



Ordinary Meeting of Council

AGENDA

Thursday 15 February 2018, 6:00pm

Town of Cambridge

1 Bold Park Drive, Floreat

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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 Cambridge, 1 Bold Park Drive, Floreat on Thursday 15 February 2018 at 6:00pm.

The business papers pertaining to the meeting follow.

Your attendance is requested.

Yours faithfully



TONY ARIAS
Chief Executive Officer

MEMBERSHIP

OWNER COUNCIL	MEMBER	ALTERNATE MEMBER
Town of Cambridge	Cr Andres Timmermanis	Cr Jo McAllister
City of Joondalup	Cr John Chester Cr Nige Jones	Cr Sophie Dwyer Cr Christine Hamilton-Prime
City of Perth	Cr Lexi Barton	Cr Janet Davidson
City of Stirling	Cr Karen Caddy Cr Joe Ferrante Cr Giovanni Italiano (CHAIRMAN) Cr Bianca Sandri	Cr Suzanne Migdale
Town of Victoria Park	Cr Claire Anderson	Cr Ronhhda Potter
City of Vincent	Mayor Emma Cole	Cr Jimmy Murphy
City of Wanneroo	Cr Samantha Fenn Cr Brett Treby (DEPUTY CHAIRMAN)	Cr Russell Driver Cr Domenic Zappa

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 – 7 December 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

Audit Committee Meeting – 15 February 2018

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

9.1 BUSINESS REPORT – PERIOD ENDING 8 FEBRUARY 2018

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council RECEIVES the Business Report to 8 February 2018.

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 2018
- 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

Stage 17B (Catalina Central)

Stage 17B comprises 36 lots ranging in size from 245m² to 450m². Civil construction works commenced on 13 November 2017, with works scheduled for completion, on program, in March 2018.

Connolly Drive/Aviator Boulevard Roundabout

Works associated with the Connolly Drive/Aviator Boulevard roundabout were scheduled to commence in early 2018, however, the Water Corporation has advised that the relocation of Water Corporation's infrastructure cannot commence until August 2018, consistent with programmed maintenance in August 2018. The Water Corporation is considering options to bring forward the works/maintenance to minimise delays to the TPRC. Whilst not ideal the delay will not impact on the delivery of lots in the Project.

2. Landscape works – Status

A status report on landscape works proposed for the balance of FYE 2018 is attached at Appendix 9.1. The report details budget, detailed design and approval status and program.

3. Housing Construction

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

Stage	Total Lots	Under Construction	Completed	Vacant
Stages 1 - 11	528	3	508	17
Stage 12	49	2	44	3
Stage 13	82	4	74	4
Stage 14	73	4	69	0
Stage 15	55	1	50	4
Stage 17A	25	9	5	11
Stage 18	60	6	25	29
Stage 25	44	5	0	39
Total	916	34	775	107

4. Builders Display Village 3 (Catalina Beach)

The Catalina Beach Builders Display Village and Sales Office is due to open in October 2018, following the closure of Builders Display Village 2 (Central Precinct). Construction has commenced on three Display Homes, with the balance of display builders' homes expected to commence construction in February 2018.

5. Catalina Beach Sales Office

The Catalina Beach Sales Office building has been submitted to the City of Wanneroo for planning approval. The Sales Office comprises a three-storey dwelling with significant presence to the Project's entry, into Catalina Beach.

The Sales Office plans have been updated at the request of the City, with conditional approval anticipated mid-February.

6. Local Centre Site - Update

The Contract of Sale has been executed by the Purchaser. Settlement is anticipated in March 2018.

7. Foreshore Access Proposal

The TPRC lodged a Foreshore Management Plan (FMP) with the Department of Planning, Lands and Heritage and the City of Wanneroo on 22 December 2017 to support a coastal access road and car park from the western edge of Catalina to provide local access to a safe beach for the local community. A decision on the Foreshore Management Plan is anticipated by May 2018.

8. Catalina Beach Pump Station

The Catalina Beach Pump Station works commenced in October 2017. Works are progressing well, with completion of the Pump Station and commissioning to occur in late March 2018.

