



TAMALA PARK
Regional Council

Meeting of Council

AGENDA

Thursday 18 February 2016, 6:00pm
City of Stirling
25 Cedric Street, Stirling

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

TABLE OF CONTENTS

MEMBERSHIP	4
1. OFFICIAL OPENING.....	5
DISCLOSURE OF INTERESTS	5
2. PUBLIC STATEMENT/QUESTION TIME	5
3. APOLOGIES AND LEAVE OF ABSENCE	5
4. PETITIONS	5
5. CONFIRMATION OF MINUTES	5
5A. BUSINESS ARISING FROM THE MINUTES	5
6. ANNOUNCEMENTS BY CHAIRMAN (WITHOUT DISCUSSION).....	5
7. MATTERS FOR WHICH MEETING MAY BE CLOSED.....	5
8. REPORTS OF COMMITTEES	5
9. ADMINISTRATION REPORTS AS PRESENTED (ITEMS 9.1 – 9.16)	5
9.1 BUSINESS REPORT – PERIOD ENDING 11 FEBRUARY 2016.....	6
9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF NOVEMBER & DECEMBER 2015.....	9
9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF NOVEMBER & DECEMBER 2015.....	12
9.4 PROJECT FINANCIAL REPORT – DECEMBER 2015	13
9.5 SALES AND SETTLEMENT REPORT – PERIOD ENDING 11 FEBRUARY 2016 ...	15
9.6 PROJECT BUDGET 2015/2016 – MID YEAR REVIEW	19
9.7 TPRC BUDGET 2015/2016 REVIEW	24
9.8 REVIEW OF CATALINA SALES OFFICE OPENING HOURS	28
9.9 EXTENSION OF EARLY CONSTRUCTION SALES REBATE	32
9.10 LOCAL GOVERNMENT COMPLIANCE AUDIT FOR YEAR ENDED 31 DECEMBER 2015	34
9.11 CODE OF CONDUCT FOR COUNCIL MEMBERS AND STAFF	36
9.12 NEERABUP ROAD PHASE 2 AND STAGE 14B CIVIL WORKS TENDER (TENDER 8/2015)	38
9.13 CATALINA EARTHWORKS AND SUBDIVISION WORKS FIXED RATES TENDER (TENDER 9/2015)	42
9.14 CATALINA FENCING SERVICES TENDER (TENDER 1/2016).....	46
9.15 REVIEW OF PROJECT MILESTONES - CONFIDENTIAL.....	49
9.16 CEO PERFORMANCE REVIEW 2014/2015 - CONFIDENTIAL.....	53
10. ELECTED MEMBERS MOTIONS OF WHICH NOTICE HAS BEEN GIVEN.....	55
11. QUESTIONS BY ELECTED MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN	55
12. URGENT BUSINESS APPROVED BY THE CHAIRMAN.....	55

13. MATTERS BEHIND CLOSED DOORS.....	55
14. GENERAL BUSINESS	55
15. FORMAL CLOSURE OF MEETING.....	55

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 18 February 2016 at 6:00pm.

The business papers pertaining to the meeting follow.

Your attendance is requested.

Yours faithfully



TONY ARIAS
Chief Executive Officer

MEMBERSHIP

OWNER COUNCIL	MEMBER	ALTERNATE MEMBER
Town of Cambridge	Cr Louis Carr	
City of Joondalup	Cr John Chester Cr Kerry Hollywood	
City of Perth	Cr Janet Davidson OAM JP	Cr Jim Adamos
City of Stirling	Cr Karen Caddy Mayor Giovanni Italiano JP (Chairman) Cr David Michael Cr Rod Willox AM JP	Cr Terry Tyzack
Town of Victoria Park	Cr Keith Hayes	
City of Vincent	Mayor John Carey	Cr Jimmy Murphy
City of Wanneroo	Cr Dianne Guise (Deputy Chair) Cr Brett Treby	Cr Domenic Zappa Cr Hugh Nguyen

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 – 10 December 2015

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 – 28 January 2016
- Audit Committee Meeting – 11 February 2016

9. ADMINISTRATION REPORTS AS PRESENTED (ITEMS 9.1 – 9.16)

9.1 BUSINESS REPORT – PERIOD ENDING 11 FEBRUARY 2016

Report Information

Reporting Officer: Project Coordinator

File Reference: N/A

Recommendation

That the Council RECEIVES the Business Report to 11 February 2016.

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix: Staging Plan

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 the status of current civil works:

Stage	Lots	Commenced Construction	Practical Completion Date	Works Status	Titles
15	55	27 July 2015	11 December 2015	Completed	December 2015

2. Catalina Beach - Status

The Catalina Beach Phase 1 earthworks were completed in October 2015.

The subdivision application for Stage 1 of Catalina Beach has been approved by the Western Australian Planning Commission (WAPC) and comprises approximately 200 lots.

Civil engineering design for Stage 26 is currently being undertaken, with civil works programmed to commence in May 2016.

3. Landscape works – Status

Landscape works for the Southern BCA and Stages 9 and 10 verge treatments have now commenced, with completion due in March 2016.

4. Housing Construction

The following table provides an overview of the current progress of housing construction to date. A significant number of homes are under construction in Stages 9-13A.

Stage	Under Construction	Completed	Total
Stage 1	0	32	32
Stage 2	2	29	31
Stage 3	0	43	43
Stage 4	1	44	45
Stage 5	1	59	60
Stage 6A	0	6	6
Stage 6B	13	0	13
Stage 6C	4	0	4
Stage 7	3	59	62
Stage 8	2	48	50
Stage 9	3	37	40
Stage 10	4	20	24
Stage 11	6	45	51
Stage 12	19	9	28
Stage 13A	14	1	15
Total	72	432	504

5. Waste Management Program

Instant Waste Management is providing quarterly reports identifying recycling achieved from waste collected from the Catalina Estate. The latest report identifies 132 participating building sites with a waste recovery rate of 95% (by weight) being achieved. To the end of December 2015 a total of 3,088 tonnes of waste has been recycled through the Waste Management Program.

6. Builders Display Village

All 23 lots within the second Catalina Display Village have now been settled. To date, seven homes have been completed, with a further 11 homes due for completion prior to the Display Village opening in late February.

7. Lot 1 – TPRC/ABN Development

Construction and landscaping of the 25 apartments is complete.

Titles were issued at the end of September with settlements commencing in October 2015. To date 22 apartments have been settled, two of the remaining three apartments are under contract.

8. Catalina Grove Precinct Plan – Update

At its meeting of 16 April 2015 the Council appointed Urbis to undertake an Integrated Urban Design and Landscape Design consultancy for the Eastern Precinct (Catalina Grove). The purpose of the Integrated Urban Design and Landscape Design consultancy was to undertake a strategic design review of the design principles and land-use recommendations embodied in the Tamala Park Local Structure Plan (2006). Given the time since the Tamala Park Local Structure Plan was formulated it was considered appropriate to review the planning and design parameters and relevance to market conditions.

At its meeting of 15 October 2015 the Council resolved to receive the Catalina Grove Precinct Plan (September 2015) prepared by Urbis and request the Satterley Property Group to undertake consultation with the City of Wanneroo and State Authorities on the outcomes and recommendations of the Catalina Grove Precinct Plan. The Council also requested the Satterley Property Group to undertake a detailed analysis on the outcomes and recommendations of the Catalina Grove Precinct Plan.

The City of Wanneroo has provided preliminary officer comments on the Catalina Grove Precinct Plan. The City has raised a number of potential issues/concerns with the Precinct Plan, associated with Neerabup Road Underpass/Tunnel, Neighbourhood Connector (Neerabup Road to Connolly Drive) and Mixed Use and Commercial Zones. These matters are being discussed with City of Wanneroo officers prior to a further report being presented to the TPRC.

At the time of preparing this update for Council the SPG had yet to provide the detailed analysis on the outcomes and recommendations of the Catalina Grove Precinct Plan.

9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF NOVEMBER & DECEMBER 2015

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.66.401.0

Recommendation

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

- **30 November 2015; and**
- **31 December 2015.**

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix:

- Statement of Financial Activity for 30 November 2015
- Statement of Financial Activity for 31 December 2015

Local Government Act/Regulation

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

Background

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

Comment

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

Variances at 31 December 2015 exceeding 10% were experienced in relation to the following:

Interest Earnings	Interest earnings exceed budget predictions as a result of timing of maturity of term deposits.
Employee Costs	The positive variation relates to timing of payments.
Materials and Contracts	The positive variance relates to timing of consultant payments.
Utilities	Utilities are under budget due to timing of payments.
Income Sale of Lots – Subdivisions	The negative variance relates to fewer settlements to date.
Land Production Cost	The positive variance relates to deferred works and timing of payments.
Insurance	The negative variance relates to timing of payments.

