

**TAMALA PARK**  
Regional Council

## **Meeting of Council**

# **AGENDA**

**Thursday 15 June 2017, 6:00pm**  
**Town of Victoria Park**  
**99 Shepperton Road, Victoria Park**

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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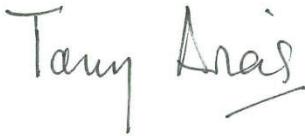
**TAMALA PARK REGIONAL COUNCIL**

Councillors of the Tamala Park Regional Council are advised that the ordinary meeting of Council will be held in the Council Chambers at the town of Victoria Park on Thursday 15 June 2017 at 6:00pm.

The business papers pertaining to the meeting follow.

Your attendance is requested.

Yours faithfully



**TONY ARIAS**  
Chief Executive Officer

**MEMBERSHIP**

<b>OWNER COUNCIL</b>	<b>MEMBER</b>	<b>ALTERNATE MEMBER</b>
Town of Cambridge	Cr 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 Keith Sargent Cr Rod Willox AM JP	Cr Terry Tyzack
Town of Victoria Park	Cr Keith Hayes	
City of Vincent	Mayor Emma Cole	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 – 20 April 2017

**5A. BUSINESS ARISING FROM THE MINUTES**

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

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

**8. REPORTS OF COMMITTEES**

Management Committee Meeting – 18 May 2017

CEO Performance Review Committee Meeting – 31 May 2017

**9. ADMINISTRATION REPORTS AS PRESENTED (ITEMS 9.1 – 9.18)**

## 9.1 BUSINESS REPORT – PERIOD ENDING 8 JUNE 2017

### Report Information

Reporting Officer: Project Coordinator

### Recommendation

**That the Council RECEIVES the Business Report to 8 June 2017.**

### Voting Requirements

Simple Majority

### Report Purpose

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

### Relevant Documents

Appendix:

- Landscape Schedule and Program FYE 2017
- Foreshore Access Plans

### 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
Stage 25 Civil Construction	59	24 October 2016	5 May 2017	Completed	June 2017
Stage 18B Civil Construction	31	27 February 2017	16 June 2017	80% complete	June 2017
Sewer Pump Station Forward Works	-	29 May 2017	10 July 2017	10% complete	N/A

## 2. Landscape Works – Status

A status report on Landscape Works proposed for the balance of FYE 2017 is attached at Appendix 9.1. The report details budget, detailed design and approval status and commencement and completion timeframes.

A number of significant landscape works have commenced on site and are to be completed during June/July. The Catalina Beach landscape approval was received on 15 May 2017, with a significant package of works (approximately \$2.6M) expected to commence in June 2017. Pricing, stock procurement and programs are currently being finalised.

## 3. 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 13-15 and 18A.

Stage	Under Construction	Completed	Total
Stage 1	1	34	35
Stage 2	0	31	31
Stage 3	1	42	43
Stage 4	2	45	47
Stage 5	0	63	63
Stage 6	6	36	42
Stage 7	0	63	63
Stage 8	1	52	53
Stage 9	3	48	51
Stage 10	2	28	30
Stage 11	2	62	64
Stage 12	4	45	49
Stage 13	15	67	82
Stage 14	15	58	73
Stage 15	16	39	55
Stage 17A	25	0	25
Stage 18A	29	0	29
<b>Total</b>	<b>122</b>	<b>713</b>	<b>835</b>

## 4. Builders Display Village 3 (Catalina Beach)

The tender for the Catalina Beach Display Village lots was released in February 2017. A total of 17 tender submissions were received from builders wishing to participate in the Display Village. The tenders have been assessed in accordance with the tender selection criteria and the TPRC Procurement Policy. The allocation of lots for the Catalina Beach Display Village to builders has been undertaken, with contracts currently being executed

by builders and expected to be completed by June 2017. Settlement of the 15 lots are now expected in July 2017, with a sales value of \$5.83m.

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

## **5. Local Centre Site - Update**

At its meeting of 20 October 2016, the Council approved a tender submission for the sale of the Local Centre site, within the Central Precinct. The site is proposed to be used for residential, commercial mixed-use and child care purposes. The tender was approved subject to a number of requirements including the progression of a Legal Agreement.

The Heads of Agreement is with the preferred tenderer for signing, upon which a Sales Contract will be prepared and is anticipated to be executed in July 2017.

## **6. Catalina Grove Precinct Plan – Update**

As requested by Council, a tree canopy analysis has been carried out over the Catalina Grove Precinct and is presently being assessed. An arborist has been appointed to undertake a health assessment of significant trees within Catalina Grove. A report on the tree canopy assessment is provided in Item 9.15 of this agenda.

In addition, the following key principles to guide the final design of the Grove Precinct Plan are being addressed and will be reported to Council in August 2017:

- Mixed Use Zone – To rationalise the extent of mixed-used zoned land in line with economic and market research and to locate mixed use zoned land in optimal locations.
- Green Link and Public Open Space – To retain mature trees which create a sense of place and provide strong connections to surrounding green areas and POS.
- Retail Land Use – Locate the commercial zoned land near the intersection of Aviator Boulevard and Connolly Drive to frame the western entry to Catalina Grove and provide exposure to the commercial site.
- Road Network/Connections – To maximise and enhance the connection to Clarkson Train Station to drive the success of density in the north-eastern corner of the site. Promote the use of the underpass to achieve high levels of surveillance.
- A range of housing options and densities; to provide density in high amenity areas to underpin a vibrant community in Catalina Grove.
- Greenlink and road connection strongly aligned to more directly feed into the Station.
- A main street proposed off the Local Centre to provide a focal point for residents of Catalina Grove.
- Potential to retain vegetation in pocket parks (more pocket parks).

## **7. Foreshore Access Proposal**

The TPRC has recently lodged a draft Foreshore Management Plan, supporting a beach access proposal, with the City of Wanneroo.

A coastal access road from the western edge of Catalina is proposed to provide local access to a safe beach for the local community.



The location of the proposed access route and the carpark area have been carefully selected to follow existing informal tracks or areas of damaged vegetation and minimise impacts on flora in the area.

The location of the carpark area and access to the beach is based on the Coastal Aquatic Risk Assessment (2014) undertaken by Surf Life Saving Western Australia which identified the site as a preferred beach access location, due to safe swimming conditions and absence of potential hazards present which exist in locations to the north and south.

It is also consistent with the Tamala Conservation Park Establishment Plan (WAPC, 2012), which recommended that community access to safe swimming areas adjacent to Tamala Park, with public road access, appropriately located facilities such as car parking, toilets and potential surf-life-saving facilities should be investigated and provided.

An asphalt two-way road is proposed to be constructed, leading visitors to a beach carpark adjacent to the foredune, providing approximately 24 bays. From the carpark, an appropriately fenced walking path consisting of stabilised limestone rubble will provide access to the beach for pedestrians as well as emergency and maintenance vehicles as necessary. Areas have been provisionally allocated for future additional buildings, such as storage buildings for surf-lifesaving equipment and an ablution block.

It is anticipated that the City of Wanneroo has indicated that it will respond to the Beach Access proposal and Foreshore Management Plan by mid-June. Subject to the support of the City of Wanneroo and WAPC, a detailed design and cost proposal will be prepared for the Council's consideration.

Plans showing the location of the proposed access road and beach location are attached at Appendix 9.1.

## **9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF MARCH & APRIL 2017**

### **Report Information**

Reporting Officer: Chief Executive Officer

### **Recommendation**

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

- **31 March 2017; and**
- **30 April 2017.**

### **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 31 March 2017
- Statement of Financial Activity for 30 April 2017

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

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

### **Background**

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

### **Comment**

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

**Variances at 30 April 2017 exceeding 10% were experienced in relation to the following:**

<b>Depreciation</b>	The positive variation is a result of timing and will adjust at end of financial year.
<b>Employee Costs</b>	The positive variation is a result of timing and is expected to remain favourable.
<b>Materials and Contracts</b>	The positive variation is a result of timing and is expected to remain favourable.
<b>Utilities</b>	This item will remain under budget.
<b>Income Sale of Lots – Subdivisions</b>	The negative variance is a result of fewer lot settlements and is expected to remain unfavourable to budget.
<b>Income Other - Subdivisions</b>	The negative variance relates to the deferred settlement of the Stage 18 Group Housing sites and will remain unfavourable to budget.
<b>Land Production Costs</b>	The positive variance relates to timing of works and savings and is expected to remain favourable.

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

**Financial Snapshot as at 30 April 2017**

**TAMALA PARK REGIONAL COUNCIL  
FINANCIAL SNAPSHOT  
FOR THE PERIOD ENDING 30 APRIL 2017**

	2016-17 Adopted Budget	2016-17 Amended Budget	2016-17		Variance		Variance
			Budget YTD	Actual YTD	Favourable	Unfavourable	
	\$		\$	\$	\$	\$	%
<b>Revenue</b>							
Interest Earnings	959,170	1,300,000	1,033,668	1,036,227	2,559		0.25%
Other Revenue	1,985	3,621	0	4,940	4,940		100.00%
	<b>\$961,155</b>	<b>\$1,303,621</b>	<b>\$1,033,668</b>	<b>\$1,041,167</b>	<b>\$7,499</b>	<b>\$0</b>	
<b>Less Expenditure</b>							
Depreciation	(21,024)	(21,024)	(17,660)	0	17,660		100.00%
Employee Costs	(752,311)	(677,021)	(592,472)	(451,661)	140,811		23.77%
Insurance	(17,756)	(10,228)	(10,228)	(10,227)	1		0.01%
Materials and Contracts	(492,112)	(447,929)	(382,880)	(171,109)	211,771		55.31%
Other	(177,517)	(177,517)	(133,640)	(119,067)	14,573		0.00%
Utilities	(18,000)	(18,000)	(15,120)	0	15,120		100.00%
Members Equity							
-Income Sale of Lots - Subdivisions	26,283,529	26,604,016	25,558,115	16,121,933		(9,436,182)	-36.92%
-Income Other - Sale of Apartments	0	333,863	166,932	333,863	166,931		100.00%
-Income Other - Subdivisions	4,794,250	1,000,000	1,000,000	457,776		(542,224)	100.00%
-Land Production Costs	(32,546,354)	(32,759,039)	(26,012,297)	(13,775,819)	12,236,478		47.04%
-Profit distribution/Contributions Returned	(11,327,714)	(11,327,714)	(5,000,000)	(5,047,428)		(47,428)	-0.95%
	<b>(\$14,275,009)</b>	<b>(\$17,500,593)</b>	<b>(\$5,439,250)</b>	<b>(\$2,661,739)</b>	<b>\$12,803,345</b>	<b>(\$10,025,834)</b>	
<b>Total Change in Equity</b>	<b>(\$13,313,854)</b>	<b>(\$16,196,972)</b>	<b>(\$4,405,582)</b>	<b>(\$1,620,572)</b>	<b>\$12,810,844</b>	<b>(\$10,025,834)</b>	

**Balance Sheet Summary as at 30 April 2017**

**TAMALA PARK REGIONAL COUNCIL  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2017**

	<b>Actual 2015-16 \$</b>	<b>Actual 2016-17 \$</b>	<b>Variance \$</b>	<b>Variance %</b>
<b>Current assets</b>				
Cash and cash equivalents	47,135,952	45,431,035	(1,704,917)	-3.62%
Trade and other receivables	404,507	433,877	29,370	7.26%
<b>Total current assets</b>	<b>47,540,459</b>	<b>45,864,911</b>	<b>(1,675,548)</b>	<b>-3.5%</b>
<b>Non-current assets</b>				
Inventories	1,800,000	1,800,000	0	0.00%
Property, plant and equipment	131,368	165,596	34,228	26.06%
<b>Total non-current assets</b>	<b>1,931,368</b>	<b>1,965,596</b>	<b>34,228</b>	<b>1.77%</b>
<b>Total assets</b>	<b>49,471,827</b>	<b>47,830,507</b>	<b>(1,641,320)</b>	<b>-3.32%</b>
<b>Current liabilities</b>				
Trade and other payables	73,175	52,428	20,747	28.35%
Provisions	121,431	121,431	0	0.00%
<b>Total current liabilities</b>	<b>194,606</b>	<b>173,859</b>	<b>20,747</b>	<b>10.7%</b>
<b>Non-current liabilities</b>				
Provisions	56,652	56,652	0	0.00%
<b>Total non-current liabilities</b>	<b>56,652</b>	<b>56,652</b>	<b>0</b>	<b>0.00%</b>
<b>Total liabilities</b>	<b>251,258</b>	<b>230,511</b>	<b>20,747</b>	<b>8.26%</b>
<b>Net assets</b>	<b>49,220,569</b>	<b>47,599,997</b>	<b>(1,620,572)</b>	<b>-3.29%</b>

### **9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF MARCH & APRIL 2017**

#### **Report Information**

Reporting Officer: Chief Executive Officer

#### **Recommendation**

**That the Council RECEIVES and NOTES the list of accounts paid under Delegated Authority to the CEO for the months of March and April 2017:**

- **Month ending 31 March 2017 (Total \$2,669,459.32)**
- **Month ending 30 April 2017 (Total \$1,333,522.50)**
- **Total Paid - \$4,002,981.82**

#### **Voting Requirements**

Simple Majority

#### **Report Purpose**

Submission of payments made under the CEO's Delegated Authority for the months ending 31 March 2017 and 30 April 2017.

