



TAMALA PARK
Regional Council

Meeting of Council

AGENDA

Thursday 20 February 2014
City of Perth, 6.00pm

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

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

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TAMALA PARK REGIONAL COUNCIL

Councilors 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 Perth, Council House, 27 St Georges Terrace, Perth 6.00pm on Thursday 20 February 2014.

The business papers pertaining to the meeting follow.

Your attendance is requested.

Yours faithfully



TONY ARIAS
Chief Executive Officer

MEMBERSHIP

| OWNER COUNCIL | MEMBER | ALTERNATE MEMBER |
|-----------------------|--|-----------------------------------|
| Town of Cambridge | Cr Louis Carr | |
| City of Joondalup | Cr Geoff Amphlett Cr Tom McLean | |
| City of Perth | Cr Janet Davidson OAM JP | Cr Jim Adamos |
| City of Stirling | Mayor Giovanni Italiano JP Cr David Michael Cr Terry Tyzack Cr Rod Willox AM JP | Cr Elizabeth Re JP |
| Town of Victoria Park | Mayor Trevor Vaughan | |
| City of Vincent | Cr Joshua Topelberg | |
| City of Wanneroo | Cr Dianne Guise Cr Brett Treby | Cr Frank Cvitan Cr Hugh Nguyen |

NB: Although some Councils have nominated alternate members, it is a precursor to any alternate member acting that a Council carries a specific resolution for each occasion that the alternate member is to act, referencing Section 51 of the Interpretation Act. The current Local Government Act does not provide for the appointment of deputy or alternate members of Regional Councils. The DLGRD is preparing an amendment to rectify this situation.

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 – 19 December 2013

5A. BUSINESS ARISING FROM THE MINUTES

6. ANNOUNCEMENTS BY CHAIRMAN (WITHOUT DISCUSSION)

7. MATTERS FOR WHICH MEETING MAY BE CLOSED

8. REPORTS OF COMMITTEES

- CEO Performance Review Committee Meeting (Confidential) – 30 January 2014.

9. ADMINISTRATION REPORTS AS PRESENTED (ITEMS 9.1 – 9.10)

9.1 BUSINESS REPORT – PERIOD ENDING 13 FEBRUARY 2014

Report Information

Reporting Officer: Senior Project Officer

File Reference: N/A

Recommendation

That the Council RECEIVE the Business Report to 13 February 2014.

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix: Nil

Background

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

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

Comment

1. Civil Construction - Status

The following table provides an overview of the progress of current civil works to date;

| Stage | Lots | Commencement of Construction | Practical Completion Date | Works Status | Titles |
|--------------------------|------|--------------------------------|--------------------------------|--|----------|
| 9 | 51 | 18 th November 2013 | 13 th May 2014 | 60% Complete – Works on Schedule | May 2014 |
| 10 | 30 | 16 th December 2013 | 6 th May 2014 | 60% Complete – Works delayed 1 week | May 2014 |
| Marmion Ave Intersection | N/A | 12 th August 2013 | 19 th December 2013 | 99% Complete – Commissioning of traffic signals by MRWA scheduled for 13/02/14 | N/A |

2. Bulk Earthworks - Status

The following table provides an overview of the progress of current bulk earthworks to date;

| Stage | Commencement of Construction | Practical Completion Date | Works Status |
|--------|--------------------------------|--------------------------------|----------------------------------|
| 9 - 11 | 9 th September 2013 | 17 th February 2014 | 99% Complete – Works on Schedule |

3. Landscape works – Status

The following table provides an overview of the progress of current landscape works to date;

| Stage | Commencement of Construction | Original Practical Completion Date | Works Status |
|--------------|--------------------------------|------------------------------------|-----------------------------------|
| Stage 4 POS | 11 th November 2013 | 8 th March 2014 | 70% Complete – Works on Schedule |
| Stage 2 PAW | 20 th January 2014 | 28 th February 2014 | 80% Complete – Works on Schedule |
| Stage 6C | 20 th January 2014 | 14 th February 2014 | 99% Complete – Works on Schedule |
| Stage 8 | TBC | 16 weeks from commencement | Waiting on CoW landscape approval |
| Northern BCA | TBC | 16 weeks from commencement | Waiting on CoW landscape approval |

4. Housing Construction

The following table provides an overview of the current progress of housing construction works to date;

| Stage | Under Construction | Completed | Total |
|--------------|--------------------|-----------|------------|
| Stage 1 | 11 | 20 | 31 |
| Stage 2 | 9 | 15 | 24 |
| Stage 3 | 31 | 6 | 37 |
| Stage 4 | 28 | 6 | 34 |
| Stage 5 | 34 | 0 | 34 |
| Stage 6 | 3 | 2 | 5 |
| Stage 7 | 1 | 0 | 1 |
| Total | 117 | 49 | 166 |

5. Stage 8 Titles

Titles for Stage 8 comprising 53 lots were issued on 16th January 2014. To date 40 of these lots have now settled.