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

Financial Snapshot as at 31 December 2015

**TAMALA PARK REGIONAL COUNCIL
FINANCIAL SNAPSHOT
FOR THE PERIOD ENDING 31 DECEMBER 2015**

	2015-16 ADOPTED BUDGET	2015-16 YTD BUDGET	2015-16 ACTUAL	VARIANCE		VARIANCE %
				FAVOURABLE	UNFAVOURABLE	
REVENUE	\$	\$	\$	\$	\$	%
Interest Earnings	958,606	575,166	724,367	149,201		25.94%
Profit/(loss) on Disposal Of Asset	-	-	-			0.00%
Other Revenue	1,937	-	5,700	5,700		100.00%
	\$960,543	\$575,166	\$730,067	\$154,901	\$0	
LESS EXPENDITURE						
Depreciation	(17,797)	(8,719)	-	8,719		100.00%
Employee Costs	(727,610)	(356,527)	(270,870)	85,657		24.03%
Insurance	(17,323)	(8,487)	(10,152)		(1,665)	-19.62%
Materials and Contracts	(443,516)	(217,319)	(83,778)	133,541		61.45%
Other	(175,970)	(87,876)	(79,440)	8,436		9.60%
Utilities	(6,150)	(3,013)	(457)	2,556		84.83%
Members Equity						
-Income Sale of Lots - Subdivisions	40,743,130	17,743,488	14,212,256		(3,531,232)	-19.90%
-Income Sale of Lots - Apartments	-	-	6,096,998	6,096,998		100.00%
-Income Other - Subdivisions	1,659,807	-	30,382	30,382		100.00%
-Land Production Costs	(47,630,553)	(20,767,802)	(8,350,596)	12,417,206		59.79%
-Development Costs - Apartments	-	-	(5,952,363)		(5,952,363)	100.00%
-Profit distribution/Contributions Returned	(18,350,650)	(8,000,000)	(25,839)	7,974,161		99.68%
	(\$24,966,632)	(\$11,706,255)	\$5,566,141	\$26,757,656	(\$9,485,260)	
Total Change in Equity	(\$24,006,089)	(\$11,131,089)	\$6,296,208	\$26,912,557	(\$9,485,260)	

Balance Sheet Summary as at 31 December 2015

**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	ACTUAL 2014-15 \$	ACTUAL 2015-16 \$	VARIANCE \$	VARIANCE %
Current assets				
Cash and cash equivalents	46,060,590	51,960,205	5,899,615	12.81%
Trade and other receivables	389,122	787,722	398,600	102.44%
Total current assets	46,449,712	52,747,927	6,298,215	13.6%
Non-current assets				
Inventories	1,818,182	1,818,182	0	0.00%
Property, plant and equipment	151,944	153,260	1,316	0.87%
Total non-current assets	1,970,126	1,971,442	1,316	0.07%
Total assets	48,419,838	54,719,369	6,299,531	13.01%
Current liabilities				
Trade and other payables	184,657	195,060	-10,403	-5.63%
Provisions	109,986	102,906	7,080	6.44%
Total current liabilities	294,643	297,966	-3,323	-1.1%
Non-current liabilities				
Provisions	30,931	30,931	0	0.00%
Total non-current liabilities	30,931	30,931	0	0.00%
Total liabilities	325,574	328,897	-3,323	-1.02%
NET ASSETS	48,094,264	54,390,472	6,296,208	13.09%

9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF NOVEMBER & DECEMBER 2015

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.66.401.0

Recommendation

That the Council RECEIVES and NOTES the list of accounts paid under Delegated Authority to the CEO for the months of November and December 2015:

- **Month ending 30 November 2015 (Total \$8,528,340.06)**
- **Month ending 31 December 2015 (Total \$970,898.99)**
- **Total Paid - \$9,499,239.05**

Voting Requirements

Simple Majority

Report Purpose

Submission of payments made under the CEO's Delegated Authority for the months ending 30 November 2015 and 31 December 2015.

Relevant Documents

Appendix:

- Cheque Detail for November 2015
- Summary Payment List for November 2015
- Summary Payment List for December 2015

Local Government Act/Regulation

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

Background

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

Comment

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

Payments are reviewed by TPRC Accountants Moore Stephens following completion of each months accounts.

9.4 PROJECT FINANCIAL REPORT – DECEMBER 2015

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.66.401.0

Recommendation

That the Council RECEIVES the Project Financial Report (December 2015) submitted by the Satterley Property Group.

Voting Requirements

Simple Majority

Report Purpose

To consider the Project Financial Report for December 2015 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 December 2015.

Relevant Documents

Appendix: Letter from Satterley Property Group dated 22 January 2016 with Financial Report

Background

At its meeting of 13 August 2015 the Council approved the Project Budget 2015/2016 (July 2015), submitted by the Satterley Property Group, as the basis of financial planning for the 2015/2016 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 December 2015 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 2015 and is attached at Appendix 9.4.

The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$14.4M which is \$3.4M under budget with the variance in settlement revenue attributed to 14 lot settlements less year to date.
2. Expenditure is \$10.3M under budget, in the following areas:
 - Lot Production \$2.7M;
 - Landscape \$3.5M;
 - P&L expenditure \$1.8M.

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

3. Lot Sales Value was \$5.2M less favourable to budget due to 22 less lot sales year to date.

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

9.5 SALES AND SETTLEMENT REPORT – PERIOD ENDING 11 FEBRUARY 2016

Report Information

Reporting Officer: Project Coordinator

File Reference: N/A

Recommendation

That the Council RECEIVES the Sales and Settlement Report to 11 February 2016.

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:	\$40,743,130
Received to Date:	\$18,016,698
Balance:	\$22,726,432

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 9.1 identifies the extent of the stage boundaries referenced within the report.

Comment

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

STAGE	RELEASE DATE	LOTS RELEASED	LOT SIZES	SOLD	STOCK	SETTLED
Stages 1 - 9, 11B, 12B & 13	NA	490	NA	490	0	490
Stage 10	Feb 2014	30	300-562	29	1	28
Stage 11	Mar 2014	49	295-490	48	1	47
Stage 12A	May 2014	25	295-463	22	3	22
Stage 13A (Public)	Aug 2014	27	288-450	27	0	25
Stage 13B (Public)	Oct 2014	39	295-450	31	8	30
Stage 14A (Public)	Jan 2015	17	295-450	17	1	16
Stage 14B (Public)	Feb 2015	19	274-450	18	1	12
Stage 14 Builder Release	March 2015	12	224-323	12	0	11
Stage 14C (Public)	April 2015	7	375 – 375	7	0	6
Stage 14D (Public)	June 2015	8	225 - 322	8	0	3
Stage 15A (Public)	July 2015	16	300 - 450	14	2	5
Stage 15B (Public)	Sep 2015	20	300 - 450	13	7	4
Stage 15C (Public)	Nov 2015	17	200 - 510	11	6	0
Total		776		747	29	699

The following table provides a summary of lot sizing and commentary of current stock on hand:

STAGE	RELEASE DATE	COMMENTS ON AGED STOCK
Stage 11	Mar 2014	320m ² corner lot, irregular shape, rear loaded, located on roundabout & Aviator Blvd, low interest to date
Stage 12A	May 2014	3 corner lots (300m ² , 432m ² & 447m ²), irregular shape, rear loaded, located on roundabout and Aviator Blvd, mandatory 2 storey requirement, low interest to date,
Stage 13A (Public)	Aug 2014	Corner lots (290m ² & 288m ²), irregular shape, rear loaded, located on roundabout and Aviator Blvd, low interest to date
Stage 13B (Public)	Oct 2014	7 lots are 225m ² , 2 lots are 295m ² , non-standard frontage (9m), require bespoke design, mandatory 2 storey requirement, low interest to date
Stage 14B (Public)	Feb 2015	2 lots (344m ² & 304m ²), fronting Neerabup Rd, quiet house requirement, low interest to date
Stage 14D (Public)	June 2015	1 300m ² rear loaded, 10m frontage, quiet house requirement, low interest to date
Stage 15A (Public)	July 2015	2 corner lots (320m ² & 358m ²) irregular frontage, fronting Neerabup Rd, quiet house requirements 1 standard 375m ² lots, 12.5m frontage, quiet house requirement, low interest to date

Competition Analysis

The table below provides a summary of gross sales at competing developments in the northern corridor from July 2015.

Catalina’s market share averaged 16% in FYE 2015. Current market share achieved for financial year 2016 is 10%. SPG has noted that Catalina has been the best performer of SPG affiliated estates in the North West corridor over the period of November – December.

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

Estate	Sales												YTD total	Size Range (m2)	Price Range (m2)
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
Allara	13	18	13	10	8	7	7						62	300-596	\$191,000-\$255,000
Eden Beach	7	3	8	11	5	5	10						34	300-513	\$289,000-\$425,000
Catalina	10	12	12	9	18	15	7						61	225-447	\$214,000-\$330,000
Alkimos Beach	7	4	21	13	21	17	8						66	212-600	\$186,000-\$285,000
Amberton	14	12	15	18	8	3	11						67	198-505	\$159,000-\$308,000
Banksia Grove	25	27	28	22	20	17							122	225-450	\$165,000-\$252,000
Jindowie	9	8	4	12	5	4	3						38	280-560	\$170,000-\$222,000
Yanchep Golf Estate	1	0	10	5		3	11						16	209-1869	\$150,000-\$460,000
Shorehaven	6	10	28	8	6	3	3						58	210-489	\$199,000-\$345,000
Trinity	24	11	24	18	12	8	13						89	270-597	\$197,000-\$324,000
Vertex Yanchep (LWP)	0	6	5	2	6	3	1						19	357-510	\$166,000-\$221,000
Total	116	111	168	128	109	85	74						632		
CATALINA MARKET SHARE %	9%	11%	7%	7%	16%	17%	9%						10%		

A summary of available stock in the corridor is provided in the table below. The table shows that Eden Beach has the most expensive pricing followed by Catalina.