9. Catalina Beach Park

The Catalina Beach Park, located at the entry to Catalina Beach, is nearing completion. The Park will provide high amenity and be a key feature of Catalina Beach. It will include an 8.5m play tower, with associated play equipment, a significant number of mature transplants and shelters/seating. Photos of the Park are included in the Landscape Schedule attached as Appendix 9.1.

As per the approved community development and marketing plans a community event to celebrate the opening of the Park is to be held Saturday 10 March 2018.

9.2 STATEMENTS OF FINANCIAL ACTIVITY FOR THE MONTHS OF NOVEMBER & DECEMBER 2017

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

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

- **30 November 2017; and**
- **31 December 2017.**

Voting Requirements

Simple Majority

Report Purpose

Submission of the Statement(s) of Financial Activity required under the *Local Government Act 1995*.

Relevant Documents

Appendix:

- Statement of Financial Activity for 30 November 2017
- Statement of Financial Activity for 31 December 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 31 December 2017 exceeding 10% were experienced in relation to the following:

Other Revenue	The positive variation is a result of timing and will adjust during the year.
Employee Costs	The positive variation is a result of timing and will adjust during the year.
Materials and Contracts	The positive variation relates to consultancy fees which will adjust during the year but are expected to remain below budget.
Utilities	The positive variance is a result of timing and will adjust during the year.
Income Sale of Lots - Subdivisions	The negative variance relates to fewer residential lot settlements, forecast to remain unfavourable for the balance of FYE 2018.
Income Other - Subdivisions	The negative variance relates to the delay in settlement of the Local Centre Site, now forecast for March 2018.
Land Production Costs	The positive variance relates to deferred works and savings, forecast to remain favourable for the balance of FYE 2018.
Profit distribution / Contributions Returned	The negative variance is a result of timing and will adjust during the year, \$2M distribution occurred in December 2017.

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

Financial Snapshot as at 31 December 2017

**TAMALA PARK REGIONAL COUNCIL
FINANCIAL SNAPSHOT
FOR THE PERIOD ENDING 31 DECEMBER 2017**

	2017-18	2017-18	2017-18	Variance		Variance
	Adopted Budget	Budget	Actual	Favourable	Unfavourable	
	\$	\$	\$	\$	\$	%
REVENUE						
Interest Earnings	793,512	476,108	501,159	25,051		5.26%
Other Revenue	2,035	0	1,890	1,890		100.00%
	\$795,547	\$476,108	\$503,049	\$26,941	\$0	
LESS EXPENDITURE						
Depreciation	(21,212)	0	0			
Employee Costs	(751,838)	(374,627)	(269,858)	104,769		27.97%
Insurance	(10,469)	(10,469)	(10,752)		(283)	-2.70%
Materials and Contracts	(482,916)	(236,636)	(73,610)	163,026		68.89%
Other	(181,955)	(90,665)	(87,362)	3,303		3.64%
Utilities	(6,450)	(3,225)	0	3,225		100.00%
Members Equity						
-Income Sale of Lots - Subdivisions	40,372,252	21,929,897	13,472,425		(8,457,472)	-38.57%
-Income Other - Subdivisions	1,761,500	1,000,000	0		(1,000,000)	-100.00%
-Land Production Costs	(55,659,496)	(22,148,120)	(7,325,007)	14,823,113		66.93%
-Profit Distribution/Contributions Returned	(4,268,725)	0	(2,052,335)		(2,052,335)	-100.00%
	(\$19,249,309)	\$66,155	\$3,653,501	\$15,097,436	(\$11,510,090)	
Total Change in Equity	(\$18,453,762)	\$542,263	\$4,156,550	\$15,124,377	(\$11,510,090)	

