

Appendix 9.1

LANDSCAPING WORKS STATUS – April 2019

Landscape Works	FYE 2019 Budget	Detailed Design	City of Wanneroo Approval	Proposed Construction Commencement	Proposed Completion	Comments
Catalina Beach Landscaping Works (C) Entry Statements	\$1,000,000	Complete	Issued	October 2018	December 2018	Works commenced on site in late November and were completed 8 February 2019.
Catalina Beach Landscaping Works (E) Sales Office Car Park		Complete	Issued	October 2018	December 2018	Works commenced on site late October 2018 and were completed 18 January 2019.
Biodiversity Conservation Area (South)	\$331,325	Complete	Issued	July 2018	May 2019	Pest control works and installation of interpretive signage anticipated to be complete in early 2019. Minor revegetation works to be undertaken in winter 2019.
Biodiversity Conservation Area (North)	\$128,000	Complete	Issued	July 2018	May 2019	Pest control works and installation of interpretive signage anticipated to be complete in early 2019. Minor revegetation works to be undertaken in winter 2019.
Stage 17B Verge Landscaping Works	\$505,769	Under Review	Outstanding	April 2019	July 2019	Concept design is being reviewed prior to progressing to detailed design.
Stage 11 POS (Phase 2)	\$750,000	Under Review	Issued (Subject to Review)	April 2019	August 2019	Phase 2 concept design has been completed. Detailed design being finalised.

Appendix 9.2

TAMALA PARK REGIONAL COUNCIL
MONTHLY STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 28 FEBRUARY 2019

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**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 28 FEBRUARY 2019**

<u>Operating</u>	NOTE	28 February 2019 Actual \$	28 February 2019 Y-T-D Budget \$	2018/19 Amended Budget \$	Variances Budget to Actual Y-T-D %
Revenues					
Interest Earnings		800,110	780,474	1,100,000	2.52%
Other Revenue		673	2,000	2,673	0.00%
		800,783	782,474	1,102,673	2.34%
Expenses					
Employee Costs		(425,109)	(481,181)	(725,924)	(11.65%)
Materials and Contracts Other		(112,576)	(269,907)	(404,895)	(58.29%)
Depreciation		0	0	(25,381)	0.00%
Utilities		0	(4,300)	(6,450)	0.00%
Insurance		(13,207)	(13,209)	(13,209)	(0.02%)
Other Expenditure		(132,002)	(138,918)	(186,390)	(4.98%)
		(682,894)	(907,515)	(1,362,249)	(24.75%)
Adjustments for Non-Cash (Revenue) and Expenditure					
Depreciation on Assets		0	0	25,381	0.00%
Profit/(loss) on Disposal of Assets	4	(5,852)	(1,760)	(5,852)	0.00%
Capital Revenue and (Expenditure)					
Plant and Equipment	3	(63,101)	(66,000)	(79,000)	0.00%
Proceeds on disposal	4	40,909	45,000	46,760	0.00%
LESS MEMBERS EQUITY					
Payment for Rates Equivalent					
Development of Land for Resale					
Income Sale of Lots - Subdivision		7,120,452	6,901,880	8,017,281	3.17%
Income other - Subdivision		0	1,410,945	1,410,945	100.00%
Development Costs - Subdivision		(3,620,496)	(3,778,127)	(12,861,663)	(4.17%)
Contribution Refund		(110,528)	0	(209,337)	0.00%
Profit Distributions		(2,000,000)	(2,000,000)	(4,000,000)	0.00%
Members equity - GST withheld		(202,720)	0	0	0.00%
Change in Contributed Equity	6	1,186,708	2,534,698	(7,642,774)	(53.18%)
Net Current Assets July 1 B/Fwd	7	43,807,751	43,807,751	43,807,751	0.00%
Net Current Assets Year to Date	7	45,090,156	46,196,408	35,898,542	

This statement is to be read in conjunction with the accompanying notes.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 28 FEBRUARY 2019

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

This statement comprises a special purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not in-consistent with the *Local Government Act 1955* and accompanying regulations), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

Except for cash flow, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of the financial report in conformity with Australian Accounting Standards require management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in this statement. In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. The Council does not hold any monies in trust.