Estate	225sqm Price (\$)	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	Total Stock
Allara		191,000	215,000	240,000	33
Brighton	180,000	185,000	197,000	225,000	14
Eden Beach		285,000	322,000	360,000	27
Catalina	215,000	261,000	300,000	337,000	29
Alkimos Beach	186,000	218,000	235,000	297,000	20
Amberton		209,000	243,000	280,000	24
Banksia Grove	165,000	205,000	228,000	256,000	10
Jindowie		167,000	172,500	180,000	23
Yanchep Golf Estate	155,000	175,000	198,000	217,000	22
Shorehaven	199,000	265,000	287,000		56
Trinity		211,000	237,000	265,000	45
Vertex Yanchep (LWP)			169,000	197,000	32
TOTAL					335

Stage 18A Release

The Stage 18A public release, consisting of 29 lots, is proposed to be released to the market in early March 2016. The lot mix ranges from 300m² to 510m² and will provide a number of 375m² and 450m² lots, that are desirable in the current market.

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

9.6 PROJECT BUDGET 2015/2016 – MID YEAR REVIEW

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 12.26.894

Recommendation

That the Council:

- 1. RECEIVES the Mid Year Review of the Project Budget FYE 2016 (July 2015) submitted by the Satterley Property Group (dated 22 January 2016).**
- 2. ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator - Financial Management 4.5 Monitor the performance against the Approved Project Budget requiring the completion of a six monthly review of the approved Project Budget.**

Voting Requirements

Simple Majority

Report Purpose

To consider a report on the Mid Year Review of the Project Budget FYE 2016 (July 2015) submitted by the Satterley Property Group.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

- Council Meeting – 13 August 2015 (Item 9.10 - Project Budget 2015/2016)
- Council Meeting – 12 February 2015 (Item 9.7 - Project Budget 2014/2015 – Mid Year Review)

Financial/Budget Implications

Input to the Mid Year Review of the TPRC Budget FYE 2016.

Relevant Documents

Appendix: Letter from SPG re Catalina Mid Year Review of the Project Budget (dated 22 January 2016)

Background

At its meeting of 13 August 2015 the Council resolved to approve the Project Budget FYE 2016 (July 2015), submitted by the Satterley Property Group (SPG), as the basis of financial planning for the TPRC Budget 2015/2016.

The approved Development Managers Key Performance Indicators (June 2014), KPI - Financial Management 4.5 *Monitor the performance against the Approved Project Budget* requires the Development Manager to complete a six monthly review of the approved Project Budget to meet the KPI. The Satterley Property Group (SPG) has completed a Mid Year Review of the Project Budget FYE 2016 (July 2015) to satisfy KPI 4.5.

Comment

The SPG Mid Year Review of the Project Budget FYE 2016 (July 2015) addresses the following:

- Review of FYE 2016 to date;
- Key Risks for achieving FYE 2016 Budget;
- Market Conditions;
- Review of Financial Year Ending 2017 (FYE 2017);
- Key Assumptions;
- Cash Requirement, Capital Return and Profit Distributions.

The SPG Mid Year Review correspondence is attached at Appendix 9.6.

Market Conditions

The SPG considers that the decline of the resource sector and slowing population growth is likely to result in the land market remaining soft for the next 18-24 months.

The SPG believes the new dwelling market in Western Australia will be approximately 15,000 dwellings resulting in 10,000 new lots being required in FYE 2017 and 12,000 new lots in FYE 2018.

The SPG has indicated that current market conditions are expected to result in lower sales interest and residential lot income and negatively impact on the approved Project Budget FYE 2016.

Project Budget FYE 2016 (July 2015)

The SPG Mid Year Review indicates that the Project Budget FYE 2016 assumptions and predictions are generally no longer valid given current economic conditions and the property market. The SPG Mid Year Review predicts a number of variations which are summarised below:

Residential Lot Income	-\$6.0M	Reduced due to 23 less settlements for FYE 2016 and lower than budgeted lot pricing.
Direct selling costs	-\$0.6M	Decreased in line with reduced lot income.
Landscaping	-\$1.6M	Decreased as a result of deferral of landscaping works in Stages 12, 13, 14 and 15 in line with reduced lot production.
Infrastructure costs	-\$3.9M	Decreased as a result of deferral of costs to FYE 2017, including \$2.1M for Neerabup Rd underpass, \$0.83M Neerabup Rd/Maroochydore Way Intersection and \$0.54M Western Pump Station.
Lot production/ Bulk earthworks	-\$9.3M	Decreased in line with reduced lot production. Deferral of Civil Stages 25 - \$4.8M, Stage 18B - \$2.2M and Stage 16A - \$1.6m to FYE 2017. Bulk earthworks associated with Western Precinct Sewer deferred to FYE 2017.

Administration	-\$0.5M	Decreased largely as a result of reduced rates and taxes and cost savings.
Indirect Consultants	-\$0.5M	Decreased largely as a result of savings in planning and environmental fees sustainability.
Contingency	-\$1.4M	Decreased as a result of unused contingency over the FYE 2016.

The SPG Mid Year Review forecasts lot sales for FYE 2016 of 120 lots, a reduction of 60 lots when compared to the Project Budget (July 2015) which will impact on sales income and lot production and development costs.

The following table shows the key outcomes of the SPG Mid Year Review for FYE 2016 in terms of Income, Development Costs, Distributions, Cash Position and Variances to the approved Project Budget FYE 2016.

	Project Budget FYE 2016 (July 2015)	Project Budget FYE 2016 (Mid Year Review)	Variance
Gross Income	\$35.6M	\$29.6M	-\$6.0M
Development Costs	\$40.7M	\$23.3M	-\$17.4M
Distributions	\$18.0M	\$18.0M	\$0.0M
Cashflow	-\$5.16M	\$6.2M	+\$11.4M

At its meeting of December 2016 the Council approved the deferral of the December 2015 Distribution (\$10M) to member local governments until February 2016 when Council would consider the Mid Year Review of the TPRC Budget FYE 2016. The SPG Mid Year Review forecasts that the Distribution to member local governments remains unchanged at \$18M, with a Distribution of \$10M in February 2016 and \$8M in June 2016.

The SPG has recommended that the forecasts in the Mid Year Review of the Project Budget FYE 2016 (July 2015) be used as the basis of financial planning for the balance of FYE 2016 and the review of the TPRC Budget FYE 2016 which is also reported in this Agenda under Item 9.7.

Key Risks for FYE 2016 Project Budget

The SPG Mid Year Review identifies five key risks to achieving FYE 2016 budget outcomes:

- Not achieving budgeted sales;
- Settlements forecast not being achieved in FYE 2016;
- Construction delays resulting in delays in titles issuing;
- Achieving budgeted sales prices;
- Higher sales fallover rates resulting in delayed settlements.

At this stage all of the above risks are impacting on the FYE 2016 Project Budget. They are actively being managed by the TPRC and SPG to minimise potential impacts and exposure to the TPRC, including the use of Sales Triggers for civil construction to ensure the Project does not over commit to civil construction.

The Sales Triggers require a closing stock of 35 lots for the Central Precinct and 20 lots for the Western Precinct prior to the commitment to the next stage of civil construction, which are considered acceptable under current market conditions in managing Council's risk, whilst providing a reasonable stock position for market demand.

Assumptions

The SPG Mid Year Review forecasts a reduction in both income and cost escalation rates for the period December 2015 to June 2016 from 1.5% to 0% to reflect current market conditions.

It is noted that Income escalation rates for FYE 2016 in the Project Budget FYE 2016 were reduced from 4% to 1.5% to reflect a softening in price growth in the property market from the approved Project Forecast 2012-2029 (November 2014).

The reduction in escalation rates has a negative impact on income for FYE 2016 and FYE 2017 and is likely to impact on the longer term Project predictions. The impact of the revised escalation rates will be further addressed as part of the formation of the FYE 2017 Project and TPRC budgets.

Review of FYE 2017 Forecast (July 2015)

The SPG has also reviewed the FYE 2017 Forecast (July 2015) for financial planning and information purposes. It is not intended to be endorsed by the Council at this time.

The following table shows the key outcomes of the SPG Mid Year Review for FYE 2017 in terms of Income, Development Costs, Distributions, Cash Position and Variances to the FYE 2017 Forecast (July 2015).