6. Temporary Sales Office

The Temporary Sales Office is fully operational and is continuing to receive good traffic.

7. Waste Management Program

Instant Waste Management (IWM) is providing monthly reports, identifying recycling achieved from waste collected from the Catalina Estate. The latest report identifies 46 participating building sites with waste recovery rates in excess of 90% being achieved.

8. Lot 1 Development

Development Approval has been received from the City of Wanneroo and working drawings are being finalised in preparation for an application to the City for a building license.

Sales prices for the proposed apartments and units have been approved and marketing has commenced with good sales interest received. Following an initial release of 12 apartments the ABN Group has 4 sale contract signed with further holds placed on apartments.

9. Builders Display Village and Catalina Sales Office

15 builders display homes have been completed and are open. Construction of the northern sales office carpark has been completed and engineering drawings for the overflow carpark have been lodged with the City of Wanneroo for approval.

The Catalina Sales Office has roof cover to the 2nd storey. Construction is scheduled to be completed by April 2014.

9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF NOVEMBER & DECEMBER 2013

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.66.401.0

Recommendation

That Council RECEIVE and NOTE the Statements of Financial Activity for the months ending:

- **30 November 2013; and**
- **31 December 2013.**

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix: Monthly Statement of Financial Activity for the months ending 30 November 2013 and 31 December 2013

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.

Agenda TPRC Meeting of Council – 20 February 2014

Variations at 31 December 2013 exceeding 10% were experienced in relation to the following:

| | |
|-------------------------------------|--|
| Interest Earnings | Interest earnings are below budget predictions as a result of timing of maturity of investments but expected to adjust to budget predictions in the next quarter. |
| Depreciation | The positive variance relates to timing. |
| Employee Costs | The positive variance is as a result of delaying the appointment of additional TPRC staff. |
| Insurance | The positive variance relates to timing of payments, this will be adjusted over the coming months. |
| Other | The positive variance relates to timing of councillor payments which will adjust through the balance of the financial year. |
| Utilities | The positive variance relates to timing of payments but is expected to be below budget. |
| Capital Items | The negative variance relates to timing of payments, this will be adjusted over the coming months. |
| Income – Sale of Lots | The negative variation is as a result of delays in settlement of lots, this has been adjusted through September 2013 and will be brought back to budget over the next quarter. |
| Professional/Consultant Fees | The positive variance relates to timing of consultant payments which will adjust through the balance of the financial year. |
| Land Production Cost | The positive variance results from deferral of some works and delay in contractor payments expected to be adjusted in coming months but will remain below budget. |

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

Financial Snapshot as at 31 December 2013

TAMALA PARK REGIONAL COUNCIL
FINANCIAL SNAPSHOT
FOR THE PERIOD ENDING 31 DECEMBER 2013

| | 2013-14 | 2013-14 | 2013-14 | VARIANCE | | VARIANCE |
|-------------------------------------|----------------|---------------|--------------|--------------|--------------|----------|
| | ADOPTED BUDGET | YTD BUDGET | YTD ACTUAL | FAVOURABLE | UNFAVOURABLE | |
| REVENUE | \$ | \$ | \$ | \$ | \$ | % |
| Interest Earnings | 711,090 | 398,210 | 386,744 | - | 11,466 | -2.88% |
| Other Revenue | 1,890 | 0 | 4,635 | 4,635 | | 0 |
| | \$712,980 | \$398,210 | \$391,379 | \$4,635 | \$11,466 | |
| LESS EXPENDITURE | | | | | | |
| Depreciation | (20,489) | (10,240) | 0 | 10,240 | | 100.00% |
| Employee Costs | (679,975) | (340,013) | (277,708) | 62,305 | | 18.32% |
| Insurance | (11,900) | (11,900) | (9,717) | 2,183 | | 18.35% |
| Materials and Contracts | (348,450) | (170,683) | (87,384) | 83,299 | | 48.80% |
| Other | (161,050) | (80,275) | (62,333) | 17,942 | | 22.35% |
| Utilities | (10,000) | (4,900) | (1,001) | 3,899 | | 79.57% |
| Capital Items | (6,000) | 0 | (4,970) | | 4,970 | 0 |
| Members Equity | | | | | | |
| -Income Sale of Lots - Subdivisions | 45,640,484 | 23,851,380 | 19,304,958 | | 4,546,422 | -19.06% |
| -Income Other - Subdivisions | 634,349 | 0 | 10,076 | 10,076 | | 0.00% |
| -Professional /Consultant Fees | (100,000) | (49,089) | (6,600) | 42,489 | | 86.56% |
| -Land Production Costs | (45,700,319) | (24,591,321) | (12,865,190) | 11,726,131 | | 47.68% |
| -Contributions Returned | (10,400,000) | (4,000,000) | (4,220,404) | | 220,404 | -5.51% |
| | (\$11,163,350) | (\$5,407,041) | \$1,779,727 | \$11,958,564 | \$4,771,796 | |
| Total | (\$10,450,370) | (\$5,008,831) | \$2,171,106 | \$11,963,199 | \$4,783,262 | |