#### **Relevant Documents**

Appendix:

- Cheque Detail for March & April 2017
- Summary Payment List for March 2017
- Summary Payment List for April 2017

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

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

#### **Background**

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

#### **Comment**

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

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

## **9.4 PROJECT FINANCIAL REPORT – APRIL 2017**

### **Report Information**

Reporting Officer: Chief Executive Officer

### **Recommendation**

**That the Council RECEIVES the Project Financial Report (April 2017) submitted by the Satterley Property Group.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

To consider the Project Financial Report for April 2017 submitted by the Satterley Property Group.

### **Policy Reference**

N/A

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

N/A

### **Previous Minutes**

N/A

### **Financial/Budget Implications**

Review of Project Financial Report for April 2017.

### **Relevant Documents**

Appendix: Letter from Satterley Property Group dated 22 May 2017 with Financial Report

### **Background**

At its meeting of 16 June 2016, the Council approved the Project Budget FYE 2017 (May 2016), submitted by the Satterley Property Group, as the basis of financial planning for the 2016/2017 TPRC budget.

KPI 4.8 of the Development Managers Key Performance Indicators; Financial, requires the preparation of monthly financial reports.

### **Comment**

The Satterley Property Group has prepared a Financial Report for April 2017 for the Project. The report has been prepared on a cash basis and compares actual expenditure to approved budget expenditure for the period up to 30 April 2017 and is attached at Appendix 9.4.

The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$16.3M which is \$9.1M under budget with 31 less residential settlements for the year less year to date.
2. Expenditure was \$11.9 under budget, in the following areas:
  - Lot Production \$4.9M;
  - Landscape \$4.3M;
  - Infrastructure \$2.1M;
  - P&L expenditure \$2.5M.

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

3. Lot Sales Value was \$10.4M unfavourable to budget due to 29 less lot sales year to date. Special Sites sales value is \$4.8M below budget due to timing of the Local Centre site and the Stage 18 Group Housing sites (now expected to settle in FYE 2018).

In relation to Lot Sales it is noted that all 15 of the builders display lots in the Catalina Beach Display Village have been allocated and accepted by the builders. Contracts are expected to be completed by the end of June which will account for \$5.83m sales value.

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

## **9.5 SALES AND SETTLEMENT REPORT – PERIOD ENDING 8 JUNE 2017**

### **Report Information**

Reporting Officer: Project Coordinator

### **Recommendation**

**That the Council RECEIVES the Sales and Settlement Report to 8 June 2017.**

### **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:	\$ 26,283,529
Received to Date:	\$ 18,510,190
Balance:	\$ 7,773,339

### **Relevant Documents**

Appendix: Staging Plan

### **Background**

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

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



## Comment

The following table provides a summary of the Sales and Settlement position for lots released to 8 June 2017:

Stage	Release Date	Lots Released	Lot Sizes	Sold	Stock	Settled
<b>Stages 1 – 11, 12B, 13A, 13B, 14A, 14B, 14 Builders, 14C, 14D, 15B and 15C</b>	-	735	-	735	0	731
<b>Stage 12A</b>	May 2014	25	295-463	24	1	24
<b>Stage 14B (Release 2)</b>	July 2016	10	262-329	7	3	4
<b>Stage 15A</b>	July 2015	16	300-450	16	0	15
<b>Stage 15D</b>	Sep 2016	2	375-376	1	1	0
<b>Stage 17A</b>	Oct 2016	25	300-510	21	4	11
<b>Stage 18A</b>	March 2016	29	300-510	28	1	26
<b>Stage 18B</b>	March 2017	31	200-474	13	18	0
<b>Stage 25</b>	May 2017	21		3	18	0
<b>Stage 25 (Display Village)</b>	May 2017	15		0	15	0
<b>Total</b>		<b>909</b>		<b>848</b>	<b>61</b>	<b>811</b>

The following table provides a summary of lot sizing and commentary of current “Aged Stock” on hand. Aged Stock refers to lots that have been on the market for longer than 6 months.

Stage	Lot Number	Release Date	Months on Market	Price	M <sup>2</sup>	Comment
12A	305	May 2014	37	\$295,000	447	Corner lot, side loaded, located on Aviator Boulevard, opposite future primary school site.
18A	921	Mar 2016	15	\$262,000	318	Regular lot, 10.6m frontage
14B	773	July 2016	11	\$226,000	314	Cottage corner lot abutting Neerabup Road – rear loaded, quiet noise requirements
14B	775	July 2016	11	\$252,000	290	Cottage lot – rear loaded, 10.1m frontage, quiet house requirements
14B	777	July 2016	11	\$252,000	285	Cottage lot – rear loaded, 9.5m frontage
15D	835	Aug 2016	10	\$288,000	376	Regular lot abutting Neerabup Road, Quiet house requirements
17A	951	Oct 16	7	\$335,000	450	Regular lot, 15m frontage
17A	953	Oct 16	7	\$335,000	450	Regular lot, 15m frontage
17A	974	Oct 16	7	\$298,000	375	Regular lot, 12.5 frontage
17A	979	Oct 16	7	\$335,000	450	Regular lot, 15m frontage

*Note: Lot 305 has been repriced in accordance with current valuations.*

Since the Council's February 2017 meeting, nine lots reported as "Aged Stock", have been contracted for sale.

### **Competition Analysis**

The following table provides a summary of gross sales at competing developments in the northern corridor for the FYE 2017.

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 (m <sup>2</sup> )	Price Range
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
Allara	16	18	11	11	4	7	8	12	10	6	0		103	225-520	\$129,950-\$223,000
Eden Beach	9	11	7	17	9	4	6	12	11	7	11		104	225-625	\$200,000-\$430,000
Catalina	8	11	9	5	9	1	7	11	8	8	8		85	225-448	\$210,000-\$315,000
Alkimos Beach	9	9	9	5	6	5	7	10	9	12	14		85	150-535	\$128,000-\$335,000
Amberton	15	12	11	15	4	6	6	7	12	4	5		97	188-526	\$160,000-\$275,000
Shorehaven	4	4	8	0	1	1	1	6	3	5	2		35	217-385	\$179,000-\$315,000
Trinity	18	4	5	10	7	8	3	8	7	5	8		83	298-542	\$198,000-\$280,000
<b>Total</b>	<b>79</b>	<b>69</b>	<b>60</b>	<b>63</b>	<b>40</b>	<b>32</b>	<b>39</b>	<b>62</b>	<b>60</b>	<b>47</b>	<b>48</b>		<b>599</b>		
<b>CATALINA MARKET SHARE (%)</b>	10.1	15.9	15.0	7.9	22.5	3.1	17.9	17.8	13.3	17.0	16.6		14.2		

A summary of available stock in the corridor is provided in the table below. The table indicates that generally Burns Beach is the most expensive estate. Catalina has the most expensive 225m<sup>2</sup> lots and 450m<sup>2</sup> lots (along with Eden Beach).

Estate	225sqm Price (\$)	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	Stock
Allara	149,950	169,000	193,000	223,000	47
Burns Beach	N/A	395,000	480,000	N/A	29
Eden Beach	200,000	245,000	289,000	339,000	49
Catalina	210,000	255,000	298,000	339,000	28
Catalina Beach	N/A	320,000	350,000	425,000	18
Alkimos Beach	186,000	230,000	265,000	300,000	55
Amberton	160,000	204,000	233,000	270,000	28
Shorehaven	199,000	265,000	287,000	N/A	48
Trinity	N/A	202,000	230,000	255,000	28
<b>TOTAL</b>					<b>311</b>

### **Catalina Beach – Stage 25 Public Sales Release**

The Catalina Beach – Stage 25 Public Sales Release occurred on 13 May 2017. The Release comprised 21 lots, ranging in size from 300m<sup>2</sup> to 450m<sup>2</sup>, with titles forecast for June/July 2017.

Lot pricing has been approved with lot values as follows:

- 450m<sup>2</sup> Lots - \$425,000 to \$449,000
- 375m<sup>2</sup> Lots - \$380,000 to \$390,000
- 300m<sup>2</sup> Lots - \$320,000

Nine registrations were received from the release process, of the nine registrations, three lots have been contracted to date with a further three lots on hold. Based on feedback about the premium location of Catalina Beach, SPG is optimistic that the Stage 25 lots will be sold down over a steady period of time. The SPG continue to follow up all possible leads with those who have previously expressed interest in this premium estate.

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

## **9.6 EXTENSION OF EARLY CONSTRUCTION REBATE**

### **Report Information**

Reporting Officer: Project Coordinator

### **Recommendation**

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

- 1. RECEIVES the correspondence on the Early Construction Rebate prepared by the Satterley Property Group, dated April 2017.**
- 2. APPROVES the extension of the payment of an Early Construction Rebate to the value of \$8,000 per lot for selected lots on the market for more than 6 months for contracts entered into after 30 June 2017 and until 30 December 2017, 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.**
- 3. DELEGATES to the Chief Executive Officer approval to apply the Early Construction Rebate to selected lots, in accordance with Recommendation 2 above, where lots are subject to the following constraints; irregular shape, quiet noise requirements and mandatory two storey requirements.**

### **Voting Requirements**

Absolute Majority

### **Report Purpose**

To consider a request from the Satterley Property Group to further extend the Early Construction Rebate.

### **Policy Reference**

N/A

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

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

### **Previous Minutes**

- Council Meeting – 8 December 2016 (Item 9.6 Sale of Aged Stock – Early Construction Rebate)
- Council Meeting – 16 June 2016 (Item 9.6 Extension of Early Construction Rebate)
- Council Meeting – 18 February 2016 (Item 9.9 Extension of Early Construction Rebate)
- Council Meeting – 15 October 2015 (Item 9.10 – Project and Lot Sales Strategy)

### **Financial/Budget Implications**

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

Budget Amount:       \$ 26,283,529  
Received to Date:     \$ 18,510,190  
Balance:               \$ 7,773,339

### **Relevant Documents**

Appendix: Letter from Satterley Property Group dated 30 April 2017

### **Background**

At its meeting of 15 October 2015, the Council approved the use of an Early Construction Rebate to the value of \$8,000 per lot for selected lots with lot sizes up to 380m<sup>2</sup> until 31 January 2016.

The intent of the Early Construction Rebate was to provide an incentive to sell “Aged Stock” or difficult lots up to a lot area of 380m<sup>2</sup> and to promote construction within the Project. Lots that have been on the market for more than 6 months are considered “Aged Stock”.

The Council has approved further extensions of the Early Construction Rebate, the most recent in December 2016 to extend the Early Construction Rebate until 30 June 2017. The extension was subject to the same terms and conditions, however the maximum lot area requirement of 380m<sup>2</sup> was removed.

The Satterley Property Group (SPG) has provided correspondence requesting the Council to consider a further extension of the Early Construction Rebate. A copy of the correspondence is attached at Appendix 9.6.

### **Comment**

The SPG has provided advice on current market conditions, indicating low market confidence as a result of slowing population growth and weak consumer sentiment in the local economy.

The SPG has advised that strong competition between estates in the northern corridor continues and that a lack of urgency from purchasers has resulted in developers offering incentives and price reductions. SPG considers that to remain competitive and sell “Aged Stock” incentives are required.

This financial year the Early Construction Rebate has assisted with the sale of 10 lots. The SPG considers that the 10 lot sales would not have been achieved without the Early Construction Rebate. The cost of the Early Construction Rebate this financial year will be \$80,000, based on the 10 lots sold to date.