(c) Rounding Off Figures

All figures shown in this statement, other than a rate in the dollar, are rounded to the nearest dollar.

(d) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except for where the amount of GST incurred is not receivable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivable or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 28 FEBRUARY 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Trade and Other Receivables

Trade Receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectibility of trade receivables is viewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is object evidence that they will not be collectible.

(h) Inventories

General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed. Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed to the buyer at this point. Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

(i) Fixed Assets

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 28 FEBRUARY 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Computer Equipment	4 years
Printers, Photocopiers and Scanners	5 years
Furniture and Equipment	4 to 10 years
Floor coverings	8 years
Phones and Faxes	6 to 7 years
Plant and Equipment	5 to 15 years
Infrastructure	30 to 50 years

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Annual Leave and Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 28 FEBRUARY 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

(n) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(o) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 28 FEBRUARY 2019**

2. STATEMENT OF OBJECTIVE

The Regional Council has a specific regional purpose which is:

- a) To undertake, in accordance with the objectives, the rezoning, subdivision, development marketing and sale of land comprising the developable portion of Lot 118 Mindarie (now Lot 9504); and
- b) To carry out and do all other acts and things which are reasonably necessary for the bringing into effect of the matters referred to in paragraph a).

The objectives of the Regional Council are:

- 1. To develop and improve the value of the land;
- 2. To maximise, and with prudent risk parameters, the financial return to the Participants;
- 3. To balance economic, social and environmental issues; and
- 4. To produce a quality development demonstrating the best urban design and development practice.

3. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year:

	28 February 2019 Actual \$	Amended 2018/19 Budget \$
<u>By Program</u>		
Other Property and Services		
Furniture and equipment	0	16,000
Motor Vehicle	63,101	63,000
	63,101	79,000
<u>By Class</u>		
Plant and Equipment	63,101	79,000
	63,101	79,000

4. DISPOSALS OF ASSETS

There following asset is budgeted to be disposed during the financial year ended.

<u>Plant and Equipment</u>		
Cost	65,016	65,015
Accumulated Depreciation	(18,255)	(18,255)
Profit/(Loss)	(5,852)	(1,760)
Proceeds	40,909	45,000

TAMALA PARK REGIONAL COUNCIL
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5. INFORMATION ON BORROWINGS

No borrowings have been undertaken in the period under review. No borrowings are budgeted during the 2018-19 financial year.

6. CONTRIBUTED EQUITY

	28 February 2019 Actual \$	30 June 2018 Actual \$
Town of Victoria Park	3,768,945	3,660,229
City of Perth	3,768,945	3,660,229
Town of Cambridge	3,768,945	3,660,229
City of Joondalup	7,537,891	7,320,458
City of Wanneroo	7,537,891	7,320,458
Town of Vincent	3,768,945	3,660,229
City of Stirling	15,075,780	14,640,914
TOTAL	45,227,343	43,922,746
Total Movement in equity	1,304,597	

Movement in Contributed Equity Represented by:

	GST Withheld 28 February 2019 \$	Development Expenses 28 February 2019 \$	Land Sales 28 February 2019 \$	Return of Contribution 28 February 2019 \$	Contributed Equity 28 February 2019 \$
Town of Victoria Park	(16,893)	(301,708)	593,371	(166,667)	(9,211)
City of Perth	(16,893)	(301,708)	593,371	(166,667)	(9,211)
Town of Cambridge	(16,893)	(301,708)	593,371	(166,667)	(9,211)
City of Joondalup	(33,787)	(603,416)	1,186,742	(333,333)	(18,421)
City of Wanneroo	(33,787)	(603,416)	1,186,742	(333,333)	(18,421)
Town of Vincent	(16,893)	(301,708)	593,371	(166,667)	(9,211)
City of Stirling	(67,573)	(1,206,832)	2,373,484	(666,666)	(36,842)
	(202,720)	(3,620,496)	7,120,452	(2,000,000)	(110,528)
Members Contributed Equity Movements		1,186,708			
TPRC Net Result		117,889			
Total Movement in equity		1,304,597			