Balance Sheet Summary as at 31 December 2017

**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Actual 2016-17 \$	Actual 2017-18 \$	Variance \$	Variance %
Current assets				
Cash and cash equivalents	39,213,368	43,243,424	4,030,056	10.28%
Trade and other receivables	308,308	443,017	134,709	43.69%
Total current assets	39,521,676	43,686,441	4,164,765	10.5%
Non-current assets				
Inventories	1,800,000	1,800,000	0	0.00%
Property, plant and equipment	149,880	149,880	0	0.00%
Total non-current assets	1,949,880	1,949,880	0	0.00%
Total assets	41,471,556	45,636,321	4,164,765	10.04%
Current liabilities				
Trade and other payables	51,753	59,968	-8,215	-15.87%
Provisions	223,746	223,746	0	0.00%
Total current liabilities	275,499	283,714	-8,215	-3.0%
Non-current liabilities				
Provisions	2,597	2,597	0	0.00%
Total non-current liabilities	2,597	2,597	0	0.00%
Total liabilities	278,096	286,311	-8,215	-2.95%
Net assets	41,193,460	45,350,010	4,156,550	10.09%

9.3 LIST OF MONTHLY ACCOUNTS SUBMITTED FOR THE MONTHS OF NOVEMBER & DECEMBER 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 November and December 2017:

- **Month ending 30 November 2017 (Total \$584,420)**
- **Month ending 31 December 2017 (Total \$4,178,932)**
- **Total Paid - \$4,763,352**

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix:

- Summary Payment List for November 2017
- Summary Payment List for December 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 – DECEMBER 2017

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

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

Voting Requirements

Simple Majority

Report Purpose

To consider the Project Financial Report for December 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 December 2017.

Relevant Documents

Appendix: Letter from Satterley Property Group dated 30 January 2018 with Financial Report

Background

At its meeting of 17 August 2017, the Council approved the Project Budget FYE 2018, submitted by the Satterley Property Group, as the basis of financial planning for the 2017/2018 TPRC Budget.

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

Comment

The Satterley Property Group has prepared a Financial Report for December 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 31 December 2017 and is attached at Appendix 9.4.

The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$13.6M which is \$8.3M behind budget with 30 less residential settlements for the year to date.
2. Expenditure was \$12.7M under budget, in the following areas:
 - Lot Production \$4.6M;
 - Landscape \$4.2M;
 - Infrastructure \$1.7M;
 - P&L expenditure \$1.8M.

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

3. Lot Sales Value was \$8.8M unfavourable to budget due to 28 less lot sales year to date.

The sales, settlement and expenditure results are consistent with the Mid-Year Review of the Catalina Project Budget FYE 2018, prepared by the Satterley Property Group in December 2017 and considered by the Council at its meeting of 7 December 2017. The SPG Mid-Year Budget FYE 2018 Review forecasts significant variances in sales, settlement and expenditure for the balance of FYE 2018.

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

9.5 SALES AND SETTLEMENT REPORT – PERIOD ENDING 8 FEBRUARY 2018

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Council RECEIVES the Sales and Settlement Report to 8 February 2018.

Voting Requirements

Simple Majority

Report Purpose

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

Policy Reference

N/A

Local Government Act/Regulation

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

Previous Minutes

N/A

Financial/Budget Implications

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

Budget Amount:	\$ 40,372,252
Received to Date:	\$ 17,058,273
Balance:	\$ 23,313,979

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 up to 8 February 2018:

Stage	Release Date	Lots Released	Lot Sizes	Sold	Stock	Settled
Stages 1 – 11, 12B, 13A, 13B, 14A, 14B, 14C, 14D, 15A 15B and 15C	-	751	-	751	0	751
Stage 12A	May 2014	25	295-463	25	0	25
Stage 14B (Release 2)	July 2016	10	262-329	10	0	7
Stage 15D	Sep 2016	2	375-376	2	0	1
Stage 17A	Oct 2016	25	300-510	23	2	20
Stage 17B	Nov 2017	18	300 - 450	3	15	0
Stage 18A	March 2016	29	300-510	29	0	27
Stage 18B	March 2017	31	200-474	22	9	14
Stage 25 (Display Village)	May 2017	15	375-552	15	0	15
Stage 25	May 2017	21	300-450	8	13	6
Stage 25 B	October 2017	7	234 - 299	7	0	4
Total		934		895	39	870

During January 2018, 2 lots were sold at Catalina, 1 in Catalina Beach and 1 in Catalina Central. Sales for the month were anticipated to be slow given the holiday period, sales were generally consistent with other projects in the northern corridor.