The lots for the Rebate are selected based on constraints such as irregular shaped lots, quiet noise requirements of mandatory two storey requirements.

The extension of the Rebate would potentially increase Direct Selling Costs by a further \$80,000 based on the Rebate being applied to all 10 lots currently eligible. There is potential for additional costs as existing stock becomes eligible for the Rebate.

Although it is not uncommon for major projects to hold “Aged Stock”. The current level of “Aged Stock” (10 lots) is not significant, particularly given current market conditions. There is acceptance that in a slow market there will be aged stock, it is considered that the current levels are appropriate and the rebate should still apply to selected lots rather than lots older than 6 months.

The Early Construction Rebate has assisted in the sale of “Aged Stock” to date. It also provides a financial incentive to buy and construct a dwelling which promotes building activity in the Project. It is recommended that the Early Construction Rebate is extended a further 6 months until 30 December 2017, 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.

In order to provide clarity on the application of the Early Construction Rebate it is also recommended that Council delegates to the Chief Executive Officer approval to apply the Early Construction Rebate to selected “Aged Stock” lots, where lots are subject to the following constraints, irregular shape, quiet noise requirements and mandatory two storey requirements.

*At its meeting of 18 May 2017, the Management Committee considered the request to further extend the Early Construction Rebate and resolved to recommend that Council:*

- 1. RECEIVES the correspondence on the Early Construction Rebate prepared by the Satterley Property Group, dated April 2017.*
- 2. APPROVES the extension of the payment of an Early Construction Rebate to the value of \$8,000 per lot for selected lots on the market for more than 6 months for contracts entered into after 30 June 2017 and until 30 December 2017, 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.*
- 3. DELEGATES to the Chief Executive Officer approval to apply the Early Construction Rebate to selected lots, in accordance with Recommendation 2 above, where lots are subject to the following constraints; irregular shape, quiet noise requirements and mandatory two storey requirements.*

## **9.7 LOT SALES AND RELEASE STRATEGY (MAY 2017)**

### **Report Information**

Reporting Officer: Project Coordinator

### **Recommendation**

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

- 1. APPROVES the Lot Sale and Release Strategy (May 2017), submitted by the Satterley Property Group, as the basis of sales and marketing planning for FYE 2018.**
- 2. DELEGATES to the CEO authority to approve changes to the Lot Sale and Release Strategy (May 2017) relating to stage sizes and lot configuration and timing of stage releases, subject to the changes being minor and consistent with TPRC objectives, policies and strategies.**

### **Voting Requirements**

Absolute Majority

### **Report Purpose**

To consider the Lot Sales and Release Strategy (May 2017) prepared by the Satterley Property Group.

### **Policy Reference**

N/A

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

N/A

### **Previous Minutes**

Council Meeting – 16 June 2016 (Item 9.8: Sales and Lot Release Strategy (May 2016))

### **Financial/Budget Implications**

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

Budget Amount:	\$ 663,734
Spent to Date:	\$ 287,247
Balance:	\$ 376,487

### **Relevant Documents**

Appendix: Lot Sales and Release Strategy (May 2017)

## Background

In June 2016, the Council approved the Lot Sales and Release Strategy (May 2016), submitted by the Satterley Property Group, which outlined the timing, size, nature and method of lot sales releases for FYE 2017.

## Comment

The Satterley Property Group (SPG) has submitted the Lot Sales and Release Strategy (May 2017) for Council's consideration (copy attached Appendix 9.7).

The Lot Sales and Release Strategy (May 2017) addresses the following components:

- Lot Sale and Release Methods;
- Timing, size and configuration of Release Stages;
- Sale Method builder releases;
- Sale Method public releases;
- Sale Method special release.

## Lot Sales and Releases

The Strategy reflects soft market conditions currently being experienced in the residential land market in Western Australia.

The Lot Sales and Release Strategy (May 2017) proposes the following releases for FYE 2018:

- Stages 16A & B, 17B - Catalina Central;
- Stages 25 and 26 - Catalina Beach;
- Two Stage 18 Group Housing sites.

It proposes five sales releases and two special site releases, with the releases varying in size from 6 to 38 residential lots. The Strategy is based on the release of 109 lots, which is intended to satisfy sales demand for FYE 2018. The Strategy proposes the release of 55 lots in the Central Precinct and 52 lots in Catalina Beach, with 2 Group Housing sites in the Central Precinct.

The location and size of the sales releases reflects the proposed Project Budget FYE 2018 (May 2017) and is also consistent with the Annual Plan FYE 2018 (May 2017) listed under report items 9.8 and 9.17 respectively in this Agenda.

The Strategy seeks to maximise the efficient use of existing services and infrastructure and complete development of the land within the Central Precinct (outside the current land fill buffer) and continued sales releases in the Western Precinct.

The release of lots within Catalina Beach will assist with the sales and marketing of the Project by providing the opportunity to market and sell premium lots in a beach side location. The first public release in Catalina Beach (Stage 25) consisting of 21 lots took place on 13 May 2017. The Council will be updated on the status of the Release at the meeting.

The SPG recommends that as part of the next release in Catalina Beach (Stage 26) planned for September 2017 a launch event is held to promote the Beach Precinct. At which time the Catalina Beach Entry Park, Marmion Avenue verge and median and Marmion Avenue Entry Statement is anticipated to be completed.



### Sale Method - Public Releases

The lot sale method proposed for public releases is consistent with the Sales Procedure – Private Purchaser Lots Strategy (March 2014), approved by Council in April 2014, which proposed that the disposal of the residential lots would be by Private Treaty in accordance with Section 3.58(3) and (4) of the Local Government Act 1995.

The Sales Procedure – Private Purchaser Lots Strategy (March 2014) requires potential purchasers to register online to nominate preselected lots, in order of receipt and compliance with pre-set terms and criteria.

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

### Sale Method - Builder Releases

The Builders Release sales method used to date has involved a tender process utilising 'Put Options'. This method has been successful under favourable market conditions, however, builders are no longer interested in 'Put Options' given the associated risks in the current market.

At its meeting of February 2015, the Council approved a modification to the Sales Method – Builders Releases to provide the use of 'Hold Allocations' for medium density releases to builders. The 'Hold Allocation' involves selected lot packages being allocated for a period of time to a builder via a public tender process. Evaluation of tenders is based on selection criteria based on the following:

- Experience in medium density design and construction;
- Capacity to meet market demand;
- Building Design Sustainability Credentials;
- Innovation;
- Financial capacity.

The 'Hold Allocation' provides the selected builder the right to market house and land packages for a period of time. If the lots are not sold or taken up by the builder then the TPRC has the right to offer the lots to the next highest ranked builder or sell the lots as public release lots. The sale of the lots is undertaken by the TPRC, as per the Put Option method. 'Hold Allocations' provide limited risk for the builders while achieving a desired streetscape/built form outcome for the TPRC. The use of Hold Allocations is more acceptable to the builders in the slow market sales conditions.

In the event not all 'Put Option' or 'Hold Allocations' are taken up via the tender process, the SPG has recommended that the lots are then offered to the general public. This approach has been approved by Council in previous Builder Allocations and is supported.

The SPG has recommended the use of 'Hold Allocation' for the Stage 25 Builder Release.

### Sale Method – Special Sites

There are two Group Housing sites in Stage 18 proposed for release in FYE 2018. Both sites are elevated overlooking Connolly Drive and Neerabup Road. The sites are considered important to achieving the built form housing diversity and density objectives of the Project. In December 2015, the Council approved the disposal of the two grouped housing sites via tender subject to design guidelines that require the built form to address Connolly Drive and Neerabup Road and to meet the sustainability objectives of the TPRC.

In October 2016, the TPRC invited tenders, however, no tenders were received.

The SPG has recommended that the Group Housing sites be retendered consistent with Council's design and sustainability requirements. It is necessary to retender the sites to comply with LGA requirements. It is anticipated that the sites will be retendered in July 2017.

The SPG has recommended that if the tender process is unsuccessful then the sites are released to the market, consistent with Council's design and sustainability requirements. If at the conclusion of this process there is no interest for purchase of the sites the SPG will provide a report to Council on options, including the possible subdivision of the sites.

### **Conclusion**

The Lot Sales and Release Strategy (May 2017), submitted by the Satterley Property Group, provides an acceptable basis for sales and marketing planning for FYE 2018 and is consistent with the proposed Project Budget FYE 2018.

The Sales Procedure – Private Purchaser Lots and the Builders Allocation Lots Strategy contained in the Lot Sales and Release Strategy (May 2017) are consistent with sales methods in the approved Lot Sales and Release Strategy (March 2014). The sales methods are also accepted by Council's probity advisor and auditor as good practice.

*At its meeting of 18 May 2017, the Management Committee considered a report on the Lot Sales and Release Strategy (May 2017) and resolved to recommend that Council:*

- 1. APPROVES the Lot Sales and Release Strategy (May 2017), submitted by the Satterley Property Group, as the basis of sales and marketing planning for FYE 2018.*
- 2. DELEGATES to the CEO authority to approve changes to the Lot Sales and Release Strategy (May 2017) to stage sizes and lot configuration and timing of stage releases, subject to the changes being minor and consistent with TPRC objectives, policies and strategies.*

## **9.8 PROJECT BUDGET FYE 2018**

### **Report Information**

Reporting Officer: Chief Executive Officer

### **Recommendation**

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

- 1. APPROVES the Project Budget FYE 2018 (May 2017), submitted by the Satterley Property Group, as the basis of financial planning for the TPRC Budget FYE 2018.**
- 2. RECEIVES the Project Forecast FYE 2019 (May 2017) and Project Forecast (2011-2028), submitted by the Satterley Property Group.**
- 3. ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator KPI 4.4 requiring the preparation of a Project Budget on an annual basis by March each year.**
- 4. REQUESTS the Satterley Property Group to provide detailed information on the variances between the approved Project Forecast 2011-2029 (November 2014) and the Project Forecast 2011-2028 (May 2017) as part of the review of the Project Forecast, as required by Development Managers KPI's (4.4), due for review by August 2017.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

To review the Project Budget FYE 2018 (May 2017) prepared by the Satterley Property Group.

### **Policy Reference**

N/A

### **Previous Minutes**

- Council Meeting – 16 June 2016 (Item 9.9 - Project Budget FYE 2017)
- Council Meeting – 18 June 2015 (Item 9.6 - Project Budget 2015/2016)

### **Financial/Budget Implications**

Input to TPRC FYE 2018 budget.

### **Relevant Documents**

Appendix: SPG Project Budget (May 2017)

## Background

At its meeting of 16 June 2016, the Council approved the Project Budget FYE 2017 (May 2016), submitted by the Satterley Property Group (SPG), and that it be used as the basis of financial planning and reporting for the TPRC Budget FYE 2017.

The approved Development Managers KPI 4.4 requires the SPG to prepare a Project Budget on an annual basis by March each year. The Project Budget FYE 2018 (May 2017), submitted by the SPG is intended to provide the financial parameters for the TPRC Budget FYE 2018.

At its meeting of 11 December 2014, the Council approved the Project Forecast 2011-2029 (November 2014), submitted by the SPG as the basis of project and financial planning.

## Comment

The SPG has prepared the Project Budget FYE 2018 (May 2017) for the Council's consideration. The preparation of the Project Budget includes consideration of the following:

- Budget Comparisons;
- Review of Project Budget FYE 2017;
- Operations for FYE 2018;
- Review of FYE 2018;
- Key Risks for FYE 2018;
- Forecast for FYE 2019;
- Project Forecast 2011-2028;
- Key Project Assumptions;
- Civil Construction Triggers
- Cash Requirement, Capital Return and Profit Distribution Capacity.

The SPG report on the Project Budget FYE 2018 (May 2017) and other supporting information is attached at Appendix 9.8.

## Market Conditions

The SPG considers that the decline of the WA resource sector and slowing population growth is likely to result in the land market remaining soft for the next 18-24 months. As a result of subdued market conditions, the SPG has proposed a conservative FYE 2018 budget which incorporates lower revised sales rates from those in the approved Project Forecast 2011–2029.

## REVIEW OF PROJECT BUDGET FYE 2017

The SPG has undertaken a review of the approved Project Budget FYE 2017 (May 2016) and compared variances to the FYE 2017 Budget Mid-Year Review (December 2016), having regard to the latest sales/settlement and expenditure information.