	FYE 2017 Forecast (July 2015)	FYE 2017 Forecast (Mid Year Review)	Variance
Gross Income	\$62.3M	\$34.4M	-\$28.0M
Development Costs	\$37.4M	\$26.3M	-\$11.1M
Distributions	\$31.0M	\$24.0M	-\$7.00M
Cashflow	\$16.1M	\$17.5M	\$1.48M

There are significant variances predicted to the FYE 2017 Forecast (July 2015) as a result of SPG predictions on economic conditions and the property market over the next 18 months.

Gross Income is forecast to decline by (\$27.9M) due to lower settlements as a result of the more conservative sales rate.

Developments Costs have reduced by \$11M due largely to the deferral of lot production costs, the Waste Water Pump Station east and Connolly Drive/Aviator Boulevard intersection now forecast for FYE 2018.

Distributions to member local governments is reduced by \$7.0M to \$24M.

The SPG Mid Year Review should only be considered as a general guide for the FYE 2017 Forecast, detailed planning and review is underway to more precisely determine the assumptions underlying the FYE 2017 Forecast.

Conclusion

There is evidence from UDIA and REIWA indicating that soft market conditions will continue for the next 6 months. This is consistent with advice from the Council appointed valuer which indicates soft market conditions and sentiment is impacting on buyer enquiries. Sales evidence from competing estates also supports this position.

The SPG has indicated that current market conditions are expected to continue through FYE 2016 and FYE 2017 which is likely to result in residential lot revenue being below the TPRC budget predictions. The SPG has adopted a conservative position on lot sales for FYE 2016 and FYE 2017. The reduced residential lot revenue will be offset by lower development expenditure in line with 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.

The SPG Mid Year Review indicates that assumptions and predictions in Project Budget FYE 2016 are generally no longer valid given current economic conditions and the property market and predicts a number of variations in FYE 2016. It reflects a conservative sales and revenue position which is considered appropriate given the position of the land sales market and the adverse conditions being reported on the Western Australian economy.

The SPG Mid Year Review forecast for Distributions to member local governments remains unchanged at \$18M for FYE 2016.

The SPG Mid Year Review provides a more accurate forecast of the Project Budget FYE 2016 (July 2015) in relation to major budget assumptions such as income, sales rates, development costs and escalation. It provides a sound basis for the Catalina Project for the balance of the FYE 2016 and should be used as the basis of the Mid Year Review of the TPRC Budget FYE 2016.

It predicts that the TPRC can meet all cashflow obligations without the need for any call upon member local government funds to meet any operating or capital expenditure.

It is recommended that the Council accept that the Satterley Property Group has achieved Key Performance Indicator - Financial Management 4.5 Monitor the performance against the Approved Project Budget requiring the completion of a six monthly review of the approved Project Budget.

SPG representatives will be in attendance to provide further information of the SPG Mid Year Review.

9.7 TPRC BUDGET 2015/2016 REVIEW

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 13.127.229.0

Recommendation

That the Council ADOPTS the Budget Review with the variations for the period 1 July 2015 to 30 June 2016 as detailed in the Budget Analysis Worksheet attached to Appendix 9.7.

Voting Requirements

Absolute Majority

Report Purpose

To consider the review of the TPRC Budget for the 2015/2016 financial year in accordance with the Local Government (Financial Management) Regulations 1996, Regulation 33A .

Policy Reference

N/A

Local Government Act/Regulation

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

Previous Minutes

- Council Meeting – 12 February 2015 (Item 9.8 – TPRC 2014/2015 Budget Review)
- Council Meeting – 20 February 2014 (Item 9.7 - TPRC 2013/2014 Budget Review)

Financial/Budget Implications

Review of variances of TPRC 2015/2016 Budget.

Relevant Documents

Appendix:

- Statement of Financial Activity;
- Statement of Surplus/Deficit;
- Statement of Closing Funds; and
- Budget Analysis Worksheet.

Background

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

Agenda TPRC Meeting of Council – 18 February 2016

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.

At its meeting of 13 August 2015 the Council resolved to adopt the Budget for the Tamala Park Regional Council for the year ending 30 June 2016, and adopted a 10% or \$5,000 variance whichever is the greater for the reporting of material variances identified in the annual budget review.

Comment

A review of the approved TPRC Budget 2015/2016 has been undertaken in accordance with the Financial Management Regulations. The TPRC Budget Review has also taken account of the SPG Mid Year Review of the Project Budget FYE 2016 (July 2015) considered under Item 9.6 of this Agenda.

It also is based on the latest sales/settlement information, construction program, expenditure estimates and the major project risks.

The TPRC Budget FYE 2016 review reflects a conservative position on lot sales given current property market conditions and continuing soft conditions.

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.

	Annual Budget 2015/16	Projected Estimates to 30/06/2016	Variance Projected Estimates to Budget \$	Variance Projected Estimates as % of Budget
Total Income - Operating	978,340.00	1,123,496.00	145,156.00	15%
Total Expenses - Operating	-1,388,368.00	-1,382,352.00	6,016.00	0%
Net operating Deficit	-410,028.00	-258,856.00	151,172.00	-37%
Income - Members Equity				
Proceed Sale of Lots	40,743,130.00	34,691,577.00	-8,051,553.00	-14.85%
Other Income Sale of Apartments	0.00	6,096,997.00	6,096,997.00	100.00%
Other Income Sale of Lots	1,659,807.00	1,142,118.00	-517,689.00	-31.19%
Total Income - Members Equity	42,402,937.00	41,930,690.00	-472,247.00	-0.01
Expense - Members Equity				
Consultancy	-1,361,186.00	-773,363.00	587,823.00	43.18%
Property Admin & Approvals	-40,000.00	-40,000.00	0.00	0.00%
Mtce Services - Land (Incl. Selling and Marketing Expenses)	-7,684,959.00	-7,124,965.00	559,994.00	7.29%
Apartment Development Costs	0.00	-5,952,363.00	-5,952,363.00	-100.00%
Land Development Costs	-38,544,406.00	-21,729,362.00	16,815,044.00	43.63%
Total Expense - Members Equity	-47,630,551.00	-35,820,053.00	12,010,498.00	25%
Subtotal	-5,227,614.00	6,310,637.00	11,538,251.00	221%
Other Items				
Contribution Refund	-350,650.00	-350,650.00	0.00	0.00%
Capital Returns	0.00	0.00	0.00	0.00%
Capital Expenditure	-25,000.00	-25,000.00	0.00	0.00%
Profit Distributions	-18,000,000.00	-18,000,000.00	0.00	0.00%
Opening Surplus	46,155,070.00	46,155,070.00	0.00	0.00%
Closing Net Surplus/ Deficit	22,141,778.00	33,831,201.00	11,689,423.00	53%

The material variances to the TPRC Budget FYE 2016 are summarised as follows:

1. Income

Investment Income

Interest from investment was predicted to be \$958,606 for FYE 2016, however, interest earnings are now expected to be \$1,100,000 as a result of the investment principal being higher.

Sales Income

Sales Income was budgeted at \$40,743,130, however, based on the Satterley Property Group Mid Year Review, current market conditions and in light of the latest sales/settlement information sales income is now forecast at \$34,691,577. The variance is due to 23 less settlements forecast for FYE 2016.

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 are minor in nature and 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

Direct Selling Expenses are to reduce by \$559,994 in line with forecast reduced lot income.

5. Land Development Costs

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

Consultants	-\$0.588M	Decreased largely as a result of savings in planning and environmental fees.
Landscape	-\$1.613M	Decreased as a result of deferral of landscaping works in Stages 12, 13, 14 and 15 in line with reduced lot production.
Infrastructure	-\$3.853M	Decreased as a result of deferral of costs to FYE 2017, including \$2.1M for Neerabup Rd underpass, \$0.83M for Neerabup Rd/Maroochydore Way Intersection and \$0.54M Western Pump Station.
Lot production	-\$8.694M	Decreased in line with reduced lot sales. Deferral of Civil Stages 25 - \$4.8M, Stage 18B - \$2.2M and Stage 16A - \$1.6m to FYE 2017.
Administration	-\$0.535M	Decreased largely as a result of reduced rates and taxes and cost savings.
Contingency	-\$1.365M	Decreased as a result of unused contingency over the FYE 2016.
Bulk Earthworks	-\$0.704M	Bulk earthworks associated with Western Precinct Sewer deferred to FYE 2017.

6. Surplus Brought Forward 2015

The 2014/2015 Annual Financial Statement reported a surplus amounting to \$46,155,070. The 2015/2016 adopted Annual Budget states a surplus of \$46,155,070 which represents nil variance.

7. Distributions to Member Local Governments

The TPRC Budget for FYE 2016 predicted Distributions to the participant members totalling \$18 million, to be made as follows:

- December 2015 - \$8M
- June 2016 - \$10M

At its meeting of December 2016 the Council approved the deferral of the December 2015 Distribution to member local governments until February 2016 when Council would consider the Mid Year Review of the TPRC Budget 2015/2016 and consider the impacts of the deterioration of market conditions and lower residential lot revenue.

The SPG Mid Year Review forecasts that the Distribution to member local governments remains unchanged at \$18M. It is proposed that distributions be made in February 2016 (\$10M) and June 2016 (\$8M). The June Distribution will be further reviewed in June 2016 having regard to market conditions and cashflow considerations.

