept designs to create a precinct with a focus on liveable, desirable, sustainable and connected homes that are currently not available within Catalina.

Objectives for development of the sites include:

- Creation of a small sub-precinct with a focus on liveability and sustainability.
- Seeking to produce new medium density product in Catalina that could provide an affordable housing alternative to apartment-style living.
- Partnering with builders to provide house and land packages that can provide the backbone of the economic viability of the site and help fund demonstration housing.
- Providing additional sites for leading design and innovation to be trialled. Further commit to these sites to produce demonstration housing in partnership with industry partners.
- Leveraging the demonstration housing to further promote the social and environmental aspirations of the Project.

The SPG propose to utilise the \$750,000 built form innovation fund, proposed within the draft Project Budget FYE 2020, to assist in achieving the above objectives.

It is proposed to seek EOI from builders/developers to participate in the development of the site in the first half of FYE 2020.

A detailed report on this matter will be presented for Council's consideration at its August 2019 meeting.

## 7. Catalina Grove Update

The advertising period for the Tamala Park Local Structure Plan No.79 - Amendment No.5 (Grove Precinct) closed 9 May 2019. The development team has received comments from the City of Wanneroo and is currently working through responses back to the City, following which a meeting will be held with the City this month to progress the Amendment.

The Amendment has been prepared based on the design principles requested by the Council, including:

- Maximising tree canopy, retention of existing significant trees;
- Achieving a canopy target of 20% by 2028;
- The rationalisation of mixed use zoned land consistent with market/economic conditions; and



- The location of density in the north-eastern corner of the Precinct within a walking catchment of the Clarkson Train Station.

It is anticipated that Amendment No.5 (Grove Precinct) could be approved by the City of Wanneroo and WAPC by December 2019.

#### **8. Catalina Beach Access Road / Carpark**

The Foreshore Management Plan (FMP) for the Catalina Beach Access Road/Carpark was endorsed by the City on 9 April 2019 and is now with the WAPC for approval. The SPG will work with the WAPC to achieve a timely approval of the FMP.

A Development Approval and Clearing Permit is required in order to proceed with the construction of the Access Road and Carpark works. Detailed engineering and landscaping designs are being progressed to form part of the Development Application.

It is anticipated that the required approvals could be achieved by early 2020 with construction commencing in April 2020.

## 9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF MARCH & APRIL 2019

### Report Information

Reporting Officer: Chief Executive Officer

### Recommendation

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

- **31 March 2019; and**
- **30 April 2019.**

### 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 March 2019
- Statement of Financial Activity for 30 April 2019

### Local Government Act/Regulation

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

### Background

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

### Comment

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

**Variances at 30 April 2019 exceeding 10% were experienced in relation to the following:**

<b>Other Revenue</b>	The positive variation is a result of the reimbursement of LSL entitlements.
<b>Employee Costs</b>	The positive variation will remain below budget.
<b>Materials and Contracts</b>	The positive variation relates to consultancy fees which are expected to remain below budget.
<b>Utilities</b>	The positive variance will remain below budget.
<b>Land Production Costs</b>	The positive variance relates to deferred works and savings, forecast to remain favourable for FYE 2019.

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

**Financial Snapshot as at 30 April 2019**

**TAMALA PARK REGIONAL COUNCIL  
FINANCIAL SNAPSHOT  
FOR THE PERIOD ENDING 30 APRIL 2019**

	2018-19	2018-19	2018-19	2018-19	Variance		Variance
	Adopted Budget	Amended Budget	Budget YTD	Actual YTD	Favourable	Unfavourable	
	\$		\$	\$	\$	\$	%
<b>REVENUE</b>							
Interest Earnings	1,040,633	1,100,000	966,254	979,816	13,562		1.40%
Other Revenue	2,000	2,673	2,673	13,462	10,789		403.63%
	<b>\$1,042,633</b>	<b>\$1,102,673</b>	<b>\$968,927</b>	<b>\$993,278</b>	<b>\$24,351</b>	<b>\$0</b>	
<b>LESS EXPENDITURE</b>							
Depreciation	(25,381)	(25,381)	0	0			
Employee Costs	(725,924)	(725,924)	(603,540)	(504,038)	99,502		16.49%
Insurance	(13,880)	(13,209)	(13,209)	(13,026)	183		1.39%
Materials and Contracts	(404,895)	(404,895)	(337,401)	(126,994)	210,407		62.36%
Other	(186,390)	(186,390)	(140,668)	(133,488)	7,180		5.10%
Utilities	(6,450)	(6,450)	(5,375)	0	5,375		100.00%
Profit/(loss) on Disposal Of Asset	(1,760)	(5,852)	(5,852)	(5,852)			0.00%
Members Equity							
-Income Sale of Lots - Subdivisions	14,405,835	8,017,281	6,493,438	7,189,268	695,830		10.72%
-Income Other - Subdivisions	1,950,000	1,410,945	1,410,945	1,480,513	69,568		4.93%
-Land Production Costs	(21,277,191)	(12,861,663)	(12,100,323)	(4,374,799)	7,725,524		63.85%
-Profit distribution/Contributions Returned	(4,209,337)	(4,209,337)	(2,000,000)	(2,110,528)		(110,528)	-5.53%
-Members Equity - GST Withheld	0	0	0	(312,410)		(312,410)	-100.00%
	<b>(\$10,495,373)</b>	<b>(\$9,010,875)</b>	<b>(\$7,301,985)</b>	<b>\$1,088,646</b>	<b>\$8,813,569</b>	<b>(\$422,938)</b>	
Total Change in Equity	<b>(\$9,452,740)</b>	<b>(\$7,908,202)</b>	<b>(\$6,333,058)</b>	<b>\$2,081,924</b>	<b>\$8,837,920</b>	<b>(\$422,938)</b>	

Balance Sheet Summary as at 30 April 2019

**TAMALA PARK REGIONAL COUNCIL  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2019**

	Actual 2017-18 \$	Actual 2018-19 \$	Variance \$	Variance %
<b>Current assets</b>				
Cash and cash equivalents	43,846,407	45,961,195	2,114,788	4.82%
Trade and other receivables	251,449	213,538	(37,911)	-15.08%
<b>Total current assets</b>	<b>44,097,856</b>	<b>46,174,733</b>	<b>2,076,877</b>	<b>4.7%</b>
<b>Non-current assets</b>				
Inventories	1,800,000	1,800,000	0	0.00%
Property, plant and equipment	129,727	146,067	16,340	12.60%
<b>Total non-current assets</b>	<b>1,929,727</b>	<b>1,946,067</b>	<b>16,340</b>	<b>0.85%</b>
<b>Total assets</b>	<b>46,027,583</b>	<b>48,120,800</b>	<b>2,093,217</b>	<b>4.55%</b>
<b>Current liabilities</b>				
Trade and other payables	49,430	60,724	-11,293	-22.85%
Provisions	240,675	240,675	0	0.00%
<b>Total current liabilities</b>	<b>290,105</b>	<b>301,399</b>	<b>-11,294</b>	<b>-3.9%</b>
<b>Non-current liabilities</b>				
Provisions	5,150	5,150	0	0.00%
<b>Total non-current liabilities</b>	<b>5,150</b>	<b>5,150</b>	<b>0</b>	<b>0.00%</b>
<b>Total liabilities</b>	<b>295,255</b>	<b>306,549</b>	<b>-11,294</b>	<b>-3.83%</b>
<b>Net assets</b>	<b>45,732,328</b>	<b>47,814,252</b>	<b>2,081,924</b>	<b>4.55%</b>