The significant variances are as follows:

- Sales to reduce from 129 sales to 110 sales;
- Gross Income to decrease by \$5.8M, due to 13 less settlements and deferral of \$3.6M in group housing sites settlements;
- Development costs to decrease by \$6.5M, largely due to deferred lot production costs and savings, deferred landscaping works, and reduced contingency requirements;
- Net cashflow to increase by \$0.7M to (\$2.9M).

Distributions to member local governments for FYE 2017 remain unchanged at \$11M.

PROJECT BUDGET FYE 2018 (MAY 2017) - KEY ACTIVITIES/OPERATIONS

The Project Budget FYE 2018 (May 2017) recommended by the SPG reflects a conservative approach to sales/settlement rates and lot production/infrastructure expenditure consistent with the predicted soft conditions for new lot sales in Western Australia. The Project Budget FYE 2018 (May 2017) is premised on the following key activities and key assumptions:

Sales/Settlements

- 118 sales;
- 123 settlements;
- Titles – 131 lots, Stages 17B, 25 and 26.

Civil Construction/Bulk Earthworks - \$14.6M

- Civil construction Stages 16A, 16B, 17B, 26 and 27 totalling 189 lots;
- Bulk Earthworks - Catalina Central Primary School site;
- Bulk Earthworks - Catalina Grove (Phase 1);
- Bulk Earthworks - Catalina Beach Stages 29-31.

Infrastructure - \$7.7M

- Connolly Drive Green Link intersection (\$1.9M);
- Aviator/Portofino extension (\$1.4M);
- Beach Access Road/services (\$1.6M);
- Waste Water Pump Station Catalina Beach (\$2.0M).  
*Note reimbursement from Water Authority FYE 2019.*

Landscape Construction - \$10.2M

- Catalina Beach Entry Park;
- Marmion Avenue verge and median;
- Marmion Avenue Catalina Beach Entry Statement;
- Biodiversity Conservation Area (South);
- Stages 10–15 Public Open Space areas – Central Precinct.

Marketing - \$0.84M

- Continued Catalina branding;
- Promotion of second Builders Display Village;
- Launch Catalina Beach Precinct;
- Upgrading of estate signage;
- Advertising for estate campaigns.

Planning

- Subdivision application for Stages 16A and 16B in Catalina Central, Stages 36 and 37 (Phase 1) in Catalina Grove;
- Planning for the Eastern Precinct and lodgement of a subdivision application for Phase 1.

The Project Budget FYE 2018 (May 2017) assumes the acquisition of the Western Australian Planning Commission (WAPC) land, located within the Catalina Grove Precinct and adjacent the Mitchell Freeway which forms part of the approved Tamala Park LSP. The agreement to purchase is consistent with the Negotiated Planning Solution approved by the WAPC and the member local governments.

The following table shows variances between the approved Project Forecast 2011-2029 (November 2014) and the proposed Project Budget FYE 2018, proposed by the SPG, for Income, Development Costs, Cashflow and Distributions.

Annual Cashflow	Project Forecast FYE 2018 (November 2014)	Project Budget FYE 2018 (May 2017)	Variance
Gross Income	59.96M	37.10M	(22.86M)
Development Costs	42.37M	48.48M	(6.10M)
Cashflow	17.59M	(11.38M)	(28.97M)
<b>Distributions</b>	<b>18.0M</b>	<b>4.0M</b>	<b>(14.0M)</b>

The major variances are detailed in the SPG report (Appendix 9.8) and are summarised as follows:

- Lot sales to reduce from 200 lots to 118 lots;
- Gross Income to decrease by (\$22.86M) due to settlement of 123 lots compared to 190 lots, settlement of the Catalina Beach group housing site (\$3.7M) now scheduled for 2021 and the Grove retail site (\$2.8M) now scheduled for 2020;
- Landscaping works to increase by \$6.99M as a result of the deferral of costs from FYE 2017 to FYE 2018;
- Lot production costs to decrease by \$5.5M due to lower sales forecast;
- Infrastructure cost to increase by \$6.76M to \$7.66M;
- Net cashflow to reduce by \$28.97M to (\$11.38M);
- Distributions to reduce from \$18M to \$4M.

The Project Budget FYE 2018 (May 2017) is based on the Sales and Lot Release Strategy Plan (May 2017) and the Annual Plan (May 2017) listed for consideration under Reports 9.7 and 9.17, respectively of this Agenda.

#### KEY RISKS FOR PROJECT BUDGET FYE 2018

The SPG has identified the following items as key risks to achieving the Project Budget FYE 2018 outcomes:

- Achieving sales rates in accordance with the FYE 2018 Budget;
- Construction delays resulting in delays in titles issuing;
- Achieving budgeted sales prices for lots settling in FYE 2018;
- Higher than expected cancellation rates for sales resulting in lower settlements;
- Settlements forecast for FYE 2018 being deferred to FYE 2019, resulting in lower revenue being achieved in FYE 2018.

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

The FYE 2018 Project Budget assumes the WAPC land acquisition occurs in April 2018 at a purchase price of \$10.3M. Adjustments to timing and price could impact the actual cashflow position, with a flow on effect to forecast distributions.

The FYE 2018 Project Budget also assumes Bulk Earthworks for Catalina Grove Phase 1 will commence in April 2018. Delays to approvals relating to Catalina Grove works may impact on the timing of Catalina Grove sales and negatively impact revenue in FYE 2019 and FYE 2020.

The SPG has recommended lodging a subdivision application for a portion of Catalina Grove, consistent with the approved LSP, in order to maintain land supply. This is to be the subject of a separate report from the SPG.

#### SALES TRIGGERS FOR CIVIL CONSTRUCTION

The SPG has recommended the use of Sales Triggers for the Project Budget FYE 2018. The recommended Sales Triggers require a closing stock position 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. The SPG considers that the Central Precinct and Western Precinct appeal to different target markets and will have different sales rates and have recommended separate sales triggers for each precinct.

The principle of maintaining civil construction triggers to ensure the Project does not over commit to civil construction is supported. The proposed Sales Trigger requiring 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 is considered acceptable under current market conditions in managing Council's risk and whilst providing a reasonable stock position for market demand. It is noted that the same Sales Triggers were applied for FYE 2017 for the Central and Beach Precincts.

#### ESCALATION RATES

Income and cost escalation rates for the Project Budget FYE 2018 (May 2017) have been removed until FYE 2019. In FYE 2019 income and cost escalation rates have been reintroduced at 2% and 1% respectively. The Income and cost escalation rates return to long-term growth estimates of 4% and 2% per annum respectively from 2020. The SPG believes this reflects long term escalation rates for the development industry.

Due to the compounding effect of escalation, these rate changes have a material impact on the life of project budget.

#### PROJECT FORECAST FYE 2019

The SPG has prepared a Project Forecast FYE 2019 for financial planning purposes and information. It is not intended to be endorsed by the Council at this time.

The following table shows the variance between forecasts considered by Council in December 2014, as part of its approval of the Project Forecast 2011-2029 (November 2014) and the current Project Forecast FYE 2019 for Income, Development Costs, Cashflow and Distributions.

<b>Annual Cashflow</b>	<b>Project Forecast FYE 2019 (November 2014)</b>	<b>Forecast FYE 2019 (May 2016)</b>	<b>Variance</b>
Gross Income	66.58M	39.37M	(27.21M)
Development Costs	29.14M	31.08M	(1.94M)
Cashflow	37.44M	8.28M	(29.16M)
<b>Distributions</b>	<b>37.0M</b>	<b>10.0M</b>	<b>(27.0M)</b>

These estimates should only be considered as a general guide for the Project Forecast FYE 2019, detailed planning and review is underway to more precisely determine the assumptions underlying the cashflow. The FYE 2019 forecast will be reviewed in light of the Western Australian economy and the residential land market at that time.

It is noted there are significant departures from the Council approved the Project Forecast 2011-2029 (November 2014) which require further explanation from the SPG.

#### PROJECT FORECAST (2011-2029)

At its meeting of December 2014, the Council approved the Project Forecast 2011-2029 (November 2014), submitted by the SPG as the basis of project and financial planning.

The SPG has compared the current Project Forecast 2011-2028 (May 2017), prepared as part of the Project Budget FYE 2018 preparation, with the Project Forecast 2011-2029 (November 2014) approved by Council in December 2014.

The Project Forecast 2011-2028 (May 2017) forecasts an overall net cash profit of \$342.07M which is \$54.79M less than the approved 2014 Project Forecast, largely as a result of the reduction in escalation and sales rate assumptions applied, which the SPG considers necessary given the deterioration in market conditions over the past 24 months.

The Development Managers KPI's (4.4) requires the SPG to review the Project Forecast every three years and therefore the Project Forecast is due for review by August 2017. The Project Forecast 2011-2028 (May 2017) provides a general guide to the long term cashflow direction of the Project and does not require any formal Council decision. Whilst the position represented is indicative only and does not require any formal Council decision there are significant departures from the Council approved Project Forecast 2011-2029 (November 2014) that requires further explanation from the SPG.

#### **Conclusion**

The SPG has indicated that current market conditions are expected to continue through FYE 2018 and FYE 2019 which is likely to result in residential lot revenue being below the TPRC budget predictions. The reduced residential lot revenue will result in 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 Project Budget FYE 2018 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 Project Budget FYE 2018 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.

The Project Budget FYE 2018 (May 2017) is consistent with the Sales and Lot Release Strategy Plan (May 2017) and the Annual Plan (May 2017) listed for consideration under Reports 9.7 and 9.17, respectively of this Agenda.

It is recommended that Council approves the Project Budget FYE 2018 (May 2017), submitted by the SPG, as the basis of project and financial planning for FYE 2018.

It is further recommended that the Council accept that the SPG has achieved Development Managers KPI 4.4 requiring the preparation of a Project Budget on an annual basis by March each year.



Satterley Property Group representatives will be in attendance to present and explain the rationale and underlying assumptions of the Project Budget FYE 2018 (May 2017), Project Forecast FYE 2019 and Project Forecast 2011-2028.

The Council approved Project Forecast 2011-2029 (November 2014) has been used by the TPRC as the basis of project and financial planning since 2014. It has forecasted project profit and distributions which have been relied upon by the TPRC for cashflow purposes and also by member local governments in their own financial planning. As indicated in the report the Project Forecast 2011-2028 (May 2017) indicates significant departures from the Council approved the Project Forecast 2011-2029 (November 2014) which require further explanation from the SPG. It is recommended that the SPG be requested to provide detailed information on the variances between the approved Project Forecast 2011-2029 (November 2014) and the Project Forecast 2011-2028 (May 2017) as part of the review the Project Forecast, as required by Development Managers KPI's (4.4), due for review by August 2017.

*At its meeting of 18 May 2017, the Management Committee considered a report on the Project Budget FYE 2018 (May 2017) and resolved to recommend that Council:*

- 1. APPROVES the Project Budget FYE 2018 (May 2017), submitted by the Satterley Property Group, as the basis of financial planning for the TPRC Budget FYE 2018.*
- 2. RECEIVES the Project Forecast FYE 2019 (May 2017) and Project Forecast (2011-2028), submitted by the Satterley Property Group.*
- 3. ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator KPI 4.4 requiring the preparation of a Project Budget on an annual basis by March each year.*
- 4. REQUESTS the Satterley Property Group to provide detailed information on the variances between the approved Project Forecast 2011-2029 (November 2014) and the Project Forecast 2011-2028 (May 2017) as part of the review of the Project Forecast, as required by Development Managers KPI's (4.4), due for review by August 2017.*

## **9.9 DISTRIBUTION TO PARTICIPANT LOCAL GOVERNMENTS – JUNE 2017**

### **Report Information**

Reporting Officer: Chief Executive Officer

### **Recommendation**

**That the Council APPROVES the June 2017 Distribution to Participant Local Governments of \$6M, consistent with the TPRC Budget FYE 2017.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

To consider a report on the proposed Distribution to Participant Local Governments for June 2017.

### **Policy Reference**

N/A

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

N/A

### **Previous Minutes**

N/A

### **Financial/Budget Implications**

Review of June 2017 - \$6M Distribution to Participant Local Governments in the TPRC Budget FYE 2017.

### **Relevant Documents**

Appendix: Nil

### **Background**

At its meeting of 11 August 2016, the Council approved the TPRC Budget FYE 2017.