Balance Sheet Summary as at 31 December 2013

**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

| | Actual 2012/13 \$ | Actual 2013/14 \$ | Variance \$ | Variance % |
|--------------------------------------|-------------------------|-------------------------|------------------|---------------|
| Current assets | | | | |
| Cash and cash equivalents | 25,985,602 | 28,013,327 | 2,027,725 | 7.8% |
| Trade and other receivables | 507,774 | 520,099 | 12,325 | 2.4% |
| Total current assets | 26,493,376 | 28,533,426 | 2,040,050 | 7.7% |
| Non-current assets | | | | |
| Inventories (Land For Resale) | 1,818,182 | 1,818,182 | 0 | 0.0% |
| Property, plant and equipment | 145,610 | 150,580 | 4,970 | 3.4% |
| Total non-current assets | 1,963,792 | 1,968,762 | 4,970 | 0.3% |
| Total assets | 28,457,168 | 30,502,188 | 2,045,020 | 7.2% |
| Current liabilities | | | | |
| Trade and other payables | 315,542 | 184,485 | 131,057 | 41.5% |
| Provisions | 109,418 | 109,418 | 0 | 0.0% |
| Total current liabilities | 424,960 | 293,903 | 131,057 | 30.8% |
| Non-current liabilities | | | | |
| Provisions | 18,659 | 18,659 | 0 | 0.0% |
| Total non-current liabilities | 18,659 | 18,659 | 0 | 0.0% |
| Total liabilities | 443,619 | 312,562 | 131,057 | 29.5% |
| Net assets | 28,013,549 | 30,189,626 | 2,176,077 | 7.8% |

9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF DECEMBER 2013 AND JANUARY 2014

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.66.401.0

Recommendation

That the Council RECEIVE and NOTE the list of accounts paid under Delegated Authority to the CEO for the months of December 2013 and January 2014:

- **Month ending 31 December 2013 (Total \$5,364,351.96)**
- **Month ending 31 January 2014 (Total \$2,262,656.27)**
- **Total Paid - \$7,627,008.23**

Voting Requirements

Simple Majority

Report Purpose

Submission of payments made under the CEO's Delegated Authority for the months ending 31 December 2013 and 31 January 2014.

Relevant Documents

Appendix:

- Cheque Detail for Months Ending 31 December 2013 and 31 January 2014;
- Summary Payment List for December 2013 and January 2014.

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 Haines Norton following completion of each months accounts.

9.4 PROJECT FINANCIAL REPORT – DECEMBER 2013

Report Information

Reporting Officer: Senior Project Officer File Reference: 1.88.246

Recommendation

That the Council RECEIVE the Project Financial Report (December 2013) submitted by the Satterley Property Group.

Voting Requirements

Simple Majority

Report Purpose

To consider the Project Financial Report for December 2013 submitted by the Satterley Property Group.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

Council Meeting – 20 June 2013 (Item 9.6 - Project Budget 2013/2014)

Financial/Budget Implications

Review of Project Financial Report for December 2013.

Relevant Documents

Appendix: Letter from Satterley Property Group dated 31 January 2014.

Background

At its meeting of 20 June 2013 the Council approved the Project Budget 2013/2014 (March 2013), submitted by the Satterley Property Group, as the basis of financial planning for the 2013/2014 TPRC budget.

Item 5.4.6 of the Key Performance Indicators; Financial, requires the preparation of monthly financial reports.

Comment

The Satterley Property Group has prepared a Financial Report for December 2013 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 December 2013 and is attached at Appendix 9.4.

The Financial Report identifies that settlement revenue and expenditure are both below budget. The main areas of variance are summarised below:

1. Settlement revenue for the financial year to 31 December 2013 is \$4.3M under budget with \$19.6M sales revenue received to date.

The SPG has advised the shortfall in sales revenue is generally attributed to 18 lots that settled in FYE13, earlier than the approved project budget anticipated, with sales revenue of \$4.3M. Project to date sales revenue is \$62.8M, which is \$0.1M ahead of budget.

2. Expenditure is \$7.4M under budget, with under expenditure in the areas of Landscape, Infrastructure and Contingency.

Since the preparation of the SPG report, an additional 43 lots have settled (40 lots from Stage 8) with revenue of \$10,245,000.

9.5 SALES AND SETTLEMENT REPORT – PERIOD ENDING 13 FEBRUARY 2014

Report Information

Reporting Officer: Senior Project Officer

File Reference: N/A

Recommendation

That the Council RECEIVE the Sales and Settlements Report to 13 February 2014.

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

Nil

Financial/Budget Implications

Income under this matter will be posted under item I145011 Income on Lot Sales of the TRPC 2013/2014 Budget.

| | |
|-------------------|--------------|
| Budget Amount: | \$45,640,484 |
| Received to Date: | \$29,845,000 |
| Balance: | \$27,352,643 |

Relevant Documents

Appendix: Staging Plan

Background

The Sales and Settlement report provides the Council with a status update of sales and settlements of all lots.