**TAMALA PARK REGIONAL COUNCIL  
TERM DEPOSITS  
AS AT 30 APRIL 2019**

ID	Bank	Rating	Invest. Date	Maturity	Term	Interest	Principal
548	Westpac	A1-	11/02/2019	13/05/2019	91	2.74%	3,000,000.00
549	Westpac	A1-	11/02/2019	13/05/2019	91	2.74%	3,000,000.00
550	Suncorp Metway	A1-	19/02/2019	22/07/2019	153	2.70%	3,000,000.00
551	NAB	A1+	25/02/2019	25/06/2019	120	2.60%	2,053,054.55
552	Westpac	A1-	5/03/2019	8/07/2019	125	2.63%	3,000,000.00
553	NAB	A1+	5/03/2019	3/07/2019	120	2.60%	4,027,322.74
554	NAB	A1+	12/03/2019	8/08/2019	149	2.60%	2,017,556.17
555	NAB	A1+	12/03/2019	8/08/2019	149	2.60%	3,026,334.25
556	Westpac	A1-	20/03/2019	20/06/2019	92	2.58%	2,051,206.27
557	Westpac	A1-	8/04/2019	9/07/2019	92	2.55%	2,013,857.53
558	Westpac	A1-	8/04/2019	6/08/2019	120	2.55%	3,020,786.30
559	Westpac	A1-	8/04/2019	9/07/2019	92	2.55%	3,020,786.30
560	Westpac	A1-	10/04/2019	12/08/2019	124	2.55%	2,013,857.53
561	Westpac	A1-	15/04/2019	15/08/2019	122	2.55%	2,013,857.53
562	Westpac	A1-	15/04/2019	15/08/2019	122	2.55%	3,020,786.30
563	Westpac	A1-	15/04/2019	15/08/2019	122	2.55%	2,013,857.53
<b>Total Invested Funds</b>							<b>42,293,263.00</b>
Total Suncorp						7.09%	3,000,000.00
Total Westpac						66.60%	28,168,995.29
Total NAB						26.30%	11,124,267.71
<b>Total 2019_04_30</b>							<b>42,293,263.00</b>

### **9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF MARCH & APRIL 2019**

#### **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 March and April 2019:**

- **Month ending 31 March 2019 (Total \$476,859.63)**
- **Month ending 30 April 2019 (Total \$330,900.38)**
- **Total Paid - \$807,600.01**

#### **Voting Requirements**

Simple Majority

#### **Report Purpose**

Submission of payments made under the CEO's Delegated Authority for the months ending 31 March 2019 and 30 April 2019.

#### **Relevant Documents**

Appendix:

- Summary Payment List for March 2019
- Summary Payment List for April 2019

#### **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 the Regulations that the 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 – APRIL 2019**

### **Report Information**

Reporting Officer: Chief Executive Officer

### **Recommendation**

**That the Council RECEIVES the Project Financial Report (April 2019) submitted by the Satterley Property Group.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

To consider the Project Financial Report for April 2019 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 April 2019.

### **Relevant Documents**

Appendix: Letter from Satterley Property Group dated 21 May 2019 with Financial Report

### **Background**

At its meeting of 16 August 2018, the Council approved the Project Budget FYE 2019, submitted by the Satterley Property Group, as the basis of financial planning for the 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 April 2019 for the Project. The report has been prepared on a cash basis and compares actual expenditure to approved budget expenditure for the period up to 30 April 2019 and is attached at Appendix 9.4.

The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$7.0M which is \$2.9M behind budget with seven less residential settlements for the year to date.
2. Expenditure was \$7.0M under budget, in the following areas:
  - Lot Production \$2.7M;
  - Landscape \$2.1M;
  - Infrastructure \$0.88M;
  - P&L expenditure \$1.1M.

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

3. Lot Sales Value was \$7.5M unfavourable to budget due to 21 less lot sales year to date.

The sales, settlement and expenditure results are consistent with the Mid-Year Review of the Project Budget FYE 2019, prepared by the Satterley Property Group (December 2018) and considered by the Council at its meeting of 6 December 2018. The SPG Mid-Year Review of the Project Budget FYE 2019 forecasts significant variances in sales, settlement and expenditure for the balance of FYE 2019.

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

## 9.5 SALES AND SETTLEMENT REPORT – PERIOD ENDING 13 JUNE 2019

### Report Information

Reporting Officer: Manager Project Coordination

### Recommendation

**That the Council RECEIVES the Sales and Settlement Report to 13 June 2019.**

### Voting Requirements

Simple Majority

### Report Purpose

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

### Policy Reference

N/A

### Local Government Act/Regulation

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

### Previous Minutes

N/A

### Financial/Budget Implications

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

Budget Amount:	\$ 8,017,281
Received to Date:	\$ 7,189,269
Balance:	\$ 828,012

### Relevant Documents

Appendix: Staging Plan

### Background

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

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

The following table provides a summary of the Sales and Settlement position for lots released up to 13 June 2019:



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

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	24	1	23
Stage 17B	Nov 2017	18	300 - 450	13	5	10
Stage 18A	Mar 2016	29	300-510	29	0	29
Stage 18B	Mar 2017	31	200-474	26	5	25
Stage 25A	May 2017	21	300-450	16	5	12
Stage 25 Builder Release	April 2018	6	254 - 307	6	0	4
Stage 25C	September 2018	5	277-450	3	2	2
Stage 26	April 2019	8	341-450	3	5	0
<b>Total</b>		<b>953</b>		<b>929</b>	<b>24</b>	<b>914</b>

Table 2 provides a summary of sales for FYE 2019 against Budget.

**Table 2: Summary of Net Sales – Catalina Estate**

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	YTD	June
<b>Budget</b>	4	4	4	4	4	3	3	4	5	5	5	45	
<b>Actual</b>	2	4	4	1	1	-1	1	1	1	4	7	25	
<b>Variance</b>	-2	0	0	-3	-3	-4	-2	-3	-4	-1	2	-20	

\*Note: June 2019 – There are 2 offers being advertised before being accepted.

There have been 25 net lot sales for FYE 2019 YTD. The Project has a stock position of 24 lots, 12 in Catalina Beach and 12 in Catalina Central.

### Sales Marketing Incentives

Catalina is currently promoting the EOFY Campaign which was approved at the Council meeting held 18 April 2019. The EOFY Campaign is running from 22 April 2019 to 30 June 2019. The EOFY Campaign consists of the following:

- \$10,000 discount at settlement for all currently released lots (excluding Stage 26 lots).
- The continuation of the \$2,000 referral fee to the Builder's Sales Representative providing a qualified sales lead that results in the settlement of a lot at Catalina.

A report on a proposed new marketing campaign is to be considered under Item 9.9 of this Agenda.

### Northern Corridor Estates Analysis

Table 3 provides a summary of sales at projects in the northern corridor.