8. Apartment Development (Lot 1 ABN Joint Venture)

The costs of the Apartment Development (Lot 1 ABN Joint Venture) was \$6.0M with the sales income to date being \$6.1M providing a net surplus of approximately \$100,000. The TPRC Budget for FYE 2016 did not reflect any estimated costs/income to be derived from the Apartment Development.

It is noted that the agreed access fee of \$1.2M from ABN for the apartment development was received in FYE 2015.

Summary

The review of the TPRC Budget 2015/2016 reveals:

1. Interest on investments to increase by \$0.14M;
2. Income from sale of land and other related income will decrease by \$6.1M;
3. Land Development costs will decrease by \$18.0M;
4. Net Surplus for FYE 2016 is expected to increase by \$11.7M.

The review of the TPRC Budget FYE 2016 shows the TPRC can meet all cashflow obligations for 2015/2016. 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 FYE 2017.

At its meeting of 11 February 2016 the Audit Committee considered the review of the TPRC Budget for 2015/2016 and resolved to recommend:

That Council ADOPTS the Budget Review with the variations for the period 1 July 2015 to 30 June 2016 as detailed in the Budget Analysis Worksheet attached to Appendix 9.7.

9.8 REVIEW OF CATALINA SALES OFFICE OPENING HOURS

Report Information

Reporting Officer: Project Coordinator

File Reference: 1.88.246

Recommendation

That the Council:

- 1. RECEIVES** the Satterley Property Group correspondence on the proposed revised opening hours for the Catalina Sales Office, dated 14 January 2016.
- 2. APPROVES** the extension of the current trial Sales Office opening hours (approved by Council in December 2014) for a further 6 months, until the end of July 2016.
- 3. REQUESTS** the Satterley Property Group to provide a comprehensive report on the operation of the trial Sales Office opening hours, including advice on competing estates, sales against budget and feedback from the public and display builders to be presented for Council's consideration at its October 2016 meeting.

Voting Requirements

Simple Majority

Report Purpose

To consider a report from the Satterley Property Group on the variation of the Catalina Sales Office opening hours.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

- Council Meeting – 10 December 2015 (Item 9.11 – Review of Catalina Sales Office Opening Hours)
- Council Meeting – 11 December 2014 (Item 9.16 – Review of Catalina Sales Office Opening Hours)
- Council Meeting – 26 June 2014 (Item 9.9 – Review of Catalina Sales Office Opening Hours)

Financial/Budget Implications

N/A

Relevant Documents

Appendix: Satterley Property Group correspondence dated 14 January 2016.

Background

At its meeting of 19 August 2010 the Council approved the Development Management Agreement (17 August 2010) between TPRC and the Satterley Property Group Pty Ltd. The Development Management Agreement (DMA) confirms Satterley Property Group's tender proposal that the Sales Office would be opened 10am – 5pm Monday to Thursday, Saturday and Sunday.

At its meeting of 11 December 2014 the Council considered a request from the Satterley Property Group seeking approval to vary the Catalina Sales Office Opening Hours under the Development Management Agreement (17 August 2010) and resolved to:

1. *APPROVE the revised opening hours for the Catalina Sales Office of Monday – Sunday 12pm – 5pm, with the office closed on Thursday, for a 12 month period with a review to be provided to Council at its December 2015 meeting. Subject to the Satterley Property Group providing 2 sales representatives to work at the Catalina Sales Office on Saturday - Monday and public holidays.*
2. *ADVISE the Satterley Property Group that a report on the trial of the revised opening hours for the Catalina Sales Office based on sales against budget and feedback from the public and display builders will be required to be presented for Council's consideration at its December 2015 meeting.*

At its meeting of 10 December 2015 the Council considered a request from the Satterley Property Group seeking approval to further vary the Catalina Sales Office opening hours under the Development Management Agreement (17 August 2010). The SPG proposal would result in the Sales Office being open five days a week instead of the six days required under the Development Managers Agreement. The proposed change was to accommodate two (2) sales representatives in the office 5 days a week. The proposed days of operation would be Saturday – Wednesday and would include the Sales Office being serviced by two sales representatives during opening times.

The Council resolved to:

1. *RECEIVE the Satterley Property Group report on the revised opening hours for the Catalina Sales Office, dated 25 November 2015.*
2. *APPROVE the extension of the trial of revised opening hours of the Catalina Sales Office, as approved in December 2014, until February 2016.*
3. *ADVISES the Satterley Property Group that Council requires comprehensive advice on competing estates, sales against budget and feedback from the public and display builders to be presented for Council's consideration at its February 2016 meeting prior to considering the recommended change to the approved Sales Office opening hours.*

Comment

The Satterley Property Group has provided further information on the opening hours as requested by Council. A copy of the SPG correspondence is attached at Appendix 9.8.

The SPG advice indicates that the Sales Office receives low numbers of traffic on Fridays. SPG also advises that over the past six months the majority of sales (61%) are as a result of builder referrals. In order to capitalise on the builder referrals the SPG proposes having two sales representatives in the office during the opening hours. That would allow the office to be serviced while one sales representative generates leads through the builders.

A comparison of the original Development Management Agreement hours, current trial hours and revised proposed hours is provided below.

Day	DMA - Opening Hours	Current Trial - Opening Hours	Proposed Revised – Opening Hours
Monday	10am – 5pm (1 x Sales Rep.)	12pm – 5pm (2 x Sales Reps.)	12pm – 5pm (2 x Sales Reps.)
Tuesday	10am – 5pm (1 x Sales Rep.)	12pm – 5pm (2 x Sales Reps.)	12pm – 5pm (2 x Sales Reps.)
Wednesday	10am – 5pm (1 x Sales Rep.)	12pm – 5pm (1 x Sales Rep.)	12pm – 5pm (2 x Sales Reps.)
Thursday	10am – 5pm (1 x Sales Rep.)	Closed	Closed
Friday	Closed	12pm – 5pm (1 x Sales Rep.)	Closed
Saturday	10am – 5pm (1 x Sales Rep.)	12pm – 5pm (2 x Sales Reps.)	12pm – 5pm (2 x Sales Reps.)
Sunday	10am – 5pm (1 x Sales Rep.)	12pm – 5pm (2 x Sales Reps.)	12pm – 5pm (2 x Sales Reps.)
Total Hours Open	42 hours	30 hours	25 hours
Total Staff Hours	42 hours	50 hours	50 hours

The current opening hours for the Sales Office were approved by Council on a trial basis only. At the time it was acknowledged that this was a significant departure from the Development Management Agreement which required the Sales Office to be open six days a week for longer hours. The current SPG proposal seeks a reduction in the number of days the Sales Office is open from six to five. SPG has advised the sales representative hours will be the same as the approved trial opening hours.

The SPG has provided the following information on Sales Office days/opening hours of competing estates, including SPG estates.

Estate	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Hours
Brighton	12pm-5pm	12pm-5pm	12pm-5pm	12pm-5pm	CLOSED	12pm-5pm	12pm-5pm	30
Eden Beach	12pm-5pm	12pm-5pm	12pm-5pm	12pm-5pm	CLOSED	12pm-5pm	12pm-5pm	30
Trinity	2pm-5pm	9am-5pm	9am-5pm	9am-5pm	9am-5pm	1pm-5pm	1pm-5pm	43
Alkimos Beach	9am-5pm	9am-5pm	9am-5pm	9am-5pm	9am-5pm	9am-5pm	9am-5pm	56
Shorehaven	1pm-5pm	1pm-5pm	1pm-5pm	CLOSED	CLOSED	1pm-5pm	1pm-5pm	20
Amberton	1pm-5pm	10am-5pm	10am-5pm	10am-5pm	10am-5pm	10am-5pm	10am-5pm	46
Allara	12pm-5pm	12pm-5pm	12pm-5pm	CLOSED	CLOSED	10:30am-5pm	10:30am-5pm	28
Vertex	1pm-5pm	1pm-5pm	1pm-5pm	CLOSED	CLOSED	1pm-5pm	1pm-5pm	20
CATALINA	12pm-5pm	12pm-5pm	12pm-5pm	CLOSED	12pm-5pm	12pm-5pm	12pm-5pm	30

The table indicates that five out of the eight Sales Offices (excluding Catalina) are either open all week or only closed on a Friday. Also noted is that five of the estates also have the same number or longer opening hours.

SPG's visitation data to the Sales Office indicates that the majority (70%) of customer visitations are between Saturday to Monday.

The importance of maintaining a strong relationship with the builders is acknowledged. The current trial arrangement has two sales staff in the Sales Office on four days which allows a service to be provided to the builders, while maintaining a presence at the office.

The SPG information indicates that 30% of visitations to the office are midweek; (Tuesday, Wednesday and Friday) it is therefore important to continue providing flexible access to the Sales Office during the week to service customers. Any further reduction in days would impact on this flexibility to potential purchasers.