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 28 FEBRUARY 2019

7. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position	28 February 2019 Actual \$	Brought Forward 1-Jul \$
CURRENT ASSETS		
Cash - Unrestricted	45,098,028	43,846,407
Receivables	289,699	251,049
Settlement Bonds	1,000	400
	45,388,727	44,097,856
LESS: CURRENT LIABILITIES		
Payables and Provisions	(298,571)	(290,105)
	45,090,156	43,807,751

8. RATING INFORMATION

The Regional Council does not levy rates on property.

9. TRUST FUNDS

The Regional Council does not hold any funds in trust on behalf of third parties.

TAMALA PARK REGIONAL COUNCIL
MONTHLY STATEMENT OF FINANCIAL ACTIVITY
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**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JANUARY 2019**

<u>Operating</u>	NOTE	31 January 2019 Actual \$	31 January 2019 Y-T-D Budget \$	2018/19 Adopted Budget \$	Variances Budget to Actual Y-T-D %
Revenues	1,2				
Interest Earnings		708,195	702,426	1,040,633	0.82%
Other Revenue		673	2,000	2,000	0.00%
		708,868	704,426	1,042,633	0.63%
Expenses	1,2				
Employee Costs		(342,177)	(422,064)	(725,924)	(18.93%)
Materials and Contracts Other		(96,951)	(236,160)	(404,895)	(58.95%)
Depreciation		0	0	(25,381)	0.00%
Utilities		0	(3,225)	(6,450)	0.00%
Insurance		(13,207)	(13,879)	(13,880)	(4.84%)
Other Expenditure		(93,124)	(94,071)	(186,390)	(1.01%)
		(545,459)	(769,399)	(1,362,920)	(29.11%)
Adjustments for Non-Cash (Revenue) and Expenditure					
Depreciation on Assets		0	0	25,381	0.00%
Profit/(loss) on Disposal of Assets		(5,852)	(1,760)	(1,760)	0.00%
Capital Revenue and (Expenditure)					
Plant and Equipment	3	(63,101)	(66,000)	(82,000)	0.00%
Proceeds on disposal		40,909	45,000	45,000	0.00%
LESS MEMBERS EQUITY					
Payment for Rates Equivalent					
Development of Land for Resale					
Income Sale of Lots - Subdivision		6,295,371	7,225,587	14,405,835	(12.87%)
Income other - Subdivision		0	1,400,000	1,950,000	100.00%
Development Costs - Subdivision		(3,129,892)	(10,921,134)	(21,277,191)	(71.34%)
Contribution Refund		(110,528)	0	(209,337)	0.00%
Profit Distributions		(2,000,000)	(2,000,000)	(4,000,000)	0.00%
Members equity - GST withheld		(144,340)	0	0	0.00%
Change in Contributed Equity	6	910,611	(4,295,547)	(9,130,693)	(121.20%)
Net Current Assets July 1 B/Fwd	7	43,807,751	43,807,751	43,807,751	0.00%
Net Current Assets Year to Date	7	44,859,579	39,426,231	34,345,152	

This statement is to be read in conjunction with the accompanying notes.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JANUARY 2019

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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(c) Rounding Off Figures

All figures shown in this statement, other than a rate in the dollar, are rounded to the nearest dollar.

(d) Rates, Grants, Donations and Other Contributions

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Revenues, expenses and assets are recognised net of the amount of GST, except for where the amount of GST incurred is not receivable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivable or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JANUARY 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Trade and Other Receivables

Trade Receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectibility of trade receivables is viewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is object evidence that they will not be collectible.