The Project currently has a stock position of 39 lots, 13 in Catalina Beach and 26 in Catalina Central.

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	Price	M ²	Comment
17A	951	October 2016	\$335,000	450	Regular Lot, 15m frontage
17A*	979	October 2016	\$335,000	450	Regular Lot, 15m frontage
18B	869	March 2017	\$348,000	474	Regular lot, 15m frontage
18B	873	March 2017	\$308,000	395	Regular Lot, 12.5m frontage
18B	895	March 2017	\$298,000	375	Regular Lot, 12.5m frontage
18B	897	March 2017	\$308,000	395	Regular Lot, 12.5m frontage
18B	898	March 2017	\$335,000	447	Regular Lot, 14.9m frontage

18B*	899	March 2017	\$260,000	291	Corner Lot, Quiet house requirements
18B	903	March 2017	\$335,000	447	Regular Lot, 14.9m frontage

* Subject to \$8,000 Early Construction Rebate.

The aged stock is actively being sold down by the SPG with four aged lots being sold since December 2017.

Competition Analysis

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

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												total	Size Range (m ²)	Price Range
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
Allara	8	12	10	6	0	9	1	8	8	6	7	5	80	300-777	\$120,000-\$345,000
Eden Beach	6	12	11	7	11	12	4	7	11	10	12	4	97	225-530	\$179,000-\$410,000
Catalina	7	11	8	8	8	11	8	7	16	9	9	6	108	234-474	\$235,000-\$348,000
Alkimos Beach	7	10	9	12	14	11	11	8	25	22	19	14	162	240-823	\$120,000-\$345,000
Amberton	6	7	12	4	5	8	3	10	9	8	4	0	76	188-505	\$138,000-\$295,000
Shorehaven	1	6	3	5	2	1	4	1	4	0	4	3	34	217-360	\$169,000-\$285,000
Trinity	3	8	7	5	8	13	7	6	5	15	12	8	97	180-510	\$138,000-\$398,000
Total	38	66	60	47	48	65	38	47	78	70	67	40	654		
CATALINA MARKET SHARE (%)	18.4	16.6	13.3	17.0	16.6	16.9	21.05	14.9	20.5	12.8	13.4	17.0	16.5		

Catalina has maintained a market share over the past 12 months averaging 16.5%.

A summary of available stock in the corridor is provided in the following table. The table indicates that generally Burns Beach is the most expensive estate. Catalina Beach is the most expensive for 300m² lots and Burns Beach has the most expensive 450m² lots.

Estate	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	500sqm Price (\$)	Stock
Allara	169,000	193,000	223,000	N/A	39
Burns Beach	N/A	N/A	440,000	520,000	18
Eden Beach	N/A	299,000	330,000	310,000 - 410,000	49
Catalina Central	257,000	298,000	335,000	N/A	26
Catalina Beach	320,000	380,000	425,000	N/A	13
Alkimos Beach	128,000	245,000	285,000	320,000	52
Amberton	194,000	226,000	260,000	N/A	35
Shorehaven	265,000	287,000	N/A	N/A	48
Trinity	202,000	225,000	253,000	286,000	15
TOTAL					295

The SPG has advised that competition amongst estates operating in the northern corridor remains highly competitive, with offers, rebates and builder referrals available across most estates.

The SPG also notes that the latest Chamber of Commerce and Industry (CCI WA) consumer confidence survey for December 2017 is at its strongest in four years. 74% of WA consumers believe that the State's economy will strengthen or remain the same over the next 12 months, up five per cent from the September quarter. Consumers are also reporting that their job prospects and personal finances are at their highest level in two years, rising 3.6 index points to 102.3 and 2.7 index points to 99.8 respectively. The report attributes a stable political environment, subdued interest rates, and minimal inflationary pressures as contributors to the boost in confidence.

Despite an increase in consumer confidence, SPG notes that prospective buyers continue to remain cautious and take the time to research their available options and incentives prior to committing to purchasing. The established homes market also continues to provide significant competition to lot sales.