The options available to the TPRC are:

1. Require opening hours in accordance with the Development Management Agreement - Sales Office is open six days a week;
2. Agree to an extension of the current trial hours - Sales Office is open six days a week, with two sales representatives during the majority of opening hours;
3. Accept the SPG revised proposed hours – Sales Office is open five days a week with two sales representatives during opening hours.

As already indicated the approved trial Sales Office opening hours is a reduction from the Development Management Agreement of 42 hours to 30 hours. The proposed reduction in the opening days of the Sales Office would be less than the majority of the competing Estates in the North West Corridor.

Any further reduction to the number of days open would limit Sales Office access for potential purchasers and is not considered warranted given the majority of the competing estates are open six or more days. It is recommend that the Council approve an extension to the current trial opening hours for the Sales Office for a further six months.

Should Council support an extension to the trial operating hours for the Sales Office (approved by Council in December 2014) for a further six months it is recommended that the Satterley Property Group be requested to provide a comprehensive report on the operation of the trial Sales Office opening hours, including advice on competing estates, sales against budget and feedback from the public and display builders to be presented for Council's consideration at its October 2016 meeting.

9.9 EXTENSION OF EARLY CONSTRUCTION SALES REBATE

Report Information

Reporting Officer: Project Coordinator

File Reference: 1.88.246

Recommendation

That the Council APPROVES the extension of the payment of an Early Construction Rebate to the value of \$8,000 per lot for selected lots with lot sizes up to 380m² for contracts entered into after 18 February 2016 and until 30 June 2016, subject to the purchaser providing a copy of a signed Building Contract prior to settlement, with the rebate being paid to the purchaser(s) nominated builder within 6 months of the settlement of the lot.

Voting Requirements

Simple Majority

Report Purpose

To consider the Satterley Property Groups request to extend the payment of the Early Construction Rebate to the value of \$8,000 per lot for contracts entered into until July 2016.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

N/A

Financial/Budget Implications

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

Budget Amount:	\$40,743,130
Received to Date:	\$18,016,698
Balance:	\$22,726,432

Relevant Documents

Appendix: Letter from Satterley Property Group dated 28 January 2016

Background

At its meeting of 15 October 2015 the Council approved the payment of an Early Construction Rebate to the value of \$8,000 per lot for selected lots with lot sizes up to 380m² for contracts entered into after 15 October 2015 and until 31 January 2016, subject to the purchaser providing a copy of a signed Building Contract prior to settlement, with the rebate being paid to the purchaser(s) nominated builder within 6 months of the settlement of the lot.

The intent of the Council decision was to provide an incentive to sell “aged stock” or difficult lots up to a lot area of 380m².

Comment

The approval for payment of the Early Construction Rebate of \$8,000 expired on 31 January 2016. The Satterley Property Group has requested the Council approve an extension of the Early Construction Rebate of \$8,000 per lot for contracts entered into until 30 June 2016.

The SPG has recommended that the Early Construction Rebate of \$8,000 be extended to selected lots up to 380m² that have been on the market for longer than six months until 30 June 2016.

The SPG has provided advice on the current market conditions, noting the low market confidence as a result of slowing population growth and a down turn in the mining sector. The advice also details the competitive market of the North West Corridor. The SPG considers that the extension of rebates will be required to deliver between 120 - 135 sales for the FYE 2016. A copy of this advice is attached as Appendix 9.9

Since the Early Construction Rebate was approved in October the Rebate has been applied to 19 lots with six of these lots having been sold and one currently under contract. The feedback from the SPG is that the 7 sales would not have been achieved without the Rebate.

The impact of the extension of the Early Construction Rebate on the FYE 2016 budget would potentially increase Direct Selling Costs by \$136,000, based on the Rebate being applied to 17 lots until 30 June 2016.

The Early Construction Rebate has worked well in achieving an additional 7 sales. It is recognised that market conditions and buyer sentiments have changed over the last 12 months. It is also noted that competing estates are offering significant sales rebates/incentives to achieve sales. The use of the Early Construction Rebate to sell ‘aged stock’ is supported until 30 June 2016, on the same terms/conditions as approved by Council in October 2015.

9.10 LOCAL GOVERNMENT COMPLIANCE AUDIT FOR YEAR ENDED 31 DECEMBER 2015

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 2015 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 2015.

Relevant Documents

Appendix: Compliance Audit Return for Tamala Park Regional Council 2015.

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 – 12 February 2015 (Item 9.6 - Local Government Compliance Audit for Year Ended 31 December 2014)
- Council Meeting – 20 February 2014 (Item 9.6 - Local Government Compliance Audit for Year Ended 31 December 2013)

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 9.10) 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 Compliance Return are not relevant to operations of the TPRC for the review period. These have been noted 'N/A'. There was no adverse finding in reference to the Compliance Audit for the year ended 31 December 2015.

The TPRC Compliance Audit Return for the year ended 31 December 2015 is recommended for Council adoption and referral to the Executive Director of the Department of Local Government, in accordance with the Local Government Act and Regulations.

At its meeting on 11 February 2016 the Audit Committee considered the TPRC Compliance Audit Return for the year ended 31 December 2015 and resolved to recommend to Council:

That the Compliance Audit Return for the TPRC for the year ended 31 December 2015 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.

9.11 CODE OF CONDUCT FOR COUNCIL MEMBERS AND STAFF

Report Information

Reporting Officer: Chief Executive Officer

File Reference: 13.45.188.0

Recommendation

That the Council ADOPTS the Tamala Park Regional Council Code of Conduct for Council Members and Staff (dated February 2016).

Voting Requirements

Simple Majority

Report Purpose

To review the TPRC Code of Conduct applicable for Council Members and Staff.

Relevant Documents

Appendix: TPRC Code of Conduct

Policy Reference

WALGA Model Code of Conduct (February 2008)

Local Government Act/Regulation

Local Government Act Section 5.103

Previous Minutes

- Council Meeting – 13 December 2012 (Item 9.9 – Code of Conduct for Elected Members & Staff)
- Council Meeting – 6 December 2007 (Item 13.5 – Code of Conduct)

Financial/Budget Implications

N/A

Background

Local governments are required to have a Code of Conduct for guidance of Council Members and Staff.

In an amendment to the Local Government Act in 2007, provision was made for regulations to be introduced by the Minister for Local Government. These regulations have application for all local governments and came into effect on 20 October 2007.

At Its Meeting of 13 December 2012 the Council approved the Tamala Park Regional Council Code of Conduct for Council Members and Staff.

The 2007 legislation has a provision that indicates the Minister's Code of Conduct regulations will take precedence where there is any conflict with a local government's Code of Conduct.

Comment

A review of the Minister's regulations and the TPRC Code of Conduct do not disclose any conflict of provisions.

The current Council Code of Conduct is proposed to be amended to be in line with the WALGA Code of Conduct Model however, the proposed amendments to the Code of Conduct are minor in nature. The 'tracked changes' version of the Code of Conduct document is attached at Appendix 9.11.

The updated Tamala Park Regional Council Code of Conduct for Council Members and Staff (dated February 2016) is recommended for adoption.

At its meeting on 11 February 2016 the Audit Committee considered the updated Tamala Park Regional Council Code of Conduct for Council Members and Staff (dated February 2016) and resolved to recommend to Council:

That the Tamala Park Regional Council Code of Conduct for Council Members and Staff (dated February 2016) be ADOPTED.

9.12 NEERABUP ROAD PHASE 2 AND STAGE 14B CIVIL WORKS TENDER (TENDER 8/2015)

Report Information

Reporting Officer: Project Coordinator

File Reference: 1.88.246

Recommendation

That the Council:

- 1. ACCEPTS the RJ Vincent Tender submission (dated December 2015) for Civil and Infrastructure Works in accordance with Tender 08/2015 (Neerabup Road Phase 2 and Stage 14B Civil Works) for the lump sum value of \$1,770,003.39, excluding GST.**
- 2. AUTHORISES the Chairman and the CEO to sign and affix the TPRC common seal to the Contracts.**

Voting Requirements

Simple Majority

Policy Reference

TPRC Procurement Policy

Local Government Act/Regulation

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

This item satisfies the requirements of Section 5.23 of the Local Government Act 1995, enabling it to be considered at a meeting, or part of a meeting, that is closed to members of the public, on the grounds that it deals with:

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

Note: Applies to Appendices only.

Financial/Budget Implications

Expenditure for the contract works will be incurred under the following items:

Item E145211 (Lot Production):

Budget Amount:	\$17,550,304
Spent to Date:	\$ 2,660,081
Balance:	\$14,890,223

Item E145210 (Infrastructure):

Budget Amount: \$5,107,060
Spent to Date: \$ 200,000
Balance: \$4,907,060

Relevant Documents

Appendix:

- SPG Recommendation – Catalina Neerabup Road Tender Recommendation – (Confidential);
- Panel Report – Catalina Neerabup Road Phase 2 and Stage 14B Tender 08/2015 - (Confidential).

Available for viewing at the meeting:

- Tender Document 8/2015 – Neerabup Road Phase 2 and Stage 14B Civil Works;
- Evaluation Plan – Neerabup Road Phase 2 and Stage 14B Civil Works;
- R J Vincent Tender Submission.