**Table 3: Summary of Sales in Northern Corridor (June 2018 to May 2019)**

ESTATE	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	12 Month Total Sales
<b>NORTH-WEST METRO</b>													
Alkimos Beach (Alkimos)	5	2	1	9	6	4	0	-4	-10	2	5	8	28
Alkimos Vista (Alkimos)	1	-	-	8	3	1	3	3	3	1	0	3	26
Allara (Eglinton)	8	2	2	3	6	1	4	3	2	-6	8	9	42
Amberton (Eglinton)	4	2	1	13	7	12	3	3	2	15	-4	4	62
Beaumaris (Iluka)	2	1	-	-	1	1	1	0	1	3	1	0	11
Burns Beach (Burns Beach)	2	1	5	5	3	5	1	0	2	3	1	8	36
<b>Catalina (Clarkson-Mindarie)</b>	<b>8</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>-1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>7</b>	<b>33</b>
East of the Beach (Eglinton)	3	4	4	1	2	4	4	-1	2	3	2	2	30
Eden Beach (Jindalee)	9	2	5	4	11	12	7	6	9	3	9	5	82
Kinross (Kinross)	5	5	4	1	2	2	1	4	2	2	0	2	30
Shorehaven (Alkimos)	2	4	5	-	6	5	2	3	3	4	8	3	45
Trinity (Alkimos)	5	3	-	5	7	3	3	7	3	-1	7	9	51
<b>TOTAL</b>	<b>54</b>	<b>28</b>	<b>31</b>	<b>53</b>	<b>55</b>	<b>51</b>	<b>28</b>	<b>25</b>	<b>20</b>	<b>30</b>	<b>41</b>	<b>60</b>	<b>476</b>
<b>CATALINA SHARE (%)</b>	<b>15%</b>	<b>7%</b>	<b>12%</b>	<b>7.5%</b>	<b>2%</b>	<b>2%</b>	<b>0%</b>	<b>4%</b>	<b>5%</b>	<b>3%</b>	<b>9%</b>	<b>11.5%</b>	<b>7%</b>

Note 1: SPG Reporting is based on 'mid-month' sales period.

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

Table 4 provides a summary of available stock in the northern corridor.

Catalina Central is higher in price to most of the competing estates apart from Kinross where it has cheaper 375m<sup>2</sup> blocks.

**Table 4: 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	133,000	158,000	179,000-189,000	216,000-219,000	219,000-232,000	3,405	20
Alkimos Beach	160,000	210,000	225,000-255,000	285,000-305,000	330,000-455,000	2,413	26
Amberton	163,000	201,000	211,000-239,000	279,000	315,000-325,000	2,500	25
Burns Beach	N/A	N/A	N/A	N/A	460,000 – 755,000	1,580	14
Catalina Central	N/A	245,000	279,000	310,000-335,000	N/A	2,480	12
Catalina Beach	N/A	310,000	358,000-378,000	400,000	N/A		12
Eden Beach	180,000-185,000	210,000-240,000	265,000	285,000	305,000	1,100	35
Kinross	N/A	N/A	295,000	332,500	347,500-355,000	67	24
Shorehaven	182,000-280,000	219,000	249,000	285,000	N/A	2,800	33
Trinity	N/A	190,000	197,000 - 215,000	253,000	275,000	2,500	17

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

### Sales Contracts Delegation

In accordance with Council's delegation of 18 April 2019, the CEO has exercised the following delegations:

Date	Lot No.	Original Price	Reduced Price	Difference
24 April 2019	872	\$260,000	\$250,000	3.9%
9 May 2019	2090	\$242,000	\$232,000	4.2%

## **9.6 PROJECT BUDGET FYE 2020**

### **Report Information**

Reporting Officer: Chief Executive Officer

### **Recommendation**

#### **That the Council:**

- 1. APPROVES the Project Budget FYE 2020 (May 2019), submitted by the Satterley Property Group, as the basis of financial planning for the TPRC Budget FYE 2020.**
- 2. RECEIVES the Forecast FYE 2021 (May 2019) and Project Forecast (2019), submitted by the Satterley Property Group.**
- 3. ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator KPI 4.4 requiring the preparation of a Project Budget on an annual basis by March each year.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

To review the Project Budget FYE 2020 (May 2019) prepared by the Satterley Property Group (SPG).

### **Policy Reference**

N/A

### **Previous Minutes**

- Council Meeting – 16 August 2018 (Item 9.6 - Project Budget FYE 2019)
- Council Meeting – 15 June 2017 (Item 9.8 - Project Budget FYE 2018)

### **Financial/Budget Implications**

Input to TPRC Budget FYE 2020.

### **Relevant Documents**

Appendix: SPG Project Budget FYE 2020

### **Background**

At its meeting of 16 August 2018, the Council approved the Project Budget FYE 2019 (March 2018), submitted by the SPG for use as the basis of financial planning for the TPRC Budget FYE 2019.

The approved Development Manager's KPI 4.4 requires the SPG to prepare a Project Budget on an annual basis by March each year. The Project Budget FYE 2020 (May 2019), submitted by the SPG, is intended to provide the financial parameters for the TPRC Budget FYE 2020.

At its meeting of 18 April 2019, the Council considered a draft Project Budget FYE 2020, prepared by the SPG and resolved to approve the use of the draft Project Budget FYE 2020 as the basis of planning and development for the Project Budget FYE 2020, subject to the following changes:

- i. WAPC Land – deferral of payment for the acquisition of WAPC land to FYE 2020 and FYE 2021;
- ii. Distribution to Member Local Governments – provision of information on the viability of the inclusion of a distribution to member local governments in FYE 2020;
- iii. Grove Earthworks – deferral of earthworks to FYE 2021.

### **Comment**

The SPG has prepared the Project Budget FYE 2020 (May 2019) for the Council's consideration. The preparation of the Project Budget includes consideration of the following:

- Market Conditions;
- Review of FYE 2019 Forecast outcomes;
- Operations for FYE 2020;
- Review of FYE 2020;
- Key Risks for Achieving FYE 2020 Budget;
- Forecast FYE 2021;
- Project Forecast (2019);
- Key Project Assumptions;
- Civil Construction Triggers;
- Cash Requirement, Capital Return and Profit Distribution.

The SPG report on the Project Budget FYE 2020 (May 2019) and other supporting information is attached Appendix 9.6.

### Market Conditions

The SPG considers that the Western Australian property market remains affected by low population growth and strong competition from the residential home market which is likely to result in the land market remaining soft for the next 12 months. As a result of subdued market conditions, the SPG has proposed a conservative Project Budget FYE 2020 which incorporates sales rates similar to those being achieved in FYE 2019.

### REVIEW OF PROJECT BUDGET FYE 2019

The SPG has forecast outcomes for FYE 2019 and detailed variances with the approved Project Budget FYE 2019, having regard to the latest sales/settlement and expenditure information.

The significant variances are as follows;

- Sales reduced from 50 lots to 24 lots;
- Settlements reduced from 44 lots to 28 lots;
- Gross Income to decrease from \$12.62M to \$8.05M;
- Development costs to decrease from \$17.47M to \$7.66M;
- Cashflow to improve from (\$4.85M) to \$0.40M;

Distributions to member local governments for FYE 2019 remained unchanged at \$4.00M.