The plan provided under Appendix 9.5 identifies the extent of the Stage boundaries referenced within the report.

Comment

The table below provides a summary of the Sales and Settlement position for lots released to date:

| STAGE | LOTS RELEASED | SOLD | STOCK | SETTLED |
|--------------------------------------|----------------------|-------------|--------------|----------------|
| STAGES 1 – 4, 5B, 6A & 7B | 210 | 210 | 0 | 210 |
| STAGE 2B | 5 | 5 | 0 | 4 |
| STAGE 5A | 49 | 49 | 0 | 48 |
| STAGE 7A | 32 | 32 | 0 | 30 |
| STAGE 8A | 24 | 23 | 1 | 19 |
| STAGE 8B | 29 | 29 | 0 | 21 |
| STAGE 9A | 15 | 11 | 4 | 0 |
| STAGE 9B | 36 | 29 | 7 | 0 |
| STAGE 10 | 30 | 7 | 23 | 0 |
| TOTAL | 430 | 395 | 35 | 332 |

Stage 10 Public Release

The Stage 10 public release took place on 1 February 2014 with 37 online sales registrations received for the 30 lots released. Following assessment of the online sales registrations the SPG has provided a recommendation for the allocation of 25 of the Stage 10 lots. To date sale contracts for 7 of these lots have been received and a further 10 contracts have been scheduled for signing.

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

9.6 LOCAL GOVERNMENT COMPLIANCE AUDIT FOR YEAR ENDED 31 DECEMBER 2013

Report Information

Reporting Officer: Chief Executive Officer File Reference: 13.127.229.0

Recommendation

That the Compliance Audit Return for the TPRC for the year ended 31 December 2013 be ADOPTED, RECORDED in the minutes, CERTIFIED and SENT to the Executive Director of the Department of Local Government, in accordance with the Local Government Act and Regulations.

Voting Requirements

Simple Majority

Report Purpose

To submit for adoption the TPRC Local Government Compliance report for the year ended 31 December 2013.

Relevant Documents

Appendix: Compliance Audit Return for Tamala Park Regional Council 2013.

Policy Reference

TPRC Audit Charter: Duties and Responsibilities of Audit Committee Clause 6 - To review the statutory compliance return and make a recommendation on its adoption to the Council.

Local Government Act/Regulation

- Local Government Act 1995: Section 7.13 Minister may require Compliance Audit
- Local Government (Audit) Regulations 1996: Regulation 13-15 Audit items and Procedure

Previous Minutes

- Council Meeting – 21 February 2013 (Item 9.6 - Local Government Compliance Audit for Year Ended 31 December 2012)
- Council Meeting – 16 February 2012 (Item 9.10 - Local Government Compliance Audit for Year Ended 31 December 2011)
- Council Meeting – 17 February 2011 (Item 9.4 – Local Government Compliance Audit for Year Ended 31 December 2010)

Financial/Budget Implications

Nil

Background

The Minister for Local Government has required that all Local Governments complete a Compliance Return in reference to the statutory obligations of Councils, Council Members, and the Local Government. The Compliance Return requires answers to specific questions which seek performance answers and comments relative to specific provisions of the Local Government Act and Regulations.

The Compliance Return is one of the tools to assist Local Governments and the Minister to understand how the local government is functioning and to promote a minimum standard of response to the statutory obligations set down in legislation.

The Compliance Audit is to be:

- Conducted for the period 1 January to 31 December each year;
- Presented to the Council at a meeting of the Council;
- Adopted by the Council;
- Recorded in the minutes of the meeting at which it is adopted; and
- A certified copy with the relevant section of the Council minutes and any additional information explaining or qualifying the Compliance Audit is to be submitted to the Executive Director (DLGRD) by 31 March.

Comment

The Compliance Return (Appendix 9.6) is broken down into the following parts:

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Finance
- Local Government Employees
- Official Conduct
- Tenders for Providing Goods and Services

Some items mentioned in the return are not relevant to operations of the TPRC for the return period. These have been noted 'N/A'.

There was no adverse finding in reference to the Compliance Audit for the year ended 31 December 2013.

The Audit Committee is to consider the Local Government Compliance Audit Return at its meeting on 13 February 2014. An update of the Audit Committee's considerations will be provided at the Council meeting.

9.7 ADOPTION OF THE 2013/2014 BUDGET REVIEW

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 13.127.229.0

Recommendation

That the Council ADOPT the Budget Review with the variations for the period 1 July 2013 to 30 June 2014 as detailed in the Budget Analysis Worksheet attached to Appendix 9.7.

Voting Requirements

Absolute Majority

Report Purpose

A budget review is conducted annually by comparing actual revenue and expenditure as at 31 December to budget estimates and forecasting predicted revenue and expenditure to 30 June.