(h) Inventories

General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed. Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed to the buyer at this point. Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

(i) Fixed Assets

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JANUARY 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Computer Equipment	4 years
Printers, Photocopiers and Scanners	5 years
Furniture and Equipment	4 to 10 years
Floor coverings	8 years
Phones and Faxes	6 to 7 years
Plant and Equipment	5 to 15 years
Infrastructure	30 to 50 years

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Annual Leave and Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JANUARY 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

(n) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(o) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JANUARY 2019**

2. STATEMENT OF OBJECTIVE

The Regional Council has a specific regional purpose which is:

- a) To undertake, in accordance with the objectives, the rezoning, subdivision, development marketing and sale of land comprising the developable portion of Lot 118 Mindarie (now Lot 9504); and
- b) To carry out and do all other acts and things which are reasonably necessary for the bringing into effect of the matters referred to in paragraph a).

The objectives of the Regional Council are:

- 1. To develop and improve the value of the land;
- 2. To maximise, and with prudent risk parameters, the financial return to the Participants;
- 3. To balance economic, social and environmental issues; and
- 4. To produce a quality development demonstrating the best urban design and development practice.

3. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year:

	31 January 2019 Actual \$	Adopted 2018/19 Budget \$
<u>By Program</u>		
Other Property and Services		
Furniture and equipment	0	16,000
Motor Vehicle	63,101	66,000
	63,101	82,000
<u>By Class</u>		
Plant and Equipment	63,101	82,000
	63,101	82,000

4. DISPOSALS OF ASSETS

There following asset is budgeted to be disposed during the financial year ended.

<u>Plant and Equipment</u>		
Cost	65,016	65,015
Accumulated Depreciation	(18,255)	(18,255)
Profit/(Loss)	(5,852)	(1,760)
Proceeds	40,909	45,000

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JANUARY 2019

5. INFORMATION ON BORROWINGS

No borrowings have been undertaken in the period under review. No borrowings are budgeted during the 2018-19 financial year.

6. CONTRIBUTED EQUITY

	31 January 2019 Actual \$	30 June 2018 Actual \$
Town of Victoria Park	3,749,731	3,660,229
City of Perth	3,749,731	3,660,229
Town of Cambridge	3,749,731	3,660,229
City of Joondalup	7,499,461	7,320,458
City of Wanneroo	7,499,461	7,320,458
Town of Vincent	3,749,731	3,660,229
City of Stirling	14,998,921	14,640,914
TOTAL	44,996,766	43,922,746
Total Movement in equity	1,074,020	

Movement in Contributed Equity Represented by:

	GST Withheld 31 January 2019 \$	Development Expenses 31 January 2019 \$	Land Sales 31 January 2019 \$	Return of Contribution 31 January 2019 \$	Contributed Equity 31 January 2019 \$
Town of Victoria Park	(12,028)	(260,824)	524,614	(166,667)	(9,211)
City of Perth	(12,028)	(260,824)	524,614	(166,667)	(9,211)
Town of Cambridge	(12,028)	(260,824)	524,614	(166,667)	(9,211)
City of Joondalup	(24,057)	(521,649)	1,049,229	(333,333)	(18,421)
City of Wanneroo	(24,057)	(521,649)	1,049,229	(333,333)	(18,421)
Town of Vincent	(12,028)	(260,824)	524,614	(166,667)	(9,211)
City of Stirling	(48,113)	(1,043,298)	2,098,457	(666,666)	(36,842)
	(144,340)	(3,129,892)	6,295,371	(2,000,000)	(110,528)
Members Contributed Equity Movements		910,611			
TPRC Net Result		163,409			
Total Movement in equity		1,074,020			

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 JANUARY 2019

7. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position	31 January 2019 Actual \$	Brought Forward 1-Jul \$
CURRENT ASSETS		
Cash - Unrestricted	44,879,180	43,846,407
Receivables	285,684	251,049
Settlement Bonds	1,000	400
	45,165,864	44,097,856
LESS: CURRENT LIABILITIES		
Payables and Provisions	(306,285)	(290,105)
	44,859,579	43,807,751

8. RATING INFORMATION

The Regional Council does not levy rates on property.