### PROJECT BUDGET FYE 2020

The Project Budget FYE 2020 (May 2019), prepared by the SPG, reflects a conservative approach to sales/settlement rates and lot production consistent with the predicted soft conditions for new lot sales in Western Australia. The Project Budget FYE 2020 is premised on the following key activities and key assumptions:

#### Sales/Settlements

- 31 sales;
- Titles – 38 lots, Stage 26;
- 26 settlements.

#### Civil Construction - \$1.9M

- Civil construction Stage 26 (Western Precinct);
- Commencement of Stage 18B (Central Precinct).

#### Infrastructure - \$1.41M

- Portofino Boulevard extension - \$0.4M;
- Beach Access Road/services -\$0.7M;
- Burns Beach – Mindarie DUP - \$1.1M;
- Connolly Drive Intersection (preliminary works) - \$0.4M;
- Catalina Beach Pump Station (WAWA refund) - \$1.3M.

#### Landscape Construction - \$2.91M

- Portofino Boulevard median/verge extension (\$0.3M);
- Foreshore area landscape (\$0.3M);
- Stage 17 verges (\$0.3M);
- Stage 11 (balance of park) (\$0.80M);
- BCA North and South rehabilitation works - \$0.2M.

#### Marketing - \$0.35M

- Continued Catalina branding;
- Advertising for estate campaigns;
- Market research.

#### Planning

- Catalina Beach - refining concepts, addressing the foreshore interface and potential development of a commercial/community node, optimal lot mix and typologies and opportunities for retention of native vegetation.
- Catalina Grove - refining concepts, including opportunities to maintain tree canopy, the integration of transport solutions associated with the Clarkson Train Station and for innovative and affordable housing.
- Catalina Grove - identification of the first subdivision area and optimal lot mix and typologies to launch the new precinct.
- Stage 18C Catalina Central - exploring opportunities for innovative design and a builder partnership.
- Stage 16 Catalina Central - refinement of concepts for development.

The Project Budget FYE 2020 assumes the acquisition of the Western Australian Planning Commission (WAPC) land - \$10.2M, with payments being made in FYE 2020 and FYE 2021. The land is located within the Catalina Grove Precinct, adjacent the Mitchell Freeway, and which forms part of the approved Tamala Park Local Structure Plan. The agreement to

purchase is consistent with the Negotiated Planning Solution (2004) approved by the WAPC and the member local governments.

The following table shows the variance between the Cashflow FYE 2020 in the approved Project Forecast (2018) and the proposed Project Budget FYE 2020 for Income, Development Costs, Cashflow and Distributions.

<b>Annual Cashflow</b>	<b>Cashflow FYE 2020 Project Forecast (2018) \$</b>	<b>Project Budget FYE 2020 (2019) \$</b>	<b>Variance \$</b>
Gross Income	28.58M	7.28M	(21.30M)
Development Costs	16.28M	14.49M	1.83M
Cashflow	12.30M	(7.17M)	(19.47M)
<b>Distributions</b>	<b>14.0M</b>	<b>3.0M</b>	<b>(11.0M)</b>

The major variances are detailed in the SPG report (Appendix 9.6) and are summarised as follows:

- Lot sales to reduce from 130 lots to 31 lots;
- Lot settlements to reduce from 113 lots to 26 lots;
- Gross Income to decrease by \$21.30M;
- Development Costs to decrease by \$1.83M;
- Land costs increase by \$5.10M as a result of the \$10.2M WAPC land acquisition deferred from FYE 2019 to FYE 2020 and FYE 2021;
- Net cashflow to reduce by \$19.47M from \$12.30M to (\$7.17M);
- Distributions to reduce from \$14M to \$3.0M.

The Project Budget FYE 2020 (May 2019) is based on the Lot Sales and Release Strategy (May 2019) and the Annual Plan (May 2019) listed for consideration under Reports 9.7 and 9.12, respectively, of this Agenda.

**KEY RISKS FOR PROJECT BUDGET FYE 2020**

The SPG has identified the following items as key risks to achieving the Project Budget FYE 2020 outcomes:

- Achieving sales rates;
- Achieving budgeted sales prices for lots settling in FYE 2020;
- Higher than expected cancellation rates for sales resulting in delayed settlements;
- Settlements forecast for FYE 2020 being deferred to FYE 2021, resulting in lower revenue being achieved in FYE 2020;
- Acquisition of WAPC land does not occur in FYE 2020 or full settlement costs are required in FYE 2020, or WAPC requires a higher purchase price;
- Achieving anticipated sales prices.

The majority of the risks identified would be considered typical for a project such as Catalina, which is heavily influenced by market conditions. These risks will continue to be managed by project supervision and management, monthly financial review and reporting, application of construction triggers and monitoring market and economic conditions. The specific project risks are actively being managed to minimise potential exposure to the TPRC and to achieve budget predictions.

The Project Budget FYE 2020 assumes the WAPC land acquisition payments being made in FYE 2020 and FYE 2021. Adjustments to timing and price could impact the actual cashflow position, with a flow on effect to forecast distributions. This will be monitored through FYE 2020 and if required recommendations made to Council as part of Mid-Year Budget Review in December 2019.

#### SALES TRIGGERS FOR CIVIL CONSTRUCTION

The SPG has recommended the use of Sales Triggers for the Project Budget FYE 2020. The recommended Sales Triggers require a closing stock position of 20 lots for the Central Precinct and 20 lots for the Western Precinct prior to the commitment to the next stage of civil construction. The SPG has recommended a lower Sales Trigger for the Central Precinct, reduced from 35 lots in FYE 2019, in recognition of market conditions. The SPG considers that the Central Precinct and Western Precinct appeal to different target markets, have different sales rates and has recommended separate Sales Triggers for each Precinct.

The principle of maintaining civil construction triggers to ensure the Project does not over commit to civil construction is supported. The proposed Sales Triggers requiring a closing stock of 20 lots for the Central Precinct and 20 lots for the Western Precinct prior to the commitment to the next stage of civil construction is considered acceptable under current market conditions in managing Council’s risk and providing an appropriate stock position for market demand.

#### ESCALATION RATES

Income and cost escalation rates for the Project Budget FYE 2020 have been forecast at 0% until FYE 2021 when income and cost escalation rates return to long-term growth estimates of 3% and 2% per annum respectively from 2020. The SPG believes this reflects long term escalation rates for the development industry.

#### FORECAST FYE 2021

The SPG has prepared a Cashflow FYE 2021 for financial planning purposes and information. It is not intended to be endorsed by the Council at this time.

The following table shows the variance between the Cashflow FYE 2021 (2018) and the current Forecast FYE 2021 (2019) for Income, Development Costs, Cashflow and Distributions.

<b>Annual Cashflow</b>	<b>Cashflow FYE 2021 Project Forecast (2018)</b>	<b>FYE 2021 Forecast (2019)</b>	<b>Variance</b>
Gross Income	37.63M	10.14M	(27.49M)
Development Costs	16.45M	12.47M	3.98M
Cashflow	21.17M	(2.31M)	(23.48M)
<b>Distributions</b>	<b>21.0M</b>	<b>3.0M</b>	<b>(18.0M)</b>



The major variances between the Cashflow FYE 2021 (2018) and the Forecast FYE 2021 (2019) forecast are summarised as follows:

- Lot sales to reduce from 150 lots to 47 lots;
- Lot settlements to reduce from 138 lots to 37 lots;
- Gross Income to decrease by \$27.50M;
- Development Costs to decrease by \$3.98M due to reduced civil construction;
- Net cashflow to decrease by \$23.50M to (\$2.31M);
- Distributions to decrease from \$21.0M to \$3.0M.