The Local Government (Financial Management) Regulations 1996, Regulation 33A, requires that a Regional Local Government conduct a budget review between 1 January and 31 March in each financial year. A copy of the review and determination is to be provided to the Department of Local Government within 30 days of the adoption of the review.

Council adopted a 10% or \$5,000 variance whichever is the greater for the reporting of material variances identified in the annual budget review.

Policy Reference

N/A

Local Government Act/Regulation

- Local Government Act 1995
- Local Government (Financial Management) Regulations 1996: Reg 33A

Previous Minutes

- Council Meeting – 21 February 2013 (Item 9.7 - TPRC Budget Review – 1 July 2012 to 30 June 2013)
- Council Meeting – 16 February 2012 (Item 9.11 - TPRC Budget Review – 1 July 2011 to 30 June 2012)

Financial/Budget Implications

Review of variances of TPRC 2013/2014 budget.

Relevant Documents

Appendix:

- Statement of Financial Activity;
- Statement of Surplus/Deficit;

- Statement of Closing Funds; and
- Budget Analysis Worksheet.

Background

At its meeting of 19 December 2013 the Council received a review of the Project Budget 2013/2014 (March 2013), submitted by the Satterley Property Group and approved its use as the basis of financial planning for the review of the TPRC Budget 2013/2014.

The SPG Review indicated that the Project Budget 2013/2014 (March 2013) assumptions and predictions were still appropriate.

Based on the SPG December Review the following key outcomes are predicted for FYE 2014 in terms of Income, Development Costs, Distributions and Cash Position;

| ANNUAL CASHFLOW | Budget 2013/14 (March 2013) | December Review | Variance |
|--------------------------------|------------------------------------|------------------------|-----------------|
| GROSS INCOME | \$38.29M | \$37.81M | -\$0.48M |
| DEVELOPMENT COSTS | \$35.85M | \$37.53M | +\$1.67M |
| DISTRIBUTIONS | \$8.00M | \$10.00M | +\$2.00M |
| CASHFLOW | \$2.45M | \$0.28M | -\$2.16M |
| CUMULATIVE CASH BALANCE | \$9.96M | \$13.52M | +\$3.55M |

The SPG review identified four key risks to achieving budget outcomes;

1. Stage 9 – delays in achieving titles in May 2014 would result in settlements deferred to FYE2015.
2. Sales fallovers would result in sales and settlements targets not being reached.
3. Price escalation not being achieved.
4. Stage 4 group housing site - delays in the sale and settlement of the site at \$0.569M would result in the settlement deferred to FYE2015.

Comment

A review of the approved TPRC budget for 2013/14 has been undertaken in accordance with the Financial Management Regulations. The mid-year review also took account the SPG review of the Project Cashflow (March 2013), the latest sales/settlement information and actual construction program and cost information. It also took account of the current position in relation to the major project risks, identified above (1, 2, 3 and 4). The worksheets attached at Appendix 9.7 detail the actual expenditure, year to date, projected actual and expected variances. These are presented in a summary form below based on main groupings.

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A summary of the main income and expense groupings is listed below;

| | Annual Budget 2013/14 | Projected Estimates to 30/06/2014 | Variance Projected Estimates to Budget \$ | Variance Projected Estimates as % of the Budget |
|---|--------------------------|---|--|---|
| Total Income - Operating | 712,980.00 | 819,635.00 | 106,655.00 | 14.96% |
| Expense - Operating | | | | |
| GOVERNANCE | -160,750.00 | -160,750.00 | 0.00 | 0.00% |
| ADMINISTRATION | -1,071,114.00 | -1,075,848.00 | -4,734.00 | 0.44% |
| Total Expenses - Operating | -1,231,864.00 | -1,236,598.00 | -4,734.00 | 0.38% |
| Net Operating Deficit | -518,884.00 | -416,963.00 | 101,921.00 | 19.64% |
| Income - Members Equity | | | | |
| INCOME SUBDIVISION | | | | |
| H145011 - Income Sale on Lots | 45,640,484.00 | 42,636,436.00 | -3,004,048.00 | -6.58% |
| H145012 - Income Other | 634,349.00 | 577,847.00 | -56,502.00 | -8.91% |
| H145013 - Reimburse - Dev Costs Members | 0.00 | 0.00 | 0.00 | 0.00% |
| Total Income - Members Equity | 46,274,833.00 | 43,214,283.00 | -3,060,550.00 | -6.61% |
| Expense - Members Equity | | | | |
| EXPENSE DEVELOPMENT OF LAND FOR RESALE | | | | |
| Consultancy | -100,000.00 | -100,000.00 | 0.00 | 0.00% |
| Property Admin & Approvals | -15,000.00 | -15,000.00 | 0.00 | 2.00 |
| Mtce Services - Land (Incl. Selling and Marketing Expenses) | -8,582,592.00 | -5,599,591.00 | 2,983,001.00 | -34.76% |
| Land Development Costs | -37,102,727.00 | -34,872,992.00 | 2,229,735.00 | -6.01% |
| Total Expenses - Members Equity | -45,800,319.00 | -40,587,583.00 | 5,212,736.00 | -11.38% |
| Subtotal | -44,370.00 | 2,209,737.00 | 2,254,107.00 | -5080.25% |
| Other Items | | | | |
| Contribution Refund | -400,000.00 | -400,000.00 | 0.00 | 0.00% |
| Capital Returns | -10,000,000.00 | -10,000,000.00 | 0.00 | 0.00% |
| Capital Expenditure - Photocopier | -6,000.00 | -4,970.00 | 1,030.00 | -17.17% |
| Depreciation Written Back | 20,489.00 | 20,489.00 | 0.00 | 0.00% |
| Opening Surplus | 26,069,508.00 | 26,068,417.00 | -1,091.00 | 0.00% |
| Closing Net Surplus/(Deficit) | 15,639,627.00 | 17,893,673.00 | 2,254,046.00 | 14.41% |