Background

At its meeting of 18 April 2013 the Council accepted a fixed rates tender for Earthworks and Subdivision works (Tender 05/2013) submitted by RJ Vincent, for a two year term, expiring in April 2015, with potential for a one year extension at the discretion of the TPRC. The Council approved a one year contract extension to RJ Vincent (from 24 April 2015 to 23 April 2016) at its meeting held 11 December 2014.

The works associated with the Neerabup Road Phase 2 and Stage 14B Civil Works included a number of items that did not form part of the approved tendered rates for Tender 05/2013 and therefore the works could not be awarded to RJ Vincent under the tender terms.

The TPRC advertised a call for tenders in the West Australian newspaper on 18 November 2015 to undertake road infrastructure upgrades along Neerabup Road, Clarkson and associated subdivision works for Stage 14B of the Catalina Project (Tender 08/2015).

At the conclusion of the tender period, nine submissions were received from the following companies:

- All Earth Group Pty Ltd
- Erebus Contracting Limited
- RJ Vincent & Co
- Tasman Civil Pty Ltd
- Valmec Australia Pty Ltd
- Tracc Civil Pty Ltd
- Curnow Group Pty Ltd
- BMD Urban Pty Ltd
- Downer EDI Works Pty Ltd

Comment

An Evaluation Panel was established consisting of SPG, Cossill and Webley (Project Engineers) and TPRC representatives to assess the tender submissions received. The Evaluation Panel comprised the following:

- Luke Aitken, Project Coordinator, Tamala Park Regional Council
- Aaron Grant, Project Director, Satterley Property Group
- Nathan Butson, Associate, Cossill & Webley Engineers

Council's Probity Advisor (Stantons International) prepared an Evaluation Plan and monitored the evaluation process. The purpose of the Evaluation Plan was to assist members of the Evaluation Panel assess the tender submissions and provided information in relation to:

- a) The evaluation process and timetable of events;
- b) Scoring responses and procedural fairness; and
- c) Scoring sheets and a declaration of confidentiality and interest form to be completed by each panel member.

The key objectives of the evaluation process were to:

- a) Make a recommendation to the TPRC, as to the tender that represents best value for money;
- b) Ensure the assessment of responses was undertaken fairly according to the predetermined selection criteria;
- c) Ensure adherence to the TPRC Procurement Policy; and
- d) Ensure that the requirements specified in the tenders were evaluated in a way that can be measured and documented.

The Panel met to evaluate the tenders, which was facilitated by a representative of the Council's Probity Advisor (Mr Wade Dunstan – Stantons International). A copy of the tender evaluation report prepared by Cossill & Webley Engineers, on behalf of the Evaluation Panel, is attached at Appendix 9.12.

The evaluation of tenders by the Evaluation Panel resulted in the following scores being attributed to each tender submission:

Tenderer	Evaluation Score	Rank
All Earth Group Pty Ltd	78.7%	5
Erebus Contracting Limited	77.9%	6
RJ Vincent & Co	91.2%	1
Tasman Civil Pty Ltd	71.4%	8
Valmec Australia Pty Ltd	84.5%	3
Tracc Civil Pty Ltd	62.9%	9
Curnow Group Pty Ltd	80.7%	4
BMD Urban Pty Ltd	73.9%	7
Downer EDI Works Pty Ltd	89.7%	2

A copy of the Evaluation Panel's Report – (Confidential) is attached under Appendix 9.12.

RJ Vincent achieved the highest score from the Evaluation Panel based on the tender selection criteria and consistently performed well in each of the five selection criteria, as noted in the Evaluation Panel's report.

The SPG has reviewed RJ Vincent's tendered price (\$1,770,003.39) and advised that it is in accordance with the Project's budget for the Neerabup Road and Stage 14B works.

The SPG has recommended the award to RJ Vincent of the Tender 8/2015 to undertake the Neerabup Road Phase 2 and Stage 14B Civil Works. A copy of SPG's letter of recommendation is attached under Appendix 9.12

The TPRC office has reviewed SPG's advice and the Evaluation Panel's report, and is satisfied a fair and accurate assessment of tender submissions against the selection criteria contained has been undertaken. RJ Vincent's proposal is considered to present a value for money outcome, in accordance with the objectives of the Council's Procurement Policy.

It is noted RJ Vincent have satisfactorily performed all requirements under the current contract to a professional and timely manner.

The Evaluation Panel report has been reviewed by the Council's Probity Advisor (Stantons International), who has confirmed it represents a sound procurement process.

9.13 CATALINA EARTHWORKS AND SUBDIVISION WORKS FIXED RATES TENDER (TENDER 9/2015)

Report Information

Reporting Officer: Project Coordinator

File Reference: 1.88.246

Recommendation

That the Council:

1. **ACCEPTS** the RJ Vincent Tender submission (dated December 2015), for earthworks and subdivision works in accordance with Tender 09/2015 (Catalina Earthworks and Subdivision Works).
2. **ACCEPTS** the fixed rates provided by RJ Vincent in the tender submission (dated December 2015) for the award of earthworks and subdivision works for further stages for a period of two years until April 2018, with an option to extend the contract a further 12 months to April 2019 at the absolute discretion of the TPRC.
3. **APPROVES** the award of further stages of works during the term of the Tender 09/2015 at the absolute discretion of the TPRC and subject to:
 - a. Approval of a lump sum, in accordance with the Tender 9/2015 rates;
 - b. The contract lump sum being in accordance with the approved TPRC budget and program for the works;
 - c. Market conditions and Sales Rates;
 - d. Ongoing satisfactory performance of the contractor, during the execution of each separable portion of the contract.
4. **AUTHORISES** the Chairman and the CEO to sign and affix the TPRC common seal to the Contract.

Voting Requirements

Simple Majority

Policy Reference

TPRC Procurement Policy

Local Government Act/Regulation

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

This item satisfies the requirements of Section 5.23 of the Local Government Act 1995, enabling it to be considered at a meeting, or part of a meeting, that is closed to members of the public, on the grounds that it deals with:

- c) *A contract entered into, or which may be entered into, by the TPRC and which relates to a matter to be discussed at a meeting (section 5.23(2)(c)); and*
- e) *A matter that if disclosed, would reveal –*
 - i) *Information that has a commercial value to a person; or*
 - ii) *Information about the business, professional, commercial or financial affairs of a person.*

where the information is held by, or is about, a person other than the TPRC (section 5.23(2)(e)).

Note: Applies to Appendices only.

Previous Minutes

Council Meeting – 18 April 2013 (Item 9.17 Earthworks and Subdivision Works – Fixed Rate Tender).

Financial/Budget Implications

Expenditure under this matter will be incurred under the following Budget Items:

Item E145211 (Land Development – Lot Production):

Budget Amount:	\$17,550,304
Spent to Date:	\$ 2,660,081
Balance:	\$14,890,223

Item E145215 (Land Development – Precinct 1 Bulk Earthworks):

Budget Amount:	\$ 4,077,580
Spent to Date:	\$ 2,406,015
Balance:	\$ 1,671,565

Item E145210 (Land Development – Infrastructure):

Budget Amount:	\$5,107,060
Spent to Date:	\$ 200,000
Balance:	\$4,907,060

Relevant Documents

Appendix:

- SPG Recommendation – Catalina Civil Construction Tender Recommendation – **(Confidential)**;
- Panel Report – Catalina Earthworks and Subdivision Works Tender 09/2015 – Panel Evaluation Report - **(Confidential)**.

Available for viewing at the meeting:

- Tender Document 9/2015 – Catalina Earthworks and Subdivision Works;
- Evaluation Plan – Catalina Earthworks and Subdivision Works;
- RJ Vincent Tender Submission (December 2015).

Background

At its meeting of 18 April 2013 the Council accepted a fixed rates tender for earthworks and subdivision works (Tender 05/2013) submitted by RJ Vincent, for a two year term, expiring in April 2015, with potential for a one year extension at the discretion of the TPRC. The Council approved a one year contract extension to RJ Vincent (from 24 April 2015 to 23 April 2016) at its meeting held 11 December 2014.

The TPRC advertised a call for tenders in the West Australian newspaper on 25 November 2015, to undertake earthworks and subdivision works on fixed rates for a period of two years until April 2018, with an option to extend the contract a further 12 months until April 2019 for stages of development of the Catalina Estate. The scope and conditions of the tender are similar to Tender 05/2013.

The tender included the full extent of works anticipated for the construction of future stages of development including earthworks, retaining walls, roadworks, stormwater drainage, sewerage reticulation, water reticulation, communications, street lighting and underground power facilities. The tender document provides for the award of further separable portions of works for a 2 year period from the initial award based on the fixing of rates, with the option of a further year at the sole discretion of the TPRC.

The Tender (9/2015) outlined the following selection criteria:

1. Demonstrated Experience in Similar Projects and Sustainability Initiatives;
2. Availability of Resources and Capacity;
3. Organisational and Quality Management;
4. Safety and Environmental Management; and
5. Tender Price (including a schedule of rates for each package of works provided).