9. TRUST FUNDS

The Regional Council does not hold any funds in trust on behalf of third parties.

Appendix 9.3

**Tamala Park Regional Council
Summary Payment List
February 2019**

Date	Num	Name	Description	Amount
6/02/2019	ET-4593	Steel Test Pty Ltd	Lot 169 (24th instalment over a 5 year period)	-2,887.50
12/02/2019	ET-4612	Westpac Bank	Payment of credit card charges - February 2019	-1,820.28
13/02/2019	ET-4613	D'Rozario, Antonia	Lot 168 (24th instalment over a 5 year period)	-3,281.25
14/02/2019	ET-4594	Employee costs	Wages for period 31/01/19 - 13/02/19	-11,303.10
14/02/2019	ET-4597	Australian Super	Superannuation for period 31/01/19 - 13/02/19	-595.46
14/02/2019	ET-4598	National Australia Bank	Superannuation for period 31/01/19 - 13/02/19	-1,141.77
14/02/2019		Burgess Rawson	Valuation services	-660.00
14/02/2019		Capital Transport Services	Courier Charges (31 January 2019)	-13.20
14/02/2019		City of Stirling	TPRC office rent (March 2019)	-3,234.00
14/02/2019		Cossill & Webley	Engineering services	-2,515.07
14/02/2019		Creative Design + Planning	General Planning Monthly Retainer (Nov 2018)	-10,890.00
14/02/2019		Dixon, Maureen	WELS Rebate (Lot 2086)	-1,000.00
14/02/2019		Docushred	Security bin	-51.70
14/02/2019		Dreamstart Homes	Waste Rebate (Lot 969)	-330.00
14/02/2019		HWL Ebsworth Lawyers	Legal Advice on OSH Requirements (Nov 2018 - Jan 2019)	-3,300.00
14/02/2019		Kevin Smith Cleaning Services	Cleaning of TPRC office (January 2019)	-132.00
14/02/2019		Kyocera Mita	Printing (January 2019)	-44.31
14/02/2019		LD Total	Landscaping services	-27,152.27
14/02/2019		M P Rogers & Associates PL	Coastal engineering - CHRMAP	-3,175.04
14/02/2019		Marketforce	Statutory advertising	-678.39
14/02/2019		McMullen Nolan Group	Update maps for Sales Office 3	-374.00
14/02/2019		Moore Stephens	Accounting services (December 2018)	-2,601.50
14/02/2019		Neverfail	Bottled water x 2	-28.25
14/02/2019		Plan E	Stage 17B landscaping fee (December 2018)	-4,180.00
14/02/2019		Signs & Lines	Sales Office 3 internal signage	-10,159.31
14/02/2019		Social Garden	\$20K campaign extensions (Jan - Mar 2019)	-5,500.00
14/02/2019		Spectur Ltd	Security cameras (February 2018)	-176.00
14/02/2019		Town of Victoria Park	GST November - December 2018	-2,142.00
14/02/2019		Treacy Fencing	Fencing services	-6,599.23
14/02/2019	ET-4599	Synergy	Stage 25 Park electricity charges for period 22/11/18 - 23/01/19	-1,032.90
14/02/2019	ET-4614	Australian Taxation Office	BAS for quarter October - December 2018	-4,932.00
14/02/2019	ET-4615	Australian Taxation Office	IAS January 2019	-24,965.00
21/02/2019	ET-4600	New Living Cleaning	Cleaning of Sales Office	-945.00
28/02/2019	ET-4601	Employee costs	Wages for period 14/02/19 - 27/02/19	-33,177.90
28/02/2019	ET-4606	Australian Super	Superannuation for period 14/02/19 - 27/02/19	-3,947.70
28/02/2019	ET-4607	National Australia Bank	Superannuation for period 14/02/19 - 27/02/19	-1,141.77
28/02/2019		Anderson, Claire	Elected member attendance fee 20 October 2018 - 19 November 2018	-2,613.75
28/02/2019		Burgess Rawson	Valuation Fee (29 lots)	-1,595.00
28/02/2019		Caddy, Karen	Elected member attendance fee 20 October 2018 - 19 November 2018	-2,613.75
28/02/2019		Chester, John	Elected member attendance fee 20 October 2018 - 19 November 2018	-2,613.75
28/02/2019		City of Stirling	GST January 2019	-1,766.36
28/02/2019		City of Wanneroo	Interim Rates 2018/19	-35,796.90
28/02/2019		Cole, Emma	Elected member attendance fee 20 October 2018 - 19 November 2018	-2,613.75
28/02/2019		Coterra Environment	Environmental consulting services (November & December 2018)	-183.98
28/02/2019		Creative Design + Planning	Monthly retainer (January 2019)	-10,890.00
28/02/2019		Digital Meal	SEO Retainer (February 2019)	-770.00
28/02/2019		Dominic Carbone & Assoc	Accounting services (January 2019)	-1,584.00
28/02/2019		ELO Digital Office	ELO Upgrade - V9 to V11 (final payment)	-6,468.00
28/02/2019		Fenn, Samantha	Elected member attendance fee 20 October 2018 - 19 November 2018	-2,613.75
28/02/2019		Ferrante, Joe	Elected member attendance fee 20 October 2018 - 19 November 2018	-2,613.75
28/02/2019		Gleeson, Nicholas	Builder Referral - Lot 944	-2,000.00
28/02/2019		Green House Studios	Display Village Marketing Design	-665.50
28/02/2019		Hammond, Andrew	Elected member attendance fee 20 October 2018 - 19 November 2018	-2,613.75
28/02/2019		Italiano, Giovanni	Chairman allowance 20 October 2018 - 19 January 2019	-8,886.50
28/02/2019		Jones, Nige	Elected member attendance fee 20 October 2018 - 19 November 2018	-2,613.75
28/02/2019		LD Total	Landscaping services	-275,497.99
28/02/2019		M P Rogers & Associates PL	Coastal engineering services	-6,746.96
28/02/2019		Maxwell, Janet	Solar Panel Rebate - Lot 1021	-2,000.00
28/02/2019		Neverfail	Bottled water x 2	-28.25
28/02/2019		Plan E	Landscaping architect	-23,721.50
28/02/2019		Sally Brothers Interior Design	Sales Office 3 Fitout	-3,006.46