These estimates should only be considered as a general guide for the Forecast FYE 2021. Detailed planning and review is underway to more precisely determine the assumptions underlying the cashflow. However, it is noted that there are significant variations forecast by the SPG between the Cashflow FYE 2021 (2018) and the Forecast FYE 2021 (2019). The forecast FYE 2021 will be reviewed in light of the Western Australian economy and the residential land market at that time.

#### PROJECT FORECAST (2018)

At its meeting of June 2018, the Council approved the Project Forecast (2018), submitted by the SPG as the basis of project and financial planning.

The SPG has compared the Project Forecast (2018) and the Project Forecast (2019) prepared as part of the Project Budget FYE 2020. The Project Forecast (2019) forecasts an overall net cash profit of \$326.8M which is \$13.7M lower than the Project Forecast (2018).

The SPG has attributed the significant variances to the Project Forecast (2018) and the Forecast FYE 2021 to market conditions experienced in the preceding years which have led to a significant decline in sales and lot prices on the Project. The decline in sales volumes and prices has had a compounding effect on the overall project forecast. These factors include:

- Significant reduction in the State's annual population growth from 80,000 in June 2012 to 18,000 in June 2017;
- Increase in unemployment rate of 3.8% in June 2012 to over 6% in May 2019;
- Decrease in median land price of \$261,000 in 2014 to \$222,000 in 2018;
- Decrease in Perth annual lot sales of 11,805 in 2014 to 4,811 in 2018.

The compounding effect of lower sales prices, lower sales volumes and nil prices escalation has had a negative significant impact on Project Forecasts.

The position represented is indicative only and does not require any formal Council decision.

#### **Conclusion**

The SPG has indicated that current market conditions are expected to continue through FYE 2020 and FYE 2021 and therefore adopted a conservative position on lot sales for FYE 2020 and FYE 2021. The reduced residential lot revenue will result in lower development expenditure and reduced lot production. Given the forecast lower lot income, development expenditure will need to be managed to minimise potential impacts and exposure to the TPRC, including the use of Sales Triggers to manage Council's risk, whilst providing a reasonable stock position for market demand.

*At its meeting of 23 May 2019, the Management Committee considered a report on the Project Budget FYE 2020 (May 2019) prepared by the Satterley Property Group, and resolved to recommend that Council:*

- 1. APPROVES the Project Budget FYE 2020 (May 2019), submitted by the Satterley Property Group, as the basis of financial planning for the TPRC Budget FYE 2020.*
- 2. RECEIVES the Project Forecast FYE 2021 (May 2019) and Project Forecast (2019), submitted by the Satterley Property Group.*
- 3. ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator KPI 4.4 requiring the preparation of a Project Budget on an annual basis by March each year.*

## **9.7 LOT SALES AND RELEASE STRATEGY FYE 2020 (MAY 2019)**

### **Report Information**

Reporting Officer: Manager Project Coordination

### **Recommendation**

**That the Council APPROVES the Lot Sales and Release Strategy FYE 2020 (May 2019), submitted by the Satterley Property Group, as the basis of sales and marketing planning for FYE 2020.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

To consider the Lot Sales and Release Strategy FYE 2020 (May 2019) prepared by the Satterley Property Group (SPG).

### **Policy Reference**

N/A

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

N/A

### **Previous Minutes**

Council Meeting – 16 August 2018 (Item 9.8: Sales and Lot Release Strategy (July 2018))

### **Financial/Budget Implications**

Expenditure under this matter will be incurred under item E145218 (Marketing):

Budget Amount:	\$ 494,000
Spent to Date:	\$ 276,029
Balance:	\$ 217,971

*Note: Refers to FYE 2020 Budget, not yet adopted.*

The proposed Project Budget FYE 2020 makes an allowance of \$350,000 for marketing costs.

### **Relevant Documents**

Appendix: Lot Sales and Release Strategy FYE 2020 (May 2019)

### **Background**

The SPG has submitted the Lot Sales and Release Strategy FYE 2020 (May 2019) for Council's consideration. It sets out the proposed timing and method of lot sales releases for FYE 2020 (attached at Appendix 9.7).

## Comment

The Lot Sales and Release Strategy FYE 2020 outlines the recommended approach for sales releases for FYE 2020 consistent with the proposed Project Budget FYE 2020 and Annual Plan FYE 2020, which are listed in Items 9.6 and 9.12 respectively in this Agenda.

It anticipates the sale of 31 lots, consisting of 19 lots within Catalina Central and 12 lots within Catalina Beach, through a combination of builder and public releases.

The following lot releases are proposed:

Stage	Date of Release	No. of Lots	Forecast Title Date
26	October 2019	8	October 2019
17B	October 2019	8	Titles issued
26	January 2020	8	October 2019
18C*	May 2020	8	September 2020

\*Assumes a builder partnership - if this does not eventuate, an additional release in Stage 17B will be made available.

The Strategy is based on:

- Selling from both the Beach and Central Precincts to provide lots suitable for differing buyer profiles at different price points.
- Providing small releases to ensure that the market is not over-supplied, recognising current market demand.
- Recognition of the need for a flexible approach as dictated by market demand and stock levels. Maximum stock level triggers of 20 lots will be used, with separate triggers for the Beach and Central Precincts to ensure they can operate independently should demand vary.

### Sale Methods - Public Releases

The Strategy proposes that the lot sales method primarily be undertaken through public releases in accordance with Section 3.58(3) and (4) of the *Local Government Act 1995* and the procedure adopted by Council in April 2014.

The procedure requires potential purchasers to register online to nominate preselected lots, with allocations determined in line with pre-set terms and criteria.

The method of release and sale of private residential lots has worked well to date. The online process is supported and recognised as good practice by Council's Probity Advisor and the Council Auditor.

### Builder Releases

The Strategy proposes the builder release sales method for the sales of lots in Stage 18C. This stage was previously comprised of two grouped housing sites (referred to then as Stage 18B), which were taken to the market, but no submissions for purchase were received.

It is proposed to partner with a builder to produce a unique product with a focus on innovation, liveability and sustainability. The development objectives, commercial terms and tender criteria will be presented to Council for consideration in late 2019.

## **Conclusion**

The Lot Sales and Release Strategy (May 2019), submitted by the SPG, provides an acceptable basis for sales and marketing planning for FYE 2020, recognising current and anticipated market conditions and buyer preferences. It is consistent with the proposed Project Budget (FYE 2020) and Annual Plan (FYE 2020).

*At its meeting of 23 May 2019, the Management Committee considered a report on the Lot Sales and Release Strategy FYE 2020 (May 2019) prepared by the Satterley Property Group, and resolved to recommend that Council APPROVES the Lot Sales and Release Strategy FYE 2020 (May 2019), submitted by the Satterley Property Group, as the basis of sales and marketing planning for FYE 2020.*

## 9.8 ANNUAL MARKETING PLAN FYE 2020

### Report Information

Reporting Officer: Manager Project Coordination

### Recommendation

#### That the Council:

1. **APPROVES** the Annual Marketing Strategy FYE 2020, prepared by the Satterley Property Group.
2. **ACCEPTS** that the Development Manager's Key Performance Indicator 3.2 (June 2014), requiring the preparation of the Annual Marketing Plan by March each year, has been achieved.
3. **ADVISES** the Satterley Property Group that marketing expenditure will be reviewed and monitored in line with market conditions and the requirements of the Project and the Project Budget FYE 2020, as approved.