1. Income

Investment Income

Interest from investment was expected to be \$711,090 for 2013/14, however, interest earnings are expected to be above budget projections as the investment principal is higher. Interest from investment is now estimated to be \$815,000 for 2013/14.

Sales Income

Sales Income was budgeted at \$45,640,484, however, based on the SPG review of the Project Budget 2013/14 (March 2013) and in light of the latest sales/settlement information sales income is now forecast at \$42,636,436.

The major reason for the variance is due in part to settlements for Stage 5 being received in FYE2013.

2. Administration

There are a number of items with material variances of expenditure within Administration item (TPRC operating budget), which are identified in the Budget Analysis Worksheet. These have no significant impact on the TPRC budget or on the TPRC operation.

3. Consultant Expenses

There are no material variances of expenditure within Consultant Expenses.

4. Property Development Services

The following key variations are anticipated for Property Development Services items;

1. Direct Selling Expenses – (- \$2.90M) Savings of GST payable under Margin Scheme;
2. Sales and Marketing – (- \$0.08M) Savings of expenditure.

5. Land Development Costs

The following key variations are anticipated for Land Development Costs items;

1. Land & Special Sites Development – (-\$0.13M) Deferral of portion of expenditure to be incurred in 2013/14.
2. Consultants – (+\$0.11M) Additional detailed design in the central and western cells.
3. Landscape – (-\$0.79M) Deferral of portion of expenditure to 2013/14.
4. Infrastructure - (- \$0.61M) Deferral of portion of expenditure to 2013/14.
5. Lot Production – (- \$2.2M) Savings for Stages 3, 4 and 5; Deferral of portion of expenditure Stage 7 to be incurred in 2013/14.
6. Administration – (- \$0.12M) Savings on expenditure.
7. Community Development - (- \$0.06M) Savings on expenditure.
8. Contingency – (- \$0.310M) Savings on expenditure, reflects low use of contingency.
9. Bulk earthworks – (+\$1.4M) Increased due to Western Cell works brought forward and increase in scope of Western Cell works.
10. Land Development Finance – (+ \$0.52M) Allowance for bank fees and bank charges associated with finance facility, should it be required.

5. Surplus Brought Forward 2013

The 2012/2013 Annual Financial Statement reports a surplus amounting to \$26,068,417. The 2013/14 adopted Annual Budget states a surplus \$26,069,508 a shortfall \$1,091 which represents minor adjustments to accounts receivable and payable.

Summary

The review of the 2013/14 Annual Budget reveals.

- (1) Interest on investments to increase by \$103,910.
- (2) Income from sale of land and other related income will decrease by \$3,060,550.
- (3) Subdivisional costs will decrease by \$5,212,736.
- (4) Adjustment to Surplus Brought Forward from 2012/13 amounts to \$1,091 (decrease).
- (5) Net Surplus for 2013/14 is expected to increase by \$2.254 million.

The review of the TPRC budget 2013/14 shows the TPRC can meet all cashflow obligations for 2013/14. To date there has been no call upon local authority funds to meet any operating or capital expenditure. This position is expected to continue in 2013/14.

The Audit Committee is to consider the 2013/2014 Budget Review at its meeting on 13 February 2014. An update of the Audit Committee's considerations will be provided at the Council meeting.

9.8 STAGE 12 AND 13 BULK EARTHWORKS CONTRACT AWARD

Report Information

Reporting Officer: Senior Project Officer

File Reference: 1.88.246

Recommendation

That the Council:

1. **ACCEPT** the Catalina Stage 12 - 13 bulk earthworks pricing submitted by R J Vincent for the lump sum value of \$1,603,713 (excluding GST), in accordance with Tender 5/2013, subject to the receipt of necessary approvals.
2. **AUTHORISE** the Chairman and CEO to sign and affix the TPRC common seal to the Contract.