The TPRC Budget FYE 2017 predicted Distributions to the participant members totalling \$11 million. It was anticipated that the Distributions would be made as follows:

- December 2017 - \$5M
- June 2017 - \$6M

**Comment**

As part of preparation of the Project Budget FYE 2018 (May 2017) the Satterley Property Group (SPG) has undertaken a review of the approved Project Budget FYE 2017 having regard to the latest sales/settlement/expenditure information and current market conditions. The SPG review of the Project Budget FYE 2017 forecasts Distributions to Participant Local Governments at \$11M, consistent with the approved TPRC Budget for FYE 2017. It is noted that a \$5M Distribution was made to Participant Local Governments in December 2016.

Given the SPG review of the approved Project Budget FYE 2017 and forecasts for the Project Budget FYE 2018 (May 2017) it recommended that the Council approve the payment of the June 2017 Distribution to Participant Local Governments of \$6M, consistent with the TPRC Budget FYE 2017.

*At its meeting of 18 May 2017, the Management Committee considered a report on the proposed Distribution to Participant Local Governments for June 2017 and resolved to recommend that Council APPROVES the June 2017 Distribution to Participant Local Governments of \$6M, consistent with the TPRC Budget FYE 2017.*

## 9.10 ANNUAL MARKETING PLAN FYE 2018

### Report Information

Reporting Officer: Project Coordinator

### Recommendation

#### That the Council:

1. **APPROVES** the Annual Marketing Plan (May 2017), prepared by the Satterley Property Group.
2. **ACCEPTS** that the Development Managers Key Performance Indicators (June 2014), Marketing 3.2 – Annual Marketing Plan, requiring the preparation of the Annual Marketing Plan by March each year has been **ACHIEVED**.
3. **ADVISES** the Satterley Property Group that marketing expenditure will be reviewed and monitored in line with market conditions and the requirements of the Project.

### Voting Requirements

Simple Majority

### Report Purpose

To consider the Annual Marketing Plan (March 2017) 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 – 16 June 2016 (Item 9.11: Catalina Annual Marketing Plan 2016-2017)
- Council Meeting – 19 June 2014 (Item 9.12: Development Managers – Key Performance Indicators - 2014).

### Relevant Documents

Appendix: Annual Marketing Plan (March 2017)

### Financial/Budget Implications

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

Budget Amount:	\$ 663,734
Spent to Date:	\$ 287,247
Balance:	\$ 376,487

## **Background**

At its meeting of 16 June 2016, the Council approved the Annual Marketing Plan 2016-2017 prepared by the Satterley Property Group (SPG). The Annual Marketing Plan provided the key marketing objectives and strategies to assist in achieving the sales target for FYE 2017.

The approved Development Managers Key Performance Indicators (June 2014), Key Performance Indicator, Marketing 3.2, requires the preparation of an Annual Marketing Plan by March each year. In accordance with the Development Managers Key Performance Indicators 2014, the SPG has prepared and submitted the Annual Marketing Plan (March 2017) for the Council's consideration to satisfy the KPI 3.2 (Appendix 9.10).

## **Comment**

The purpose of the Annual Marketing Plan (AMP) is to provide a 12-month outlook of market conditions and identify key marketing activities/strategies for the forthcoming year, to assist in meeting the FYE 2018 sales targets. The AMP provided by the SPG contains the following components:

- Market conditions overview;
- Key marketing objectives;
- Key marketing initiatives for FYE 2018;
- Recommended marketing budget for FYE 2018.

### Market overview

The SPG analysis indicates a slowdown in sales activity throughout the year with enquiries, registration and visitation to the Sales Office down on the previous year.

### Sales Catchment Areas

The AMP identifies key sales catchment areas based on purchaser addresses. The analysis indicates that the majority of sales were derived from purchasers residing in the north-western corridor and living within a 15km radius of the Estate, which supports marketing actions/strategies targeted towards local communities.

### Sales Strategy FYE 2017

The key focus of the sales strategy for FYE 2017 was the public releases using the approved online sales release method, which resulted in leads from each campaign. The other key strategy implemented was the improvement of builder engagement through strengthening relationships with key builders which helped to deliver referrals and leads.

### Key Marketing Objectives FYE 2018

The key marketing objectives identified in the AMP (May 2017) for FYE 2018 are as follows:

- Brand development;
- Lead generation to achieve sales targets;
- Project Signage Strategy and upgrade;
- Point of Sale – improve purchaser journey;
- Project website improvements and sales collateral refinement; and
- Catalina Beach launch.

### Key Marketing Strategies FYE 2018

Key marketing initiatives in the AMP recommended by the SPG are identified below:

1. Strategic Brand Direction

Capitalise on the refreshed brand and value proposition that was undertaken in FYE 2017.

Catalina Beach – the brand will be positioned as highly desirable through key content and visual elements.

2. Market Research

Market research is proposed to be undertaken in the form of purchaser profiling, geo-mapping (purchasers and registrations of interest) and analysis. Research on the apartment product at Catalina Beach is also proposed.

3. Brand Advertising

Brand advertising is to be targeted at increasing brand awareness in our primary and secondary catchment areas. The AMP proposes 40% of the Advertising and Direct Marketing allocation being used for brand advertising.

4. Lead Generation Advertising

Lead generation is proposed utilising 60% of the Advertising and Direct Marketing allocation. This is to include targeted marketing around stage releases and ongoing messaging campaigns aimed at driving inquiries and prospective purchasers to the Land Sales Office.

5. Catalina Beach Launch

Following the launch of Catalina Beach in May 2017 with the release of Stage 25, the SPG has recommended a launch of Catalina Beach including a major event in September 2017. By September 2017 the Catalina Beach entry park, Marmion Ave Entry Statement and road verges should be complete which would demonstrate the development standard of Catalina Beach as a premium estate.

6. Signage

An upgrade of existing project signage and installation of new signage is proposed to support the refreshed brand and increase communication of key messages to passing traffic on Marmion Avenue, Connolly Drive and Neerabup Road.

7. Sales Office

An upgrade of the Sales Office is proposed to improve the functionality and currency of marketing collateral.

8. Website and Collateral

The new website platform was delivered as part of FYE 2017. The website will be further developed to provide additional functionality over FYE 2018. Collateral will also be updated and includes new collateral for Catalina Beach.

### Marketing Expenditure

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

Description	Budget FYE 2018
Brand Development (Market Research)	\$37,500
Sales Office & Builder Relations	\$65,000
Collateral (Estate Brochures and Folders)	\$44,500
Advertising and Direct Marketing	\$313,000
Signage	\$270,000
Website	\$30,000
Promotions	\$30,000
Public Relations	\$5,000
Sales & Marketing Contingency (5% all items)	\$39,750
<b>Total</b>	<b>\$834,750</b>

The SPG recommendations for marketing expenditure show a \$35,384 increase in budget from FYE 2017, which is primarily a result of deferred signage expenditure from FYE 2017. It is noted the FYE 2017 and FYE 2018 budgets are based on similar budgeted sales for the year.

The proposed budget for FYE 2018 is considered appropriate given the initiatives and strategies to be undertaken in the financial year.

### Conclusion

The AMP outlines marketing activities for the forthcoming year that support current project objectives and initiatives, with a focus on the following elements:

- Support of stage land releases;
- Brand development;
- Signage and sales office strategy implementation; and
- Promotion of the launch of Catalina Beach.

Whilst the budget proposals outlined in the AMP for 2018 are supported in principle, marketing expenditure will be reviewed and monitored in line with market conditions and the requirements of the Project.

The Annual Marketing Plan (May 2017) prepared by the Satterley Property Group is considered to satisfy the requirements of Key Performance Indicator: Marketing 3.2 – requiring the preparation of an Annual Marketing Plan by March each year.

*At its meeting of 18 May 2017, the Management Committee considered a report on the Annual Marketing Plan (March 2017) and resolved that Council:*

1. *APPROVES the Annual Marketing Plan (May 2017), prepared by the Satterley Property Group.*
2. *ACCEPTS that the Development Managers Key Performance Indicators (June 2014), Marketing 3.2 – Annual Marketing Plan, requiring the preparation of the Annual Marketing Plan by March each year has been ACHIEVED.*
3. *ADVISES the Satterley Property Group that marketing expenditure will be reviewed and monitored in line with market conditions and the requirements of the Project.*

## **9.11 REVIEW OF CATALINA RISK MANAGEMENT PLAN 2017**

### **Report Information**

Reporting Officer: Chief Executive Officer

### **Recommendation**

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

- 1. APPROVES the Risk Management Plan (May 2017) prepared by the Satterley Property Group.**
- 2. REQUIRES the Satterley Property Group to continually review and update the Risk Management Plan (May 2017) and report to Council annually.**
- 3. ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator 2.12 requiring an Annual review of the Project Risk Management Plan by May each year.**
- 4. REQUESTS the Satterley Property Group to prepare as a matter of priority:**
  - a) A program identifying key milestones for Council approvals for the Catalina Grove Precinct;**
  - b) Recommendations for early construction of infrastructure, such as Connolly Drive, which may assist with timing of Phase 1 Catalina Grove;**
  - c) Advice on the impacts of delays to the Catalina Grove Precinct development program on sales and cashflow as part of the Project Forecast review in August 2017 and outline mitigation measures to avoid impacts on TPRC cashflow predictions.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

To consider a report on the Risk Management Plan (May 2017), prepared by the Satterley Property Group.

### **Policy Reference**

N/A

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

N/A

### **Previous Minutes**

- Council Meeting – 16 June 2016 (Item 9.12 - Catalina Risk Management Plan 2016)
- Council Meeting – 13 August 2015 (Item 9.7 - Catalina Risk Management Plan 2015)



## Financial/Budget Implications

N/A

## Relevant Documents

Appendix:

- Catalina Risk Management Plan dated May 2017
- Catalina Risk Register 2017

## Background

At its meeting in June 2016, the Council considered the Catalina Risk Management Plan (May 2016) and resolved as follows:

1. *APPROVES the Risk Management Plan (May 2016) prepared by the Satterley Property Group.*
2. *REQUIRES the Satterley Property Group to continually review and update the Risk Management Plan (May 2016) and report to Council annually.*
3. *ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator 2.12 requiring an Annual review of the Project Risk Management Plan by May each year.*

The purpose of the Risk Management Plan is to identify, assess and respond to Project risk issues.

The approved Development Managers KPI 2.12 requires the Satterley Property Group (SPG) to undertake an Annual review of the Project Risk Management Plan by May each year.

## Comment

In accordance with Council decision of June 2016 and the Development Managers KPI 2.12 the SPG has reviewed the Catalina Risk Management Plan 2016 and submitted the Catalina Risk Management Plan (May 2017) for Council's consideration (attached under Appendix 9.11).

The Risk Management Plan (RMP) identifies 22 risks which the SPG consider to be the most significant items of risk which may affect the Catalina Project. The RMP includes one new risk (Item 3.9) relating to changes to the property development laws, environmental controls, land tax and taxation and civil design principles.

Risks have been identified from the following areas:

- Sales & Marketing;
- Budget;
- Planning and Environmental Approvals;
- Engineering and Construction;
- External Stakeholders;
- Management.

A quantitative assessment of all identified risks was undertaken by the SPG to assess the degree of each risk and identify those which have the greatest potential to negatively impact the Project.

The SPG's assessment has been undertaken by applying scores of 1 – 5 against the likelihood of occurrence and magnitude of impact for each item of risk using the scaling tables provided under Tables 1 and 2 of the RMP. These occurrence and impact ratings were then used to calculate a risk rating for each item (risk rating = occurrence x impact). The risk ratings have been used to categorise risks as low, medium or high, based on the following:

Category	Risk Rating
Low	0 – 6
Medium	7 – 14
High	15+

The SPG's assessment of the 22 risk items are reported in the RMP (Appendix 9.11) and resulted in the risk items being categorised as follows:

Category	Number
Low	13
Medium	8
High	1

The SPG's assessment resulted in one risk item being categorised as high risk, representing the greatest potential risk to the Catalina Project:

*Item 3.1: Lifting of urban deferred buffer does not meet cashflow expectations*

Delays to the landfill buffer zone being removed from the Catalina site could affect the development of the southern portion of the Central Precinct.

The SPG has assessed this risk with a rating of 15 and recommended mitigation actions of maintaining close liaison with the Mindarie Regional Council and commencing actions for the lifting of the urban deferred zoning as soon as movement of the buffer occurs.