### Voting Requirements

Simple Majority

### Report Purpose

To consider the Annual Marketing Strategy FYE 2020 prepared by the Satterley Property Group (SPG), as required by the Development Manager's Key Performance Indicators.

### Policy Reference

N/A

### Local Government Act/Regulation

N/A

### Previous Minutes

- Council Meeting – 21 June 2018 (Item 9.6: Catalina Annual Marketing Plan FYE 2018).
- Council Meeting – 19 June 2014 (Item 9.12: Development Managers – Key Performance Indicators - 2014).

### Relevant Documents

Appendix: Catalina Annual Marketing Strategy FYE 2020.

### Financial/Budget Implications

Expenditure under this matter will be incurred under item E145218 (Marketing):

Budget Amount:	\$ 494,000
Spent to Date:	\$ 276,029
Balance:	\$ 217,971

*Note: Refers to FYE 2020 Budget, not yet adopted.*

A budget of \$350,000 for marketing is proposed in the Project Budget FYE 2020. The components of this amount are set out under the heading of Marketing budget below.

## **Background**

The approved Development Manager's Key Performance Indicator (KPI) 3.2 (June 2014), requires the preparation of an Annual Marketing Plan by March each year. The SPG has prepared and submitted the Catalina Annual Marketing Strategy FYE 2020 for Council's consideration to satisfy KPI 3.2 (Appendix 9.8).

## **Comment**

The purpose of the Annual Marketing Plan is to identify the key marketing and communication activities for the forthcoming year to assist in meeting sales targets. It contains the following components:

- Market conditions overview;
- Sales summary – catchment area;
- Key marketing objectives and initiatives;
- Marketing budget.

### Market conditions

The SPG's analysis indicates that population growth and employment trends, stock levels, rental yields and credit availability point to an outlook for continued low sales volumes with slow improvement for the year ahead.

### Sales summary FYE 2019

Sales achieved in Catalina in the financial year to date continue to be sourced from purchasers residing in metropolitan Perth's northern coastal corridor, which is expected to continue in FYE 2020. The Strategy supports marketing that is targeted towards local communities.

The dominant buyer type is first home buyers, with this segment of the market having increased from 45% to 60% over the past year. The share of upgrading purchasers increased marginally from 18% to 20%, while down-sizers fell from 23.5% to 20%. There have been no recorded investor purchasers in Catalina in the financial year to date.

Marketing strategies implemented during FYE 2019 included sales incentives, lead generation, web search engine optimisation and re-pricing, which increased traffic and leads but has yet to eventuate in additional sales.

### Key marketing objectives and initiatives

Independent market research was conducted in late 2018 and early 2019 by Painted Dog Research. Qualitative research involved surveying 600 respondents, both within and outside of Catalina's primary catchment area, as well as census surveys of the SPG's Catalina database of recent and potential purchasers. Qualitative research involved in-depth interviews with 24 respondents, also comprised of a mix of recent and potential purchasers.

Key findings were as follows:

- On the positive side, the northern coastal suburbs, particularly Mindarie, are highly appealing and Catalina's brand strengths are its proximity to the beach, modern lifestyle, affordability of some lot product and appeal to young families seeking their first home. Digital media

channels are the most used information source, especially real estate websites and apps and general online searches.

- Catalina’s challenges include limited buyer awareness of the estate, some lot product being outside the budget of interested purchasers and lot sales competing with the sale of established homes in nearby suburbs. The research also revealed the need for action to minimise stress for purchasers at various stages of the purchasing process and the influence of builders and the importance of the presentation and feel of the estate in the purchasing decision.

Marketing initiatives identified in the Strategy for FYE 2020 respond to these findings and include a focus on:

- Brand awareness – for both the Catalina brand and its sub-brands, through ongoing brand campaigning, up-to-date signage and consistency across all advertising and marketing materials.
- Sales leads - through traditional and digital advertising and builder relationships.
- Directional signage.
- Market research – by gathering data regarding market expectations for the product, amenities and pricing and determining key drivers and obstacles.
- Demonstration housing – by developing the sub-brand and positioning for the innovative housing product in Catalina Central.
- Digital visibility – by maintaining strong discoverability of the Catalina website through search optimisation and content and social media.
- Community development – supporting initiatives with marketing and brand ambassadors among existing and future residents.
- Marketing communications – promoting completed works that enhance the appeal of the Catalina Project.

The marketing approach has a heavy reliance on the use of on-line platforms and technologies. The brand strategy will seek to use innovative displays of house and land packages, virtual tours and fly-throughs. Search engine optimisation, in conjunction with content and brand advocacy strategies, will aim to stimulate increased website traffic and leads. Improvements to the Project’s rating will be sought using Google and Facebook customer reviews.

**Marketing budget**

Budget recommendations for each of the marketing components are summarised in the following table:

<b>Description</b>	<b>Budget FYE 2020</b>
Brand development	\$70,000
Sales Office	\$15,000
Collateral (sales plans/maps)	\$14,000
Advertising and Direct Marketing	\$175,000
Signage	\$60,000
Website	\$20,000
<b>Total</b>	<b>\$354,000</b>



The proposed budget for FYE 2020 is considered appropriate given the marketing approach proposed.

### **Conclusion**

The Annual Marketing Strategy FYE 2020 outlines marketing activities for the forthcoming year that support current project objectives and initiatives, with a focus on brand development and promotion, advertising, direct marketing and signage. These initiatives reflect the key findings of the market research completed in late 2018/early 2019.

While the budget proposals outlined are supported in principle, marketing expenditure will be reviewed and monitored in line with market conditions and the requirements of the Project.

The Strategy is considered to satisfy the requirements of the Development Manager's KPI 3.2, requiring the preparation of an annual marketing plan by March each year.

*At its meeting of 23 May 2019, the Management Committee considered a report on the Annual Marketing Strategy FYE 2020, prepared by the Satterley Property Group, and resolved to recommend that Council:*

- 1. APPROVES the Annual Marketing Strategy FYE 2020, prepared by the Satterley Property Group.*
- 2. ACCEPTS that the Development Manager's Key Performance Indicator 3.2 (June 2014), requiring the preparation of the Annual Marketing Plan by March each year, has been achieved.*
- 3. ADVISES the Satterley Property Group that marketing expenditure will be reviewed and monitored in line with market conditions and the requirements of the Project and the Project Budget FYE 2020, as approved.*

**9.9 SALES - MARKETING CAMPAIGN, JULY – SEPTEMBER 2019**

**Report Information**

Reporting Officer: Chief Executive Officer

**Recommendation**

**That the Council:**

- 1. RECEIVES the Satterley Property Group correspondence (dated 13 June 2019) regarding a Sales and Marketing Campaign.**
- 2. APPROVES participation in a Sales and Marketing Campaign as detailed in the Satterley Property Group advice (dated 13 June 2019), commencing 12 July 2019 to 30 September 2019, to include the following:**
  - (a) A discount of \$9,000 to apply at settlement for all currently released lots in Catalina;**
  - (b) 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 and that this fee be paid directly by the TPRC;**
  - (c) The discount not applying to the Stage 26 release.**

**Voting Requirements**

Simple Majority

**Report Purpose**

To consider the SPG recommendation on a Sales and Marketing Campaign involving a discount of \$9,000 on all currently released lots (except Stage 26).