28/02/2019		Sandri, Bianca	Elected member attendance fee 20 October 2018 - 19	-2,613.75
28/02/2019		Satterley Property Group	Community Development Services (January 2019)	-660.00
28/02/2019		Social Garden	\$20K Campaign Extensions (Jan - Mar 2019)	-5,500.00
28/02/2019		Stantons International	Probity advisory services (September 2018)	-1,023.00
28/02/2019		Strategen	Stage 26 BAL Assessment (January 2019)	-165.00
28/02/2019		Swann Rubbish Removal	Rubbish Removal - Lot 903	-1,200.00
28/02/2019		Timmermanis, Andres	Elected member attendance fee 20 October 2018 - 19	-2,613.75
28/02/2019		Treacy Fencing	Fencing - Lot 2129	-1,464.87
28/02/2019		Treby, Brett	Deputy Chairman allowance 20 October 2018 - 19 Jan	-3,855.25
28/02/2019	ET-4609	Synergy	Electricity charges - Sales Offices & POS	-3,510.50
28/02/2019	ET-4610	Water Corporation	Sales Office 3 water charges for period 01/01/19 - 28/1	-202.87
28/02/2019	ET-4611	Yang, Shan-Hao & Xiuying Chen	Lot 172 (24th instalment over a 5 year period)	-2,887.50
28/02/2019	ET-4350	National Australia Bank	Bank charges NAB At-Call AC	-22.00
TOTAL				<u><u>-604,343.79</u></u>