At the conclusion of the tender period on 16 December 2015, ten submissions were received in response to Tender 9/2015, from the following companies:

- BCL Group Pty Ltd
- BMD Urban Pty Ltd
- Curnow Group Pty Ltd
- Downer EDI Works Pty Ltd
- Georgiou Group Pty Ltd
- Jaxon Civil Pty Ltd
- R J Vincent & Co
- Tracc Civil Pty Ltd
- Valmec Australia Pty Ltd
- Wormall Civil Pty Ltd

Comment

An Evaluation Panel was established consisting of SPG, Cossill and Webley (Project Engineers) and TPRC representatives to assess the tender submissions received. The Evaluation Panel comprised the following members:

- Luke Aitken, Project Coordinator, Tamala Park Regional Council
- Aaron Grant, Project Director, Satterley Property Group
- Nathan Butson, Associate, Cossill & Webley Engineers

Council's Probity Advisor (Stantons International) prepared an Evaluation Plan and monitored the evaluation process. The purpose of the Evaluation Plan was to assist members of the Evaluation Panel assess the tender submissions and provided information in relation to:

- a) The evaluation process and timetable of events;
- b) Scoring responses and procedural fairness; and
- c) Scoring sheets and a declaration of confidentiality and interest form to be completed by each panel member.

The key objectives of the evaluation process were to:

- a) Make a recommendation, to the TPRC, as to the tender that represents best value for money;
- b) Ensure the assessment of responses was undertaken fairly according to the predetermined selection criteria;
- c) Ensure adherence to the TPRC Procurement Policy; and
- d) Ensure that the requirements specified in the tenders were evaluated in a way that can be measured and documented.

The Panel met to evaluate the tenders, which was facilitated by a representative of the Council's Probity Advisor (Mr Wade Dunstan – Stantons International). A copy of the Tender Evaluation Report prepared by Cossill & Webley Engineers (CW), on behalf of the Evaluation Panel, (Confidential) is attached at Appendix 9.13.

The evaluation of tenders undertaken on 14 December 2015 by the Evaluation Panel resulted in RJ Vincent & Co and Georgiou Group Pty Ltd being short listed as preferred tenders, based on both their qualitative scores and original tender prices ranking 1 and 2 in the assessment of all tenders. After further assessment of the pricing schedule including contingency and provisional sums, RJ Vincent received the highest accumulative score (95.3%) with Georgiou Group Pty Ltd receiving a score of 93.8%.

RJ Vincent achieved the highest score of the Evaluation Panel's assessment based on the tender selection criteria and consistently performed well in each of the five assessment selection criteria as noted in the Evaluation Panel's report.

In its evaluation, the Panel examined qualifications of all tenders assessing direct financial implications to the lump sum and final contract value of tenders. The Panel examination revealed no change in the evaluated ranking of tenderers.

The SPG has reviewed the Panel report and advised that the rates provided by RJ Vincent are in accordance with the Project Budget. SPG believes the RJ Vincent submission provides the TPRC with the best value for money proposition based on rates, track record, experience, capability and continued implementation of best practice, therefore, SPG recommends the TPRC appoint RJ Vincent for two years to undertake earthworks and subdivision works at Catalina Estate. A copy of SPG's recommendation (Confidential) is attached at Appendix 9.13

Cossill & Webley (Project Engineer) has advised that based on a comparison of construction rates from other current projects within the City of Wanneroo, that the RJ Vincent tender price is competitive in the current environment.

The TPRC office has reviewed SPG's advice and the Evaluation Panel's report, and is satisfied a fair and accurate assessment of tender submissions against the selection criteria contained has been undertaken. RJ Vincent's proposal is considered to present a value for money outcome, in accordance with the objectives of the Council's Procurement Policy.

It is noted RJ Vincent have satisfactorily performed all requirements under the current contract to a professional and timely manner.

The Evaluation Panel Report has been reviewed by the Council's Probity Advisor (Stantons International), who has confirmed it represents a sound procurement process.

9.14 CATALINA FENCING SERVICES TENDER (TENDER 1/2016)

Report Information

Reporting Officer: Project Coordinator

File Reference: 1.88.246

Recommendation

That the Council:

1. **ACCEPTS** the Treacy Fencing tender submission (dated January 2016), for the provision of fencing services in accordance with Tender 1/2016 (Catalina Fencing Services).
2. **AUTHORISES** the Chairman and the CEO to sign and affix the TPRC common seal to the Contract.

Voting Requirements

Simple Majority

Policy Reference

TPRC Procurement Policy

Local Government Act/Regulation

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

This item satisfies the requirements of Section 5.23 of the Local Government Act 1995, enabling it to be considered at a meeting, or part of a meeting, that is closed to members of the public, on the grounds that it deals with:

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

Note: Applies to Appendices only.

Financial/Budget Implications

Expenditure for fencing services will be incurred under the following item:

Item E145216 (Sales Expenditure – Direct Selling Expenses):

Budget Amount:	\$6,843,099
Spent to Date:	\$1,380,338
Balance:	\$5,462,761

Relevant Documents

Appendix: SPG Recommendation – Catalina Fencing Recommendation – (Confidential)

Available for viewing at the meeting:

- Tender Document 1/2016 – Catalina Fencing Tender;
- Treacy Fencing Tender Submission.

Background

At its meeting of 7 February 2013 the Council accepted a tender for fencing services submitted by Treacy Fencing, for a two year term, expiring in February 2015, with potential for a one year extension at the discretion of the TPRC. The Council approved a one year contract extension to Treacy Fencing (from 8 February 2015 to 7 February 2016) in November 2014.

The TPRC advertised a call for tenders in the West Australian newspaper on 14 January 2016, for the provision of fencing services to the Catalina Project for a two year term, with potential for a one year extension at the discretion of the TPRC.

The Tender (1/2016) outlined the following selection criteria:

1. Demonstrated Experience and Capabilities;
2. Commercial Arrangements (Cost).

Comment

At the conclusion of the tender period three submissions were received in response to Tender 1/2016, from the following companies:

- Browne's Fencing;
- JSB Fencing; and
- Treacy Fencing

The tender submissions were assessed by SPG against the selection criteria contained within the tender document, in accordance with the guidance provided by the TPRC Procurement Policy. A copy of the SPG evaluation – Catalina Fencing Tender Recommendation is attached under Appendix 9.14.

The key objectives of the Evaluation Process were to:

- a. Make a recommendation, to the TPRC, as to the tender that represents best value for money;
- b. Ensure the assessment of responses was undertaken fairly according to the predetermined selection criteria;
- c. Ensure adherence to the TPRC Procurement Policy; and
- d. Ensure that the requirements specified in the tenders were evaluated in a way that can be measured and documented.

The following comments are provided in respect of the assessment.

Selection Criteria Item 1 – Demonstrated Experience and Capabilities (50%)

All submissions demonstrated experience in delivering fencing services, both Browne’s Fencing and Treacy Fencing were able to demonstrate experience in delivering fencing on large scale master planned estates. Treacy Fencing scored the highest rating of 9/10 for demonstrating a very good level of experience of key staff.

Selection Criteria Item 2 – Commercial Arrangements (Cost 50%)

The tender document required rates for materials and the installation of fencing types currently used at Catalina. The rates were then used to provide a lump sum amount for the completion of work based on a typical stage in the Estate.

Fees were assessed using the formula below:

$$\text{Score} = (\text{lowest tendered price} / \text{tendered price}) \times \text{weighting}$$

The submission received from Treacy Fencing was the lowest priced tender and received the maximum rating of 50%. The scores afforded to all tenders are summarised in the table below.

Tenderer	Lump Sum Fee (Excl GST)	Cost difference to lowest tenderer	Weighted Score
Browne’s Fencing	\$64,205	+ \$1,597	48.75%
JSB	\$79,194	+ \$16,586	36.75%
Treacy Fencing	\$62,608	Nil	50%

The tenderer that received the highest score in the assessment of tenders was Treacy Fencing, with an assessed score of 95%. Treacy Fencing’s submission demonstrated a track record of delivering fencing services of a high quality, to a number of major residential estates. Treacy Fencing also provided the most competitive pricing. It should also be noted that the second ranked tender (Browne’s Fencing 88.75%) did not provide a required rate for brushwood fencing which is currently used at Catalina. The SPG has recommended the appointment of Treacy Fencing to provide fencing services for a two year period, with a potential for a one year extension at the discretion of the TPRC.

The TPRC office has reviewed the SPG’s evaluation report and is satisfied an accurate assessment of the submission against the selection criteria has been undertaken. Treacy Fencing’s service proposal is considered to present a value for money outcome, in accordance with the objectives of the Council’s Procurement Policy. The evaluation reports were reviewed by the Council’s Probity Advisor (Stantons International), who has confirmed they represent sound procurement practice.

It should be noted Treacy Fencing is considered to have satisfactorily completed all requirements of the current fencing contract to a high standard.

9.15 REVIEW OF PROJECT MILESTONES - **CONFIDENTIAL**

CONFIDENTIAL

9.16 CEO PERFORMANCE REVIEW 2014/2015 - **CONFIDENTIAL**

CONFIDENTIAL

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

APPENDICES