**Policy Reference**

N/A

**Previous Minutes**

N/A

**Financial/Budget Implications**

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

Budget Amount:	\$ 8,017,281
Received to Date:	\$ 7,189,269
Balance:	\$ 828,012

**Relevant Documents**

Appendix: Letter from Satterley Property Group dated 13 June 2019

## Background

At its meeting of 18 April 2019, the Council approved the continued participation in a Sales and Marketing Campaign (EOFY Campaign) to provide a \$10,000 discount on all currently released lots in Catalina, except Stage 26, on the following terms:

- The campaign commencing 22 April 2019 to 30 June 2019;
- A discount of \$10,000 to apply at settlement for all currently released lots in Catalina;
- The deletion of the Early Construction Rebate from all lots;
- 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 and that this fee be paid directly by the TPRC.
- The discount not applying to the Stage 26 release.

## Comment

The SPG considers that given the current state of the land sales market, there is a need to refresh the campaign and continue it until 30 September 2019. It has recommended a new campaign offering a \$9,000 discount apply to all lots (except Stage 26) and the \$2,000 builder's referral, through to 30 September 2019.

The details of the new campaign are outlined in the SPG correspondence (Appendix 9.9). The details of the campaign have not yet been finalised by the SPG, however, it is proposed that the campaign concept would promote "Best lots for less". The SPG recommends that the \$9,000 incentive would be in the form of a discount at settlement. It is proposed that the campaign incentive will be applied to all currently released lots, excluding the Stage 26 release.

The Spring/Summer Marketing and the EOFY Campaigns have been successful in promoting leads/interest in the Project, however, market share has not increased as a number of competing estates are offering similar campaign incentives. There has not been any significant increase in lot sales.

The SPG considers that given the highly competitive market it is considered essential to institute a new sales campaign and offer a \$9,000 incentive.

The TPRC Budget FYE 2020 includes a provision for the Sales and Marketing Campaign and the \$9,000 discount incentive.

It is recommended that the Council approves the Sales and Marketing Campaign commencing 12 July 2019 to 30 September 2019, to include the following:

1. A discount of \$9,000 applying to all lots in Catalina, except the Stage 26 release;
2. 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 and that this fee be paid directly by the TPRC.

The new campaign should be subject to similar marketing KPIs as the current EOFY Campaign.

## 9.10 APPOINTMENT OF COMMITTEE MEMBERS – AUDIT COMMITTEE

### Report Information

Reporting Officer: Chief Executive Officer

### Recommendation

**That in accordance with the provisions of the *Local Government Act 1995*, that Councillors XXXX and XXXX be APPOINTED to the Audit Committee.**

### Voting Requirements

Absolute Majority

### Report Purpose

To elect two additional members to the Audit Committee.

### Relevant Documents

Appendix: Nil

### Policy Reference

N/A

### Local Government Act/Regulation

*Local Government Act 1995*

### Previous Minutes

N/A

### Financial/Budget Implications

N/A

### Background

The Audit Committee was established to support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability.

At its meeting of 9 November 2017, the Council appointed the following five Council members to the Audit Committee:

1. Cr Samantha Fenn
2. Cr Joe Ferrante
3. Cr Nige Jones
4. Cr Giovanni Italiano
5. Cr Bianca Sandri

*Cr Ferrante was elected Chair by the Audit Committee.*

**Comment**

In recent times there have been difficulties with the availability of Council members for Audit Committee meetings. Meetings have been cancelled due to a lack of quorum, most recently with the May meeting having to be cancelled on three separate occasions (2<sup>nd</sup>, 16<sup>th</sup> and 30<sup>th</sup> May) and as yet to be held. It is recommended that Council consider the appointment of two additional Council members to the Audit Committee.

## **9.11 BURNS BEACH-MINDARIE DUAL USE PATH – REQUEST FOR CONTRIBUTION TOWARDS CONSTRUCTION ADJACENT TO THE CATALINA AREA**

### **Report Information**

Reporting Officer: Manager Project Coordination

### **Recommendation**

#### **That the Council:**

- 1. APPROVES the payment of a contribution of up to \$540,000 to the Cities of Joondalup and Wanneroo for the construction of the section of the planned Burns Beach-Mindarie dual use path within the conservation reserve adjacent to the Catalina area, subject to the following conditions:**
  - i. The dual use path being constructed along an alignment that generally accords with the preliminary design and specifications prepared by Cossill and Webley, as contained in Plan 2 of Appendix 9.11;**
  - ii. The Cities being responsible for managing all aspects of the dual use path construction process, including obtaining and complying with all necessary approvals, procuring contractors, supervision of works, contract administration and post-development maintenance; and**
  - iii. The construction of the dual use path being undertaken in a manner that will not prejudice and can complement the future construction of the Catalina beach foreshore access road.**
- 2. AUTHORISES the Chief Executive Officer to execute an agreement with the Cities of Joondalup and Wanneroo that formalises proposed arrangements in accordance with Recommendation (1).**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

For Council to consider a request from the Cities of Joondalup and Wanneroo for a contribution towards the construction of the section of the planned Burns Beach-Mindarie Dual Use Path (DUP) within the conservation reserve adjacent to the western boundary of Catalina.

### **Relevant Documents**

Appendix:

- Plan 1: Indicative Alignment Plan - Burns Beach-Mindarie Dual Use Path
- Plan 2: Preliminary Design – Cossill and Webley – Catalina Section

### **Background**

The Cities of Joondalup and Wanneroo are proposing that a 3.57km DUP be constructed between Burns Beach and Mindarie as the final link in a 58km regional coastal route connecting Fremantle and Quinns Rocks.

The indicative alignment of the DUP is shown on Plan 1 contained in Appendix 9.11. Part of the alignment includes a 0.54km section in the conservation reserve immediately adjacent to the western boundary of Catalina.

Funding to construct a 2.35km section of the DUP through the conservation reserve to the south of Catalina is being provided by the State Government and the two Cities. In February 2019, the City of Wanneroo wrote to the TPRC to advise that tenders had been invited for the construction of this section of DUP and to highlight the importance of the TPRC simultaneously constructing the 0.54km section of DUP abutting Catalina to ensure connection of the new path to the existing path in Long Beach Promenade to the north in Mindarie.

The Cities are seeking similar cooperation from Peet Limited, as developer of the Burns Beach Estate, to provide the 0.68km section at the southern end of the new DUP to ensure its connection to the existing coastal path to the south.