Catalina Beach - Stage 25B Builders Allocation Tender

Stage 25B Builders Allocation Tender for exclusive allocations to builders in accordance with the approved Lot Sales and Release Strategy closed on 30 January 2018. Two submissions were received and are currently being assessed. The Tender provides for the allocation of the 7 rear loaded lots fronting Portofino Promenade, ranging in size from 254m² to 307m² and priced from \$242,000 to \$270,000.

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

9.6 TPRC 2017/2018 BUDGET REVIEW

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Council ADOPTS the Budget Review with the variations for the period 1 July 2017 to 30 June 2018 as detailed in the Budget Analysis Worksheet attached to Appendix 9.6.

Voting Requirements

Absolute Majority

Report Purpose

To consider the review of the TPRC Budget for the 2017/2018 financial year in accordance with the *Local Government (Financial Management) Regulations 1996*, Regulation 33A.

Policy Reference

N/A

Local Government Act/Regulation

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

Previous Minutes

- Council Meeting – 16 February 2017 (Item 9.6 – TPRC Budget 2016/2017 Review)
- Council Meeting – 18 February 2016 (Item 9.7 – TPRC Budget 2015/2016 Review)

Financial/Budget Implications

Review of variances of TPRC 2017/2018 Budget.

Relevant Documents

Appendix:

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

Background

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

The *Local Government (Financial Management) Regulations 1996*, Regulation 33A, requires that a Regional Local Government conduct a budget review between 1 January and 31 March

in each financial year. A copy of the review and determination is to be provided to the Department of Local Government within 30 days of the adoption of the review.

At its meeting of 17 August 2017, the Council resolved to adopt the Budget for the Tamala Park Regional Council for the year ending 30 June 2018, and adopted a 10% or \$5,000 variance whichever is the greater for the reporting of material variances identified in the annual budget review.

At its meeting of 7 December 2017, the Council considered the Mid-Year Review of the Catalina Project Budget FYE 2018 undertaken by the Satterley Property Group (SPG) in December 2017. The SPG FYE 2018 Mid-Year Budget Review indicated that assumptions and predictions in the Project Budget FYE 2018 (August 2017) were generally no longer valid given current economic conditions and the property market.

The SPG FYE 2018 Mid-Year Budget Review provided an updated forecast of the Project Budget and it was recommended that it be used for the balance of the FYE 2018 and as the basis of the Mid-Year Review of the TPRC Budget FYE 2018.

Comment

A review of the approved TPRC Budget 2017/2018 has been undertaken in accordance with the Financial Management Regulations. The TPRC budget review has also taken account of the Mid-Year Review of the Catalina Project Budget FYE 2018 undertaken by the SPG in December 2017.

The review of the approved TPRC Budget 2017/2018 reflects a conservative position on lot sales and revenue given property market conditions and the advice of the SPG. It also is based on the latest sales/settlement information, construction program, and expenditure estimates.

The worksheets attached at Appendix 9.6 detail the actual expenditure, year to date, projected actual and expected variances. These are presented in a summary form below based on main groupings.

	Annual Budget 2017/18	Projected Estimates to 30/06/2018	Variance Projected Estimates to Budget \$	Variance Projected Estimates as % of Budget
Total Income - Operating	795,547.00	902,318.00	106,771.00	13.42%
Total Expenses - Operating	-1,454,840.00	-1,413,265.00	41,575.00	2.86%
Net operating Deficit	-659,293.00	-510,947.00	148,346.00	22.50%
Income - Members Equity				
Proceed Sale of Lots	40,372,252.00	25,844,383.00	-14,527,869.00	-35.98%
Other Income - Sale of Lots	1,761,500.00	2,161,500.00	400,000.00	22.71%
Total Income - Members Equity	42,133,752.00	28,005,883.00	-14,127,869.00	-33.53%
Expense - Members Equity				
Consultancy	-30,000.00	-30,000.00	0.00	0.00%
Property Admin & Approvals	-15,000.00	-15,000.00	0.00	0.00%
Property Development Services	-5,539,937.00	-4,616,707.00	923,230.00	16.66%
Land Development Costs	-50,074,559.00	-26,177,792.00	23,896,767.00	47.72%
Total Expense - Members Equity	-55,659,496.00	-30,839,499.00	24,819,997.00	44.59%
Subtotal	-13,525,744.00	-2,833,616.00	10,692,128.00	79.05%