The approved project budget is based on a development schedule that assumes the Tamala Park Landfill buffer will continually recede to allow urban deferred zonings to be lifted and development to continue to the site's southern boundary by 2029.

This matter will be further addressed as part of the SPG review of the Project Forecast (Development Managers KPI 4.4) which is to be undertaken by August 2017.

The SPG's assessment has resulted in 8 items being categorised as medium risk, which is two more than the RMP 2016. The increase in the number of items categorised as medium risk is consistent with economic climate and soft land sales market.

The RMP categorises two items being as medium risk, which have potential major – catastrophic consequences.

*Item 4.1 – Non Compliance with Work Health and Safety Requirements Leads to Death or Serious Injury*

The Project involves significant earthworks, civil works and landscape works which involve high risk activities.

The SPG has recommended it be mitigated by evidence that SPG's WHS Management System satisfies the *Occupational Safety and Health Act (WA) 1984* and *Occupational Safety and Health Regulations (WA)* and the implementation of the SPG WHS Contractor Management Procedure, including 2<sup>nd</sup> Party (Principal Contractor) audits, Project

specific risk identification workshops by the Principal Contractor and regular reporting of WHS matters.

*Item 5.1: The potential impacts from the landfill operations include contamination of the TPRC's landholding from contaminated groundwater or a gas leak which could provide a significant safety risk to the public.*

The Tamala Park Waste Facility is a putrescible landfill operation. There is a risk that the landfill operations could contaminate the TPRC's landholding from contaminated groundwater or gas. At the present time, there are no management issues with the landfill that affect the Catalina development.

The Tamala Park Waste Facility is being well managed with on-going monitoring and testing programs. The Facility is also subject to annual DER licensing.

The TPRC is in close liaison with Mindarie Regional Council administration in terms of potential impacts on the Catalina Project.

The RMP categorises two items being as medium risk, however, these have high rating and the potential to affect TPRC cashflow.

*Item 1.1 – Low interest from builders leads to lack of medium density lot sales in builder releases.*

The SPG has indicated that soft market conditions and uncertain economic conditions has led to declining interest from builders for lots in medium density builder releases. There has been no interest from builders in Put Options normally used with builder releases.

The SPG has recommended a reduction in builder releases, creation of house and land packages with builders and providing commercial terms, such as "Hold Options", which lessen risk to builders.

*Item 3.5 – Delays in commencing and undertaking. Tamala Park LSP Amendment process for Catalina Grove Precinct may impact sales releases*

The SPG has indicated that further delays with the progression of the *Catalina Grove LSP Amendment will impact on the sales program for the Catalina Grove Precinct and affect sales and Project Cashflow. The SPG proposes to present design options for the Catalina Grove Precinct for Council's consideration in August 2017.*

It is proposed that the SPG develop a program identifying milestones for approvals for the Catalina Grove Precinct, provide recommendations for early construction of Connolly Drive and review timing of the first Phase 1 as part of the Project Forecast review in August 2017.

## **Conclusion**

The Catalina Risk Management Plan 2017 provides detailed qualitative assessment of the risks in order to understand their cause and potential impact to the Project. The Catalina Risk Management Plan 2017 includes mitigation actions, recommended by the SPG, for implementation to avoid, reduce or manage the impact of all identified risks, which are shown on the Risk Register contained within the RMP. The RMP has been modified to include TPRC comments and recommendations.

It should be noted that the significant risks identified in the RMP were also reported in the RMP 2016 and appropriately managed. The mitigation actions recommended by the SPG have been commenced and further actions have been implemented to manage identified risks.

The SPG has recommended that the RMP and identified items of risk be continually monitored and reviewed and an updated RMP be presented to the Council for its approval on an annual basis.

The SPG advice and considerations in the RMP indicate that Risk Item 3.5 – Delays in commencing LSP Amendment for Catalina Grove has the potential to have a significant negative impact on the sales program for the Catalina Grove Precinct and Project Cashflow. In order to respond to this risk expeditiously it is recommended that the SPG prepare as a matter of priority:

1. A program identifying key milestones for Council approvals for the Catalina Grove Precinct;
2. Recommendations for early construction of infrastructure, such as Connolly Drive, which may assist with timing of Phase 1 Catalina Grove;
3. Advice on the impacts of delays to the Catalina Grove Precinct development program on sales and cashflow as part of the Project Forecast review in August 2017 and outline mitigation measures to avoid impacts on TPRC cashflow predictions.

It is further recommended that the Council accept that the Satterley Property Group has achieved Development Managers KPI 2.12 requiring the preparation of an Annual Review of the Project Risk Management Plan by May each year.

*At its meeting of 18 May 2017, the Management Committee considered a report on the Risk Management Plan (May 2017) and resolved that Council:*

1. *APPROVES the Risk Management Plan (May 2017) prepared by the Satterley Property Group.*
2. *REQUIRES the Satterley Property Group to continually review and update the Risk Management Plan (May 2017) and report to Council annually.*
3. *ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator 2.12 requiring an Annual Review of the Project Risk Management Plan by May each year.*
4. *REQUESTS the Satterley Property Group to prepare as a matter of priority:*
  - a. *A program identifying key milestones for Council approvals for the Catalina Grove Precinct;*
  - b. *Recommendations for early construction of infrastructure, such as Connolly Drive, which may assist with timing of Phase 1 Catalina Grove;*
  - c. *Advice on the impacts of delays to the Catalina Grove Precinct development program on sales and cashflow as part of the Project Forecast review in August 2017 and outline mitigation measures to avoid impacts on TPRC cashflow predictions.*

## 9.12 REVIEW OF SUSTAINABILITY INITIATIVES PLAN

### Report Information

Reporting Officer: Project Coordinator

### Recommendation

That the Council:

1. **RECEIVES** the revised Catalina Sustainability Initiative Plan (May 2017) prepared by the Satterley Property Group.
2. **APPROVES** the following sustainability initiatives and budget for FYE 2018:

Sustainability Initiative	Allocation
Waterwise Landscape Package including soil moisture sensors	\$5,000 per lot
Solar Panel Rebate	\$2,000 per lot
Fibre Optic Service	\$1,200 per lot
Community Development	\$1,200 per lot
Waste Recycling (Housing Construction)	\$600 - \$900 per lot
High rated WELS Fixtures and Appliances in Catalina Beach	\$1,000 per lot

3. **APPROVES** the continuation of the existing landscape initiatives, including native and low water use plants, native seed collection and propagation, use of site mulch and waterwise irrigation systems.
4. **APPROVES** the continuation of the fauna and flora relocations associated with bulk earthworks.
5. **APPROVES** the continuation of Medium Density Housing opportunities in accordance with the Catalina Built Form and Housing Strategy (May 2016) and investigations into small lot product in Stages 16A and 16B.
6. **APPROVES** the following new initiatives, subject to the Satterley Property Group providing an implementation strategy for Council's consideration for the August 2017 meeting:
  - The provision of an Electronic Tablet to purchasers;
  - A rebate of \$400 to residents for the installation of LED lighting;
  - A rebate for replacement LED lighting to existing purchasers to a value of \$150.
7. **REQUESTS** the Satterley Property Group to develop proposals and programs to increase residents' awareness on sustainability relating to areas of water conservation, waste recycling, housing efficiency and design, flora and fauna enhancement and energy efficiency in order to increase awareness and to achieve the Council's sustainability objectives.
8. **REQUESTS** the Satterley Property Group to review communications and procedures for purchasers and builders on Catalina rebates in order to improve participation rates and assist in delivering TPRC sustainability objectives.

- 9. ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator 2.8 requiring an annual review of sustainability initiatives by May each year.**

### **Voting Requirements**

Simple Majority

### **Report Purpose**

To consider a report on the review of sustainability initiatives for the Project, prepared by the Satterley Property Group.

### **Policy Reference**

N/A

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

N/A

### **Previous Minutes**

Council Meeting – 20 October 2016 (Item 9.13: Review of Sustainability Initiatives Plan)

### **Financial/Budget Implications**

Expenditure under this matter will be incurred under the following items:

Item E145216 (Sales Expenditure – Direct Selling Costs):

Budget Amount:	\$ 3,805,686
Spent to Date:	\$ 2,397,203
Balance:	\$ 1,408,483

### **Relevant Documents**

Appendix: SPG report dated May 2017 - Catalina Sustainability Initiative Plan Review 2017

### **Background**

In October 2016, the Council considered a review of the Sustainability Initiatives Plan (SIP), prepared by the Satterley Property Group and approved sustainability initiatives for FYE 2017.

The purpose of the Sustainability Initiatives Plan (SIP) is to identify initiatives that the Council can undertake in the Project to meet sustainability and innovation objectives. The SIP focuses on the following key elements; water use, energy use, waste management; and general initiatives relating to civil design and construction and landscape design and construction.

The Council has agreed to provide the following sustainability initiatives:

- Solar Panel Rebate;
- Fibre Optic Services;
- Community Development;
- Waste Recycling Rebate;

- WELS rated fixtures, fittings and appliances Rebate;
- Sustainable Housing through Design Guidelines;
- Dwelling Density targets;
- Waterwise landscaping; and
- Sustainable Civil and Construction initiatives.

### **Comment**

The SPG has provided a review of the SIP 2016 as detailed in the correspondence attached at Appendix 9.12.

### Competitors' Analysis

Table 1 has been provided by the SPG to compare the initiatives currently undertaken at Catalina and competing estates in the North-West Corridor.

Based on Table 1 the SPG believes the sustainability initiatives being implemented at Catalina exceed those provided at the majority of competing developments in the North-West corridor. There are only two competitors that exceed the number of initiatives provided at Catalina.

All researched competitors provide a landscaping package, community development, design guidelines and meet targeted dwelling densities as a minimum standard. When compared to competitors, Catalina provides an above average number of sustainability initiatives, which includes the builders Waste Management Rebate.

The SPG has indicated that the competitors' analysis shows a trend from competitors towards, LED lighting and education as new initiatives being implemented or recommended for implementation.

**Table 1 (Competitor Assessment)**

	Shared Bore*	Solar Panel Rebate	Fibre Optic Service	Front Landscaping	Gas Boosted HWS	Energy Display	A/C Rebate**	LED's	Community Development	Waste Management	Design Guidelines	Dwelling Densities	Fixtures and Appliances	Warm Asphalt	Battery Power	Waste Recycling	Education	Free WiFi
Allara		\$2.6	\$1.2	\$3.5		\$.36	✓	\$.5	✓		✓	✓	\$.3			✓	✓	
Burns Beach			✓	✓				Rec.	✓		✓	✓	Rec					
Eden Beach			\$1.2	\$4							✓	✓						
<b>Catalina</b>	<b>\$3.5</b>	<b>\$2</b>	<b>\$1.2</b>	<b>\$5</b>					✓	<b>\$.75</b>	✓	✓	<b>\$1.0</b>					
Alkimos Beach		\$2.5	✓	\$2.5	\$1.5	\$.2	\$.75	\$.3	✓	✓	✓	✓	\$.75	Trialled	✓	✓	✓	
Amberton				✓							✓	✓						
Shorehaven	✓	Rec		✓				Rec	✓		✓	✓	Rec					
Trinity			✓	✓					✓		✓	✓					✓	✓

\*Shared Bore was trialled and has now been discontinued at Catalina

\$ denotes value of rebate (,000)

Rec = Recommended / Encouraged

✓= Currently being implemented (costs unknown)



### Solar Panel Rebate

The Council has approved a \$2,000 per lot Solar Panel Rebate subject to purchasers installing a solar system in accordance with prescribed specifications and time frames.

To date 281 purchasers have installed the required solar panel system, which represents 36% of the homes completed and eligible (an increase of 6% from the August 2016 report presented to Council). The SPG estimates a reduction of greenhouse gas emissions of approximately 1.4 tonnes per annum per home and a total reduction in greenhouse gas emissions of 393.4 tonnes per annum based on the participating homes to date.

The Council considered a report on a tender for the provision of Photo Voltaic Systems in April 2017 and resolved not to accept any of the tender submissions and to continue the current \$2,000 Solar Panel Rebate.

The SPG has recommended that the Solar Panel Rebate be continued and has indicated that further communication and reminders (automated email) to the purchasers may improve the take up rates.

### Waterwise Landscape Packages

The Council has approved the provision of Waterwise Landscape Packages for purchasers to assist Catalina's water conservation and promote locally appropriate plant species. A budget of \$5,000 per lot has been allocated to this initiative.