### **Comment**

Following receipt of the City of Wanneroo's February 2019 correspondence, the TPRC requested that the Satterley Property Group (SPG) provide development options, probable costs and advice on how to proceed with facilitating the construction of the Catalina section of DUP. In April 2019, the SPG advised that:

- No formal requirement exists in any agreement or approval for the TPRC to construct the section of DUP adjacent to Catalina. Subdivisional development would usually facilitate a local road and path network to accommodate the flow of vehicular and pedestrian traffic through the Estate, but a regional piece of infrastructure such as the planned DUP would not normally fall within the responsibility of the land developer.
- While no formal or statutory requirement may exist for the TPRC to construct the section of DUP adjacent to Catalina, it would benefit residents of the Estate and the broader community and assist local government relations if it was to do so.
- No designs or alignment have been formally approved for the Catalina section of DUP. A clearing permit and development approval for the alignment, design and specification of this section of DUP would be required and a timeframe of approximately one year would ordinarily be involved, meaning that the request for construction to occur in conjunction with the jointly-funded section of DUP to the south could not be achieved without significant concessions and facilitation by all approval authorities.
- Project engineers (Cossill and Webley) and surveyors (MNG) had been appointed to prepare preliminary designs and cost estimates to build the section of DUP adjacent to Catalina, based on the design specifications for the jointly-funded section of DUP to the south and with the aim of ensuring compatibility with future development stages adjacent to the foreshore, which are still potentially five or more years away.

The TPRC and SPG have continued to liaise with the Cities to explore the potential for a collaborative and coordinated approach to construct the section of DUP abutting Catalina, which has included providing a preliminary design for this section.

The Cities have subsequently confirmed that:

- A tender to construct the 2.35km jointly-funded section of DUP to the south of Catalina area was awarded by the City of Joondalup at its meeting on 21 May 2019, with work intended to commence in July 2019. The contract sum is \$1.43m, which includes civil works associated with the DUP, but does not include any post-construction revegetation or maintenance.

- The preliminary design prepared by Cossill and Webley for the section of DUP adjacent to Catalina (see Appendix 9.11 – Plan 2) has been received and is under review.
- The Cities would be prepared to manage all approval processes, including the submission of an application for the issue of a modified clearing permit to allow for an extension of the area of conservation reserve that can be cleared to include the section adjacent to Catalina, in addition to administering contract award and management processes to construct the sections of DUP simultaneously. This would be provided in return for a financial contribution made by the TPRC.

At the time of writing this report, the TPRC is awaiting advice from the Cities on the potential contribution amount being sought.

The SPG has not, in the absence of knowing the contribution amount being sought by the Cities, been prepared to make a recommendation to the TPRC on the position it should adopt in respect to contribution proposal, nor has it provided advice on potential benefits of such an arrangement.

Given the commencement of construction of the jointly-funded section of DUP is imminent and the window of opportunity to simultaneously build the connecting section of DUP adjacent to Catalina is closing, it is important that the Council establish its position on the Cities' contribution proposal, notwithstanding that the precise contribution amount is still to be determined.

The following considerations are relevant:

- The Council is under no legal obligation to construct the DUP adjacent to Catalina nor make any financial contribution towards its construction. It is therefore open to the Council to decline to Cities' contribution proposal and similarly resolve not to build the adjacent section of DUP either now or in future. However, the DUP will likely provide significant benefits to Catalina residents and the broader community by providing formalised access to the foreshore and nearby facilities and amenities through the local and regional path network, as well as opportunities for recreation and commuting.
- Simultaneous construction of the jointly-funded section of DUP and the section abutting Catalina would be unachievable without the facilitation being offered by the Cities. Having a missing component of the DUP adjacent to Catalina area for an extended period would be a significant inconvenience for path users and may have a negative reputational impact on the TPRC. Conversely, given how popular the existing coastal path is with users to the north and south of the planned new section, a complete DUP would be likely to bring a large number of path users past Catalina Estate and increase community and potential buyer awareness of it. A contribution made by the Council towards its construction would be a positive, community-minded gesture.
- A WAPC subdivision approval condition for land in the northern portion of the Catalina Beach Precinct requires construction of a shared path along the foreshore-flanking subdivision road to connect into the existing Long Beach Promenade path. Construction of the DUP would likely obviate the need for the subdivisional path to be constructed. Its alignment within the conservation reserve, rather than within the road reserve of a future subdivisional road within the Project landholding, minimises impact on the Project's developable area.
- Allowance has been made in the proposed Project Annual Budget FYE 2020, which is the subject of Item 9.6 in this Agenda, for an amount of \$1,100,000 for construction of the Catalina section of the DUP. Preliminary estimates provided by the SPG for the



Council to build this section of DUP indicated that the cost of construction would be in the order of \$878,000.

- The tender awarded in May by the City of Joondalup to build the 2.35km jointly-funded section of the DUP to the south of the Project area at a cost of \$1.43m equates to a rate of approximately \$610/linear metre. The Cities' budget for revegetation adjacent to the path alignment and two years maintenance, which is a condition of the clearing permit, is \$680,000. This equates to a rate of approximately \$290/linear metre. It would be reasonable to expect that the contribution being sought by the Cities from the Council for the DUP works would be based on similar cost/unit rates. On this basis, the contribution could be calculated on a rate of approximately \$1,000/linear metre, which would amount to \$540,000 for the 0.54km Catalina section of DUP.
- It would be important to ensure that the construction of the DUP adjacent to Catalina is completed in a manner that will not prejudice the future construction of the foreshore access road planned to connect Catalina Estate to the beachfront. The alignment of the DUP crosses the alignment of the foreshore access road. When complete, the respective works will potentially complement each other by providing convenient access to the beachfront. It will be necessary however to ensure that the final design and construction of the DUP is supportive of and will not unduly restrict the construction of the foreshore road to occur later.

## Conclusion

The construction of the Burns Beach-Mindarie DUP will likely provide significant community benefits to Catalina Estate residents and the broader area, as well as increase awareness of the Estate.

The entire DUP would ideally be constructed simultaneously to ensure its immediate connection to the existing path network. The opportunity offered to the Council to collaborate with the Cities of Joondalup and Wanneroo to ensure a well-coordinated outcome is considered to be worth pursuing.

It is therefore recommended that the Council approves the payment of a contribution of up to \$540,000 to the Cities of Joondalup and Wanneroo for the construction of the section of the planned Burns Beach-Mindarie dual use path within the conservation reserve adjacent to Catalina area. Payment of the contribution should be conditional upon:

- The DUP being constructed along an alignment that generally accords with the preliminary design and specifications prepared by Cossill and Webley, as shown on Plan 2 in Appendix 9.11;
- The Cities being responsible for managing all aspects of the DUP construction process, including obtaining and complying with all necessary approvals, procuring contractors, supervision of works, contract administration and post-development maintenance; and
- The construction of the DUP being undertaken in a manner that will not prejudice and can complement the future construction of the Catalina beach foreshore access road.

It is also recommended that the Council authorises the Chief Executive Officer to execute an agreement with the Cities of Joondalup and Wanneroo to formalise arrangements in accordance with the above requirements.

**9.12 ANNUAL PLAN FYE 2020 - CONFIDENTIAL**

**9.13 REVIEW OF DEVELOPMENT MANAGER'S KEY PERFORMANCE INDICATORS -  
CONFIDENTIAL**

**9.14 DEVELOPMENT MANAGEMENT AGREEMENT – KEY PEOPLE – CONFIDENTIAL**

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**9.15 CEO FURTHER CONTRACT OF EMPLOYMENT – CONFIDENTIAL**

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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