Other Items				
Contribution Refund	-268,725.00	-268,725.00	0.00	0.00%
Proceeds Sale of Assets	0.00	0.00	0.00	0.00%
Depreciation Written Back	21,212.00	21,212.00	0.00	0.00%
Capital Expenditure	-26,250.00	-26,250.00	0.00	0.00%
Profit Distributions	-4,000,000.00	-4,000,000.00	0.00	0.00%
Opening Surplus	39,260,668.00	39,246,178.00	-14,490.00	-0.04%
Closing Net Surplus/ Deficit	20,801,868.00	31,627,852.00	10,825,984.00	52.04%

The material variances to the TPRC Budget FYE 2018 are summarised as follows:

1. Income

Investment Income

Interest from investment was predicted to be \$0.79M for FYE 2018, however, interest earnings are now expected to be \$0.90M as a result of the investment principal being higher.

Lot Sales Income

Lot Sales Income was budgeted at \$42.13M, however, based on the SPG Mid-Year Review and in light of the latest sales/settlement information sales income is now forecast at \$28.0M. The variance is due to reduced lot settlements from 107 lots to 82 lots. It also reflects the deferral of the settlement of the Stage 18 Group Housing Sites as a result of a lack of sales interest.

2. Administration

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

3. Consultant Expenses

There are no material variances of expenditure within Consultant expenses.

4. Property Development Services

Property Development Services expenses are to decrease by \$0.923M primarily as a result of lower Direct Selling expenses in line with forecast reduced lot income.

5. Land Development Costs

Land Development expenses are forecast to decrease by \$23.90M. Key variations for Land Development Costs items are summarised below:

- Special site development - costs decreased by \$10.5M, as a result of the deferral of the WAPC land acquisition to FYE 2019. The WAPC land acquisition is consistent with the approved Negotiated Planning Solution 2004 and is important to achieving planning and development outcomes in the Grove Precinct;
- Landscaping works - decreased by \$2.0M, due to some landscaping costs being deferred to FYE 2019;

- Infrastructure costs - decreased by \$1.59M, due to deferral of Aviator Boulevard works to FYE 2019 and savings;
- Lot production – decreased by \$5.58M as a result of the following:
 - Scheme charges (\$1.6M) costs now due in FYE 2021;
 - Stage 16B (\$1.0M) deferred to FYE 2019;
 - Stage 17B civil works (\$0.6M) savings in costs;
 - Stage 26 civil works (\$2.0M) savings in costs and portion now deferred to FYE 2019.
- Contingency - decreased \$1.35M due to projected savings and reduced forecast development costs expenditure;
- Land Development Finance - decreased \$0.31M due to a reduced requirement for construction bonds;
- Debtors/Creditors Movement - increased \$1.36M due to a higher than anticipated creditors balance at 30 June 2017.
- Bulk earthworks – decreased \$3.7M due to deferral of primary school bulk earthworks and Grove earthworks to FYE 2019;

6. Surplus 2018

The TPRC Budget for FYE 2018 predicted a closing net surplus of \$20,801,868, the Mid-Year Review now forecasts a closing net surplus of \$31,627,852 which represents a \$10,825,984 variance.

7. Distributions to Participant Local Governments

The TPRC Budget FYE 2018 predicted a Distribution to the participant members totalling \$4M.

The SPG Mid-Year Review forecasted that the Distribution to member local governments remain unchanged at \$4M. The review of the TPRC Budget 2017/2018 forecasts the \$4M Distribution to member local governments.

Conclusion

The Mid-Year Review of the TPRC Budget 2017/2018 forecasts the following key variances:

1. Interest on investments to increase by \$0.15M;
2. Income from sale of land and other related income will decrease by \$14.13M;
3. Land Development costs will decrease by \$23.90M;
4. Distributions to member local governments remains unchanged at \$4.0M for FYE 2018.

The reduced residential lot revenue will be offset by lower development expenditure in line with reduced lot production. Given the forecast lower lot income, development expenditure will need to be managed to minimise potential impacts and exposure to the TPRC, including the use of Sales Triggers to manage Council's risk, whilst providing a reasonable stock position for market demand.