The Waterwise Landscape Package applies to the front of the lot and typically includes waterwise native vegetation, automated waterwise irrigation system (including a rain sensor), soil preparation (including additives to enhance moisture retention abilities) and subsurface irrigation of garden beds to reduce water loss.

The SPG has recommended that the Waterwise Landscape Package be continued for future stages.

### Fibre Optic Service

The Council has approved the provision of NBN Co. fibre optic services to the Estate. To date Stages 1- 18 have been serviced by NBN Co.

The total cost to install the infrastructure to enable the fibre optic service by NBN Co is \$1,200 per lot.

The SPG has recommended that Fibre Optic services be continued with NBN Co and that a WIFI hotspot is investigated with NBN Co for a location in the Catalina Estate.

### Community Development

The TPRC is implementing an approved Community Development Plan. The focus to date has been on stakeholder consultation, local community events such as street parties, tree planting day, environmental walks and the creation of a community garden.

The SPG recommends that the Community Development Plan for the next 12 months outlines community engagement initiatives that build on welcoming residents to the estate, providing opportunities for residents to meet their neighbours and the potential for a larger event for all residents at Catalina.

### Waste Recycling (Housing Construction)

Since February 2013 Instant Waste Management has operated a Waste Management Program to collect, sort, store and reuse builders' waste material generated from within the Catalina Estate. To date over 3,864 tonnes of waste has been diverted from landfill and recycled at a rate of 96% of all materials.

The program is voluntary in public release stages; however, it has been mandated for builder releases from Stage 9 onwards and Catalina Display Villages 2 and 3. The initiative is receiving good feedback from builders who have participated to date and is achieving excellent recycling results. In order to offset the additional costs the TPRC provides a rebate of \$600 - \$900 per home for participating builders, depending on the Stage.

A total of 168 homes have been included in the Program to date out of 777 homes that have been able to participate, a participation rate of 21.6%. The SPG has communicated with builders on the initiative to improve participation rates by builders.

The SPG has recommended that the Waste Recycling (Housing Construction) program be continued.

### Housing Design Guidelines

The Council has approved the Design Guidelines which apply to the Central Precinct. The Guidelines include a number of recommendations for purchasers to reduce the consumption and cost of household energy and water. These recommendations include:

- High star rated electrical and water using appliances;
- Solar hot water system;
- Installing an array of Photovoltaic cells;
- Shade devices that allow northern winter sun to living areas and prevent summer sun access;
- Passive solar design by locating the dwelling's daytime living areas and their associated openings to a north facing aspect where practical;
- Windows and doors in habitable rooms to allow for ventilation through the dwelling from cooling summer breezes from the south-west;
- Low-e glazing/double glazing;
- Roof and wall insulation; and
- Shading devices including awnings and trees.

The SPG considers the design guidelines are being incorporated into Catalina homes with mixed success. Low cost design element recommendations are being incorporated into the majority of designs, however, solar hot water systems and shade devices are generally not being included in building designs due to the higher cost involved with their installation.

### Project Dwelling Densities

Catalina has a diversity of lot sizes, including a high proportion of medium density lots compared to competing developments. The medium density housing has a number of sustainability benefits including:

- Greater opportunities for affordable housing;
- Sustainable use of infrastructure;
- Sustainable use of developable land.

The SPG has recommended that the Council continue to provide Medium Density Housing opportunities in accordance with the Catalina Built Form and Housing Strategy (November 2016) and continue to investigate new housing types and builder partnerships.

### Fauna/Flora Relocation

Prior to and as part of the bulk earthworks the following sustainability initiatives are being implemented:

#### Fauna Relocation

Prior to the commencement of stages of bulk earthworks, the TPRC undertakes best practice fauna relocation. This involves the capture of small marsupials, reptiles and subterranean fauna at regular intervals. All native fauna is relocated to an appropriate Crown Reserve or National Park. There is recording of each specimen and photos taken at time of capture and release. The program also includes the trapping / capture of introduced and non-endemic species.

Trees are checked for Carnaby's Black-Cockatoo nesting activity.

#### Flora Relocation

Prior to the commencement of stages of bulk earthworks grass trees are relocated and stored for reuse in public open space.

### Landscape Initiatives

Prior to and as part of the Landscape Works the following sustainability initiatives are being implemented:

#### Flora Revegetation Programs

The majority of public areas/streetscapes landscapes comprise native and low water use plants. In addition, over 50% of plantings of trees and shrubs in streetscaping and other public areas are primary feeding plants for Carnaby's Black-Cockatoo.

The rehabilitation program for the Biodiversity Conservation Area (BCA), which is an important conservation area adjacent Marmion Avenue, is well advanced. The rehabilitation has included conservation fencing, weed management, planting of native species and control of unauthorised tracks.

#### Native Seed Collection

The TPRC has collected seeds from uncleared areas on site and has undertaken a propagation program. These plants have then been used for tubestock planting in conservation and open space areas.

Landscape works also include the following sustainability initiatives:

- Use of site mulch from trees cleared during earthworks;
- Installation of solar lights in parks;
- Use of locally appropriate water wise plants;
- Installation of water efficient sub soil irrigation systems;
- Reuse of limestone boulders and logs from on site.

The SPG has recommended that the existing landscape design and construction initiatives be continued.

### Water Saving Fixtures, Fittings and Appliances (WELS)

In August 2016, the Council approved a \$1,000 rebate for homeowners in Catalina Beach who installed high rated WELS fixtures, fittings and appliances. Based on construction timeframes for Catalina Beach homes it is anticipated that claims for the rebate will be made in 2018.

The SPG has recommended that the rebate for \$1,000 remain and that the initiative is reviewed in 2018.

#### Education/Information

The Catalina residents are currently informed through the community newsletter and community events on sustainability objectives. The SPG has recommended that ongoing promotion and education to the Catalina community is continued.

There is an opportunity to further promote education and information on the Project. The SPG should be requested to develop proposals and programs to increase residents' awareness on sustainability relating to areas of water conservation, waste recycling, housing efficiency and design, flora and fauna enhancement and energy efficiency in order to improve awareness and to achieve the Council's sustainability objectives.

#### Participation Rates

The Council has previously expressed concern about low participation rates with the sustainability rebates, particularly the solar and waste management rebates and requested the SPG to provide advice on the participation rates. The effectiveness of delivering sustainability outcomes is heavily reliant on participation rates of the sustainability initiatives.

The SPG attributes the low take up rate to purchaser and builder awareness. The SPG has recently improved communications to purchasers and builders to increase awareness of the rebate entitlements and the administrative procedure for qualification. This has resulted in some improvement in participation rates, however, there is still significant opportunity to improve rates.

It is recommended that the SPG be requested to review communications and procedures for purchasers and builders on Catalina rebates in order to improve participation rates and assist in delivering TPRC sustainability objectives.

#### SPG Recommended New Initiatives

The SPG has recommended the following additional sustainability initiatives:

- Electronic Tablet Device

The SPG has recommended providing each new purchaser an electronic tablet device at a cost of approximately \$500 per lot. The intent of the tablet is to provide the residents with all estate documents including a copy of the sales contract and educational material primarily centred on sustainability. SPG has also indicated that an 'app' could be installed to allow the homeowner to control a number of devices in the house including lighting.

Providing each new purchaser with an Electronic Tablet Device with preloaded documentation and 'apps' is potentially an innovative way to promote sustainability to the residents. However, the SPG has advised that the content on the Electronic Table Device will not be permanent and could therefore lose its fundamental objective of containing project information. Additionally, the overall cost of the initiative is significant and there is no provision for the costs in the TPRC Budget, which will need to be updated if supported.

The provision of an Electronic Tablet Device for purchasers is not supported at this time without confirmation that the documentation and apps can be made permanent.

- LED Lighting

The SPG notes that LED lighting uses approximately 75% less energy and lasts 25 times longer than incandescent lighting.

The SPG proposes that the TPRC offer a \$400 rebate to residents for the installation of LED lighting. The \$400 rebate is intended to partially offset the costs of installing LED lighting. SPG considers that making the LED lighting mandatory would deter purchasers within Catalina given the additional costs. The \$400 rebate would account for approximately 20 new LED kits that include the bulb, driver, lead and plug.

Additionally, the SPG recommends that replacement LED lights are available to existing residents (capped to a value of \$150) at the Sales Office through an exchange program for a three-month period.

The total cost of the rebate and exchange program is anticipated to have a total project cost of approximately \$631,000.

Whilst potentially a useful initiative, there are management issues and there is no current provision for the costs of the LED lighting initiative in the TPRC Budget, which will need to be updated if supported. It is also noted that the TPRC already provides a significant energy efficiency initiative through the \$2,000 Solar Panel Rebate.

### **Conclusion**

The SIP 2017 provides a review of the current initiatives undertaken by the TPRC at the Catalina Estate and its competitors. The SPG believes the sustainability initiatives being implemented at Catalina exceed those provided at the majority of competing developments in the North-West Corridor.

The revised Catalina Sustainability Initiative Plan (May 2017) provided by the SPG generally provides good guidance for the Council on competitors' sustainability initiatives and potential sustainability benefits of proposed new initiatives.

Given that Catalina is considered to exceed the majority of competitors on sustainability initiatives, new initiatives should demonstrate significant sustainability benefits and consideration of financial implications prior to being accepted. It is noted that the SPG has not provided any cost benefit analysis of the proposed initiatives or strategic advice on the position of Catalina Project on this matter.

When considering new sustainability initiatives, a consideration for Council is the extent to which it wishes to fund sustainability initiatives and schemes. There are many varied sustainability initiatives which could be applied to Catalina which have sustainability benefits.

The TPRC has to maintain a balance between providing education, framework and funding the cost of the sustainability measures. The majority of the sustainability initiatives being undertaken are either wholly funded or partially funded by the TPRC.

The TPRC currently provides a comprehensive range of sustainability initiatives targeting a broad range of areas, including water conservation, waste recycling, housing efficiency and design, flora and fauna enhancement and energy efficiency. As stated in the report it includes the following sustainability initiatives:

- Waterwise Landscape Packages
- Fibre Optic Service

- Community Development
- Waste Recycling (Housing Construction)
- Housing Design Guidelines
- Project Dwelling Densities
- Fauna Relocation
- Flora Relocation
- Flora Revegetation Programs
- Native Seed Collection and Propagation program.
- Use of site mulch Installation of solar lights in parks;
- Use of locally appropriate water wise plants;
- Installation of water efficient sub soil irrigation systems;
- Water Saving Fixtures, Fittings and Appliances (WELS) Incentive

Based on the review of the SIP 2017, the SPG advice and the comprehensive range of existing TPRC sustainability initiatives targeting a broad range of areas the following actions are recommended to Council:

1. RECEIVES the revised Catalina Sustainability Initiative Plan (May 2017) prepared by the Satterley Property Group.
2. APPROVES the following sustainability initiatives and budget for FYE 2018:

<b>Sustainability Initiative</b>	<b>Allocation</b>
Waterwise Landscape Package including soil moisture sensors	\$5,000 per lot
Solar Panel Rebate	\$2,000 per lot
Fibre Optic Service	\$1,200 per lot
Community Development	\$1,200 per lot
Waste Recycling (Housing Construction)	\$600 - \$900 per lot
High rated WELS Fixtures and Appliances in Catalina Beach	\$1,000 per lot

3. APPROVES the continuation of the existing landscape initiatives including native and low water use plants, native seed collection and propagation, use of site mulch and waterwise irrigation systems.
4. APPROVES the continuation of the existing bulk earthworks initiatives for fauna and flora relocation.
5. APPROVES the continuation of Medium Density Housing opportunities in accordance with the Catalina Built Form and Housing Strategy (May 2016) and investigations into small lot product in Stages 16A and 16B.
6. APPROVES the following new initiatives, subject to the Satterley Property Group providing an implementation strategy for Council consideration for the August 2017 meeting:
  - The provision of an Electronic Tablet to purchasers;
  - A rebate of \$400 to residents for the installation of LED lighting;
  - A rebate for replacement LED lighting to existing purchasers to a value of \$150.
7. REQUESTS the Satterley Property Group to develop proposals and programs to increase residents' awareness on sustainability relating to areas of water conservation, waste

recycling, housing efficiency and design, flora and fauna enhancement and energy efficiency in order awareness and to achieve the Council’s sustainability objectives.