Voting Requirements

Simple Majority

Relevant Documents

Appendix:

- Satterley Property Group letter dated 4 February 2013 – Stage 12-13 Bulk Earthworks Recommendation.
- Cossill and Webley letter dated 23 January 2014 – Catalina Stages 12 and 13 Earthworks Pricing

Report Purpose

To consider the award of a construction contract to undertake the Stage 12 and 13 Bulk earthworks.

Policy Reference

N/A

Local Government Act/Regulation

Local Government Act 1995: Sect 3.57 – Provision of goods and services.

Previous Minutes

N/A

Financial/Budget Implications

Expenditure under this matter will be incurred under Item E145215 (Land Development – Bulk Earthworks) of the 2013/2014 TPRC Budget:

| | |
|----------------|-------------|
| Budget Amount: | \$4,962,362 |
| Spent to Date: | \$1,122,827 |
| Balance: | \$3,839,535 |

Background

At its April 2013 meeting, the Council resolved to accept the tender submitted by R J Vincent for the Stage 8 Subdivisional Works, which included fixed rates for the award of further stages of earthworks and subdivisional works for a period of two years until April 2015, with an option to extend a further 12 months to April 2016 at the absolute discretion of the TPRC.

The Council also resolved, that the award of further stages of works during the term of the contract will be subject to:-

1. Approval of lump sum contracts, in accordance with the tendered rates;
2. Market conditions and Sales Rates; and
3. Ongoing satisfactory performance of the contractor, during the execution of each separable portion of the contract.

At its June 2013 meeting the Council approved the Project Budget 2013/2014 (March 2013), submitted by the Satterley Property Group, which assumes construction of the Stage 12 and 13 bulk earthworks commencing in February 2014.

The extent and location of the Stage 12 and 13 bulk earthworks are depicted on the engineering drawing provided under Appendix 9.8

The City of Wanneroo is currently considering a Development Application covering the full extent of works and approval is expected to be issued shortly.

Comment

The TPRC has received a recommendation from the Satterley Property Group (SPG) to award a construction contract to RJ Vincent to undertake the Stage 12 and 13 bulk earthworks to the value of \$1,603,713 (excluding GST). A copy of the SPG and Cossill and Webley (Project Engineers) recommendation letters are attached under Appendix 9.8.

RJ Vincent's pricing is consistent with the approved tendered rates, however exceeds the Project Budget 2013/2014 (March 2013) allowance for the Stage 12 and 13 bulk earthworks by \$407,617. The increase in price is the direct result of a major change in the scope of works due to an amendment to the project's federal environmental approval, which relocated a conservation area located in the north eastern portion of the Central Precinct resulting in increased volumes of cut to fill.

The modification allows final design levels to taper more moderately to the tie-in of the Central Cell's eastern boundary to Connolly Drive. This represents a superior urban design outcome and will result in savings to civil works due to reduced retaining wall heights, however as noted above it impacts on the scope of works of the Stage 12 and 13 bulk earthworks by increasing the volume of material required to be worked.

Whilst the cost of the Stage 12 and 13 bulk earthworks exceed allowances within the Project Budget, forecast construction costs for the whole of project remain significantly underspent as a result of forecast savings to current works contracts. The SPG has advised that the cost of current earthworks and civil works contracts are currently forecast to remain more than \$3M below allowances contained within the approved project budget. These savings have been accounted for within the December 2013 budget review.

Furthermore, the price provided by RJ Vincent includes maximum guaranteed allowances for all excavation activities, which assume 100% of rock material being encountered. Excavation

activities will be monitored and if the actual extent of rock material encountered is less than 100% savings will be made against the contract sum.

With regard to the Council's resolution of April 2013, relating to the award of further stages of work, the following comments are provided:-

1. Cossill and Webley has verified RJ Vincent's pricing to be in accordance with the approved tendered rates;
2. RJ Vincent is considered to have satisfactorily fulfilled performance requirements in works on the Stage 8 civil works contract and the Stage 9-11 Bulk Earthworks contract.

The price provided by RJ Vincent exceeds the allowance contained within the Project Budget due to a significant modification to the scope of works. The modification provides environmental and urban design benefits to the project as well as achieving an increase to the overall profitability of the project. Furthermore, whilst the price exceeds the relevant budget item savings achieved to other land development works means TPRC cashflow will not be affected.

In view of the above, it is recommended the Council accept the price submitted by R J Vincent and award it a contract to undertake the Stage 12 and 13 bulk earthworks for the lump sum amount of \$1,603,713 (excluding GST).

9.9 CATALINA STRATEGIC MARKETING PLAN – DECEMBER 2013 REVIEW

Report Information

Reporting Officer: Senior Project Officer

File Reference: 1.88.246

Recommendation

That the Council:

1. **APPROVE** the Catalina Strategic Marketing Plan (December 2013 Review) prepared by the Satterley Property Group.
2. **ACCEPT** that the Development Managers Key Performance Indicators (March 2012), Marketing 4.1.1 – Overall Strategic, requiring the annual review of the Overall Strategic Marketing Plan by December each year has been **ACHIEVED** by the Catalina Strategic Marketing Plan (December 2013 Review) provided by the Satterley Property Group.
3. **ADVISE** the Satterley Property Group the marketing budget for 2014 will be considered by the Council with the 2014 Annual Marketing Plan.