The review of the TPRC 2017/2018 Budget shows the TPRC can meet all cashflow obligations for 2017/2018. To date there has been no call upon local authority funds to meet any operating or capital expenditure. This position is expected to continue in 2017/2018.

The Audit Committee is to consider the review of the TPRC Budget for the 2017/2018 financial year at its meeting of 15 February 2018. An update of the Audit Committee considerations and recommendations will be presented to Council at the meeting.

9.7 LOCAL GOVERNMENT COMPLIANCE AUDIT FOR YEAR ENDED 31 DECEMBER 2017

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Compliance Audit Return for the TPRC for the year ended 31 December 2017 be ADOPTED, RECORDED in the minutes, CERTIFIED and SENT to the Director General of the Department of Local Government, Sport and Cultural Industries, in accordance with the *Local Government Act 1995* and Regulations.

Voting Requirements

Simple Majority

Report Purpose

To submit for adoption the TPRC Local Government Compliance report for the year ended 31 December 2017.

Relevant Documents

Appendix: Compliance Audit Return for Tamala Park Regional Council 2017.

Policy Reference

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

Local Government Act/Regulation

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

Previous Minutes

- Council Meeting – 16 February 2017 (Item 9.7 - Local Government Compliance Audit for Year Ended 31 December 2016)
- Council Meeting – 18 February 2016 (Item 9.10 - Local Government Compliance Audit for Year Ended 31 December 2015)

Financial/Budget Implications

Nil

Background

The Minister for Local Government has required that all Local Governments complete a Compliance Return in reference to the statutory obligations of Councils, Council Members, and

the Local Government. The Compliance Return requires answers to specific questions which seek performance answers and comments relative to specific provisions of the *Local Government Act 1995* and Regulations.

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

The Compliance Audit is to be:

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

Comment

The Compliance Return (Appendix 9.7) is broken down into the following parts:

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

Some items mentioned in the Compliance Return are not relevant to operations of the TPRC for the review period. These have been noted 'N/A'. There was no adverse finding in reference to the Compliance Audit for the year ended 31 December 2017.

The TPRC Compliance Audit Return for the year ended 31 December 2017 is recommended for Council adoption and referral to the Director General of the Department of Local Government, Sports and Cultural Industries, in accordance with the *Local Government Act 1995* and Regulations.

The Audit Committee is to consider the TPRC Compliance Audit Return for the year ended 31 December 2017 at its meeting of 15 February 2018. An update of the Audit Committee considerations and recommendations will be presented to Council at the meeting.

9.8 CODE OF CONDUCT FOR COUNCIL MEMBERS AND STAFF

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Tamala Park Regional Council Code of Conduct for Council Members and Staff (February 2018) be ADOPTED.

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix: TPRC Code of Conduct

Policy Reference

WALGA Model Code of Conduct (February 2008)

Local Government Act/Regulation

Local Government Act 1995 Section 5.103

Previous Minutes

- Council Meeting – 16 February 2017 (Item 9.8 – Code of Conduct for Elected Members & Staff)
- Council Meeting – 18 February 2016 (Item 9.11 – Code of Conduct for Elected Members & Staff)

Financial/Budget Implications

N/A

Background

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

The Tamala Park Regional Council Code of Conduct for Council Members and Staff (February 2017) was approved by Council in February 2017.

Comment

The Council Code of Conduct for Council Members and Staff (February 2017) has been modified to reflect the WALGA Code of Conduct Model and to recognise the *Local Government (Rules of Conduct) Regulations 2007*.

Proposed changes are shown on the Tamala Park Regional Council Code of Conduct for Council Members and Staff (February 2018) at Appendix 9.8.

The Audit Committee is to consider the review of the TPRC Code of Conduct at its meeting of 15 February 2018. An update of the Audit Committee considerations and recommendations will be presented to Council at the meeting.

9.9 EARTHWORKS AND SUBDIVISION WORKS TENDER – EXTENSION OF CONTRACT - CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

**9.10 CATALINA FENCING SERVICES TENDER – EXTENSION OF CONTRACT -
CONFIDENTIAL**

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