8. REQUESTS the Satterley Property Group to review communications and procedures for purchasers and builders on Catalina rebates in order to improve participation rates and assist in delivering TPRC sustainability objectives.
9. ACCEPTS that Satterley Property Group has achieved Key Performance Indicator 2.8 requiring an annual review of sustainability initiatives by May each year.

*At its meeting of 18 May 2017, the Management Committee considered a report on the review of sustainability initiatives for the Project, prepared by the Satterley Property Group and resolved that Council:*

1. RECEIVES the revised Catalina Sustainability Initiative Plan (May 2017) prepared by the Satterley Property Group.
2. APPROVES the following sustainability initiatives and budget for FYE 2018:

<b>Sustainability Initiative</b>	<b>Allocation</b>
<i>Waterwise Landscape Package including soil moisture sensors</i>	<i>\$5,000 per lot</i>
<i>Solar Panel Rebate</i>	<i>\$2,000 per lot</i>
<i>Fibre Optic Service</i>	<i>\$1,200 per lot</i>
<i>Community Development</i>	<i>\$1,200 per lot</i>
<i>Waste Recycling (Housing Construction)</i>	<i>\$600 - \$900 per lot</i>
<i>High rated WELS Fixtures and Appliances in Catalina Beach</i>	<i>\$1,000 per lot</i>

3. APPROVES the continuation of the existing landscape initiatives, including native and low water use plants, native seed collection and propagation, use of site mulch and waterwise irrigation systems.
4. APPROVES the continuation of the existing bulk earthworks initiatives associated with fauna and flora relocation.
5. APPROVES the continuation of Medium Density Housing opportunities in accordance with the Catalina Built Form and Housing Strategy (May 2016) and investigations into small lot product in Stages 16A and 16B.
6. APPROVES the following new initiatives, subject to the Satterley Property Group providing an implementation strategy for Council consideration for the August 2017 meeting:
  - The provision of an Electronic Tablet to purchasers;
  - A rebate of \$400 to residents for the installation of LED lighting;
  - A rebate for replacement LED lighting to existing purchasers to a value of \$150.
7. REQUESTS the Satterley Property Group to develop proposals and programs to increase residents’ awareness on sustainability relating to areas of water conservation, waste recycling, housing efficiency and design, flora and fauna enhancement and energy efficiency in order to increase awareness and to achieve the Council’s sustainability objectives.

8. *REQUESTS the Satterley Property Group to review communications and procedures for purchasers and builders on Catalina rebates in order to improve participation rates and assist in delivering TPRC sustainability objectives.*
9. *ACCEPTS that the Satterley Property Group has achieved Key Performance Indicator 2.8 requiring an annual review of sustainability initiatives by May each year.*



### **9.13 COMPLAINTS POLICY 2017**

#### **Report Information**

Reporting Officer: Chief Executive Officer

#### **Recommendation**

**That the Council APPROVES the Complaints Policy (June 2017).**

#### **Voting Requirements**

Simple Majority

#### **Report Purpose**

To provide a TPRC Complaints Policy for Council's consideration.

#### **Relevant Documents**

Appendix: Complaints Policy (June 2017).

#### **Policy Reference**

N/A

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

Local Government (Rules of Conduct) Regulations 2007

#### **Previous Minutes**

Nil

#### **Financial/Budget Implications**

N/A

#### **Comment**

At the present time, the TPRC does not have a Complaints Policy for handling of complaints that may arise in response to services that it may provide.

The Complaints Policy (June 2017) is intended to guide the Tamala Park Regional Council in its management and handling of complaints. It aims to provide a responsive and accountable complaints management framework.

The Ombudsman of Western Australia has developed comprehensive guidelines for the handling of complaints to public agencies in Western Australia. The TPRC Complaints Policy (June 2017) is based on the *Guidelines for effective handling of complaints made to your organisation – (January 2017)*, prepared by the Ombudsman of Western Australia.

The Complaints Policy (June 2017) is recommended for Council's approval.

**9.14 APPOINTMENT OF COMMITTEE MEMBER – AUDIT COMMITTEE**

**Report Information**

Reporting Officer: Chief Executive Officer

**Recommendation**

In accordance with the provisions of the Local Government Act 1995, the following Council member is elected to the Audit Committee to replace Cr David Michael:

***Existing Members:***

*Cr Louis Carr*

*Cr Karen Caddy*

*Cr Dianne Guise*

*Cr David Michael (resigned)*

*Cr Rod Willox*

***New Member:***

*Cr .....*

**Voting Requirements**

Absolute Majority

**Report Purpose**

To elect a replacement member to the Audit Committee following Cr David Michael's resignation.

**Relevant Documents**

Appendix: Nil

**Policy Reference**

N/A

**Local Government Act/Regulation**

Local Government Act 1995

**Previous Minutes**

N/A

**Financial/Budget Implications**

N/A

## **Background**

Each local government is required by Section 7.1A of the Local Government Act to appoint an Audit Committee. The Audit Committee must comprise at least 3 persons, 2 of whom are to be Council members. The Council has previously appointed 5 members to the Audit Committee.

Audit Committees have certain statutory functions and also perform functions set out in any audit charter adopted by the Council.

The TPRC Audit Charter requires the Audit Committee to meet a minimum of 3 times per year. The Audit Committee meetings are timed to coincide with the completion of certain statutory requirements.

At its Special Meeting of 5 November 2015 the Council resolved to appoint by absolute majority the following five Council members to the Audit Committee:

Cr Louis Carr  
Cr Karen Caddy  
Cr Dianne Guise  
Cr David Michael  
Cr Rod Willox

## **Comment**

Cr David Michael has resigned as a councillor of the City of Stirling and representative to the Tamala Park Regional Council. The City of Stirling has appointed Cr Keith Sargent as the new representative to the Tamala Park Regional Council.

Cr Michael was a member and Chair of the TPRC Audit Committee. A new member will need to be elected from the existing members to replace Cr Michael.

A new Chair will need to be elected at the next Audit Committee Meeting, scheduled for July 2017.

## 9.15 CATALINA GROVE TREE CANOPY RETENTION UPDATE

### Report Information

Reporting Officer: Project Coordinator

### Recommendation

**That the Council RECEIVES the correspondence dated 25, May 2017, submitted by the Satterley Property Group, providing an update on the tree canopy analysis for Catalina Grove.**

### Voting Requirements

Simple Majority

### Report Purpose

To consider a report prepared by the Satterley Property Group updating the Council on the tree canopy analysis undertaken for Catalina Grove.

### Policy Reference

N/A

### Local Government Act/Regulation

N/A

### Previous Minutes

- Council Meeting – 23 February 2017 (Item 9.10: Catalina Grove Precinct Plan – Feasibility Analysis)
- Council Meeting – 8 December 2016 (Item 9.8: Catalina Grove Structure Plan Update).

### Financial/Budget Implications

N/A

### Relevant Documents

Appendix: SPG Letter: Catalina Grove Canopy Retention – Update

### Background

The Council considered an update provided by the Satterley Property Group (SPG) on the progress of the Catalina Grove Precinct Plan and concept plans for the development of the Catalina Grove Precinct at its December 2016 meeting and resolved as follows:

1. *RECEIVE the Catalina Grove Update (November 2016) prepared by Satterley Property Group.*
2. *SUPPORT Option 3 as the preferred Concept Plan for the Catalina Grove Precinct for the purpose of further consultation with the City of Wanneroo and State Authorities.*

3. *REQUEST the Satterley Property Group to:*

- a) *Undertake a cash flow feasibility analysis on Catalina Grove Concept Plan (Option 3) with a report to be presented for Council's consideration at its February 2017 meeting.*
- b) *Finalise a program for progressing the resolution of issues, detailed consultation with key stakeholders, finalisation of specialist consultant's inputs and preparation and approval of an Amendment to the Tamala Park Local Structure Plan for Council's consideration at its February 2017 meeting.*
- c) *Provide a map showing the location of all significant trees in the Precinct, and how many of those significant trees are retained under the recommended Concept Plan.*
- d) *Undertake a tree canopy cover survey of the Catalina Grove Precinct to allow Council to set a realistic target for future tree canopy cover for the Precinct.*

At its meeting of 23 February 2017, the Council considered a feasibility study on the preferred Concept Plan (Option 3) for Catalina Grove and resolved as follows:

1. *RECEIVE the correspondence dated 7 February 2017, submitted by the Satterley Property Group, relating to the Catalina Grove Precinct Concept Plan.*
2. *NOT APPROVE the progression of the Amendment to the Tamala Park Local Structure Plan consistent with Catalina Grove Concept Plan (Option 3) and in accordance with the Catalina Grove Program (8 February 2017), noting that the Amendment to the Tamala Park Local Structure Plan will be presented to Council prior to the formal submission to the City of Wanneroo and Western Australian Planning Commission.*
3. *REQUEST the Satterley Property Group as follows:*
  - 3.1 *That following the completion of the tree canopy analysis for the Grove Precinct it provides recommendations on tree canopy retention targets for the Catalina Grove Precinct for Council's consideration.*
  - 3.2 *To provide a report to Council on the number of significant trees to be retained under Concept Plan (Option 3) prior to the finalisation of the Amendment to the Tamala Park Local Structure Plan.*

As per the Council's request 3.1 above a tree canopy assessment of Catalina Grove has been undertaken.

**Comment**

The SPG has provided a report on the findings from the Catalina Grove tree canopy assessment carried out in March 2016. A copy of the correspondence is attached at Appendix 9.15.

The intent of the SPG report is to provide an update on the tree canopy assessment and provide direction for a report to be provided to Council at its August 2017 meeting on tree canopy retention targets for Catalina Grove.

As indicated in the SPG report the total vegetation cover for Catalina Grove is 41.59%. However, it is noted that over 15% represents vegetation 0-3metres, which may include unspecified understorey, grasses and weeds. The vegetation strata from canopy assessment comprises the following:

Catalina Grove	
Vegetation Strata	Percentage of Cell
0 – 3 metres	15.39%
3 – 6 metres	13.43%
6 – 12 metres	9.77%
12 metres +	3.01%

The SPG advice indicates that trees 6m or greater in height are considered to be most significant, based on initial advice from landscape architects and the arborists.

A consultant has been appointed to assess the health of the significant trees to establish a life expectancy. This work is to be undertaken in June. This information will be an input into design options to be developed by the project planners and engineers.

The SPG report provides details on the current tree canopy cover of a number of Perth metropolitan local governments and where available tree canopy forecasts.

Local Government	Current Canopy	Target Canopy	Target Date
City of Bayswater	13.20%	20.00%	2025
City of Belmont	9.10%	14.10%	No Date
City of Perth	19.00%	30.00%	2036
City of Stirling	15.00%	18.00%	2030
City of Vincent	11.70%	20%-25%	2050
City of Wanneroo	15.00%	No Target	

At this stage, the SPG has not provided a recommendation to Council on tree canopy retention targets for Catalina, however, the comparison with other Perth metropolitan local governments existing and forecast tree canopy provides a useful comparison.

As previously indicated, any changes to the current Local Structure Plan will require approval from the Western Australian Planning Commission (WAPC) and it can be expected that the following matters will also need to be considered:

- Maximising housing density in proximity to the Clarkson Railway Station;
- Provision for mixed-used opportunities to promote economic growth and employment;
- Maximising pedestrian and vehicular connections to Clarkson Train Station;
- Diversity of housing options and densities;
- Locating the Local Centre for strong activity, potential to operate as a vibrant main street, and providing economic sustainability and employment;
- Compliance with EPBC requirements.

The SPG is progressing a number of design options to be presented to the Council at its August 2017 meeting. The SPG will provide advice on the various design options with varying levels of canopy retention, consider the matters raised above and include a commercial analysis.

At this time, there is no formal requirement to make any decisions in relation to the SPG report as it is intended to inform Council and provide an update on the tree canopy assessment and other related matters. It is recommended that the Council receives the report on the update on tree canopy retention at Catalina Grove provided by the SPG.

9.16 REVIEW OF PROJECT MILESTONES (MAY 2017) - **CONFIDENTIAL**

CONFIDENTIAL



9.17 ANNUAL PLAN (MAY 2017) - **CONFIDENTIAL**

CONFIDENTIAL

9.18 CEO ANNUAL PERMFORMANCE REVIEW 2016/2017 - APPOINTMENT OF CONSULTANT - **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**