Voting Requirements

Simple Majority

Report Purpose

To consider the Catalina Strategic Marketing Plan (December 2013 Review) prepared by the Satterley Property Group, as required by the Development Managers Key Performance Indicators.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

- Council Meeting – 13 April 2012 (Item 9.13 - Development Managers – Key Performance Indicators)
- Management Committee Meeting – 07 February 2013 (Item 8.3 – Review of Overall Strategic Marketing Plan)

Financial/Budget Implications

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

| | |
|----------------|-----------|
| Budget Amount: | \$536,379 |
| Spent to Date: | \$ 52,991 |
| Balance: | \$483,388 |

Relevant Documents

Appendix: Catalina Strategic Marketing Plan (December 2013 Review)

Background

At its meeting of 12 April 2012 the Council approved revised Development Managers Key Performance Indicators, dated March 2012. Key Performance Indicator, Marketing 4.1.1 – Overall Strategic, requires the annual review of the Overall Strategic Marketing Plan by December each year.

In February 2013 the Council approved the Overall Strategic Marketing Plan (December 2012) prepared by the Satterley Property Group. The Overall Strategic Marketing Plan included the following:

- The vision for Catalina project, including images and themes;
- Brand strategy and positioning;
- SWOT and competitor analysis;
- Breakdown of the FYE13 marketing budget; and
- Marketing Activity Plan for FYE13.

In accordance with the Development Managers Key Performance Indicators, the Satterley Property Group has reviewed the Overall Strategic Marketing Plan and submitted the Catalina Strategic Marketing Plan - December 2013 Review, for the Council's consideration to satisfy the KPI. A copy of the strategy is attached under Appendix 9.9.

Comment

The Catalina Strategic Marketing Plan (December 2013 Review) (SMP) proposes strategies, vision and marketing activities consistent with the approved Overall Strategic Marketing Plan. The SMP is a comprehensive strategy which covers the following matters:

- It builds on the approved estate name – Catalina;
- Outlines the vision for Catalina project, including images and themes;
- Outlines brand strategy, positioning and target audiences;
- Identifies general action areas to address the Catalina vision and brand strategy;
- Provides an update of current trading conditions with commentary on current property market conditions, population growth, consumer confidence, land sales activity and rental rates;
- Includes an updated SWOT and competitor analysis; and
- Contains recommendations for the proportional division of the overall marketing budget for the project.

Whilst minor updates have been made to market positioning (to reflect current market conditions) the Satterley Property Group does not recommend modifying the strategic approach of the Catalina Vision, branding or market positioning. It considers the response of the market to the Catalina Vision to have been positive, evidenced by good sales to date and continued sales interest and registrations of interest to the Catalina database, currently sitting at 3,123 registrations. The SPG believes the Catalina vision and brand remains relevant to the current market and target audiences.

The SMP proposes the following modifications to the approved Overall Strategic Marketing Plan (December 2012). These modifications are largely refinements of the document to update it to reflect current market conditions and stage of development:-

- Sales targets are provided for the whole of life project and have been updated to reflect those contained within the December 2013 budget review. Sales targets for FYE14 and FYE15 are 199 and 250 respectively.
- Product mix has been updated to reflect planning and design for the 2014 lot releases.
- The Competitor and SWOT Analysis has been updated to reflect growth of Catalina Estate and the position of competitor estates.
- The Strategy provides a recommended split of the overall marketing budget for the project identifying recommended proportions of expenditure for different marketing activities.

The SPG has not included a detailed breakdown of the annual marketing budget or a Marketing Activity Plan for the forthcoming year within the SMP, both of which featured within the approved Overall Strategic Marketing Plan (December 2012). In place of a breakdown of the annual marketing budget the SMP provides recommendations for the proportional division of the overall marketing budget for the project, with a percentage breakdown depicting the recommended weighting of expenditure for different marketing activities for the life of the project. The Marketing Activity Plan has been removed from the SMP as this detail is the primary component of the Annual Marketing Plan.

The SPG proposes to provide details of specific marketing activities for 2014 and detailed recommendations for budget allocation within the 2014 Annual Marketing Plan to be presented to the Council in March. This approach is considered to better align with the functional role of each document and prevents duplication within the two documents and is supported.

The Catalina Strategic Marketing Plan (December 2013 Review) presents strategies, vision and marketing activities that are consistent with the Overall Strategic Marketing Plan approved by the Council in February 2013. It is considered to have met the Key Performance Indicator, Marketing – Overall Strategic requiring the preparation of an Overall Strategic Marketing Plan by the preparation of the Catalina Strategic Marketing Plan (December 2013 Review) and is recommended to Council.

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