Tamala Park Regional Council
Summary Payment List
January 2019

Date	Num	Name	Description	Amount
3/01/2019	ET-4572	Employee costs	Wages for period 20/12/18 - 02/01/19	-11,176.66
3/01/2019	ET-4575	Australian Super	Superannuation for period 20/12/18 - 02/01/19	-595.46
3/01/2019	ET-4576	National Australia Bank	Superannuation for period 20/12/18 - 02/01/19	-1,141.77
3/01/2019		Arias, T	Parking & travel reimbursements	-23.00
3/01/2019		Capital Transport Services	Courier charges (December 2018)	-12.28
3/01/2019		City of Vincent	GST owing November 2018	-1,605.35
3/01/2019		hyd20 Hydrology	Western Cell UWMP Addendum	-1,716.00
3/01/2019		Kidsafe WA	Playground inspections (October 2018)	-495.00
3/01/2019		Kyocera Mita	Printing costs (December 2018)	-93.50
3/01/2019		LD Total	Landscaping services	-42,102.35
3/01/2019		Moore Stephens	Accounting services (SOFA - November 2018)	-2,062.50
3/01/2019		Painted Dog Research	Market research and incentives (Payment 2)	-25,850.00
3/01/2019		Plan E	Landscaping architect	-17,512.55
3/01/2019		Satterley Property Group	Community development services (Nov 2018)	-12,592.80
3/01/2019		Treacy Fencing	Fencing	-4,805.46
15/01/2019	ET-4583	Westpac Bank	Payment of credit card charges - Jan 2019	-410.65
17/01/2019	ET-4577	Employee costs	Wages for period 03/01/19 - 16/01/19	-15,055.59
17/01/2019	ET-4581	Australian Super	Superannuation for period 03/01/19 - 16/01/19	-595.46
17/01/2019	ET-4582	National Australia Bank	Superannuation for period 03/01/19 - 16/01/19	-1,141.77
17/01/2019		Aitken, L.	Padlocks & chain to secure gate at Catalina	-33.42
17/01/2019		Atwill, Stephen & Lucy	WELS Rebate (Lot 2096)	-1,000.00
17/01/2019		Burton, Marisa	WELS Rebate (Lot 2085)	-1,000.00
17/01/2019		City of Stirling	Rent & IT	-4,719.00
			Landscape Assess Fee - Stages 25-27 Street Tree	
17/01/2019		City of Wanneroo	Masterplan	-298.52
17/01/2019		Dominic Carbone & Assoc	GST Management (December 2018)	-396.00
17/01/2019		Eco Logical Australia	EnviroDevelopment services	-6,005.45
17/01/2019		ELO Digital Office	ELO Upgrade v09 to v11 (Payment 1)	-2,772.00
17/01/2019		Golder Associates Pty Ltd	Grove pump station geotech investigation	-6,490.00
17/01/2019		hyd20 Hydrology	Western Cell UWMP Addendum	-712.80
17/01/2019		Kevin Smith Cleaning Services	TPRC office cleaning (December 2018)	-132.00
17/01/2019		LD Total	Landscaping services	-46,137.38
17/01/2019		Marketforce	Statutory advertising	-921.07
17/01/2019		McLeods Barristers & Solicitors	Legal services	-2,938.39
17/01/2019		Neverfail	Bottled water x 1	-14.75
17/01/2019		NJ Carpentry	Sales Office 3 garage stud wall	-2,960.10
17/01/2019		R J Vincent & Co	Civil engineering services	-35,528.50
17/01/2019		Riskwest Management Consultants	Risk Management Services (Payment 2)	-7,359.00
17/01/2019		Signs & Lines	Signage	-15,696.14
17/01/2019		Soliman, Mena	Builder Referral Fee (Lot 973)	-2,000.00
17/01/2019		Suez Recycling & Recovery	Food Truck Fridays bins	-135.30
17/01/2019		Trevors Carpets	Sales Office 3 vinyl floor planks	-2,090.00
			Sales Office 2 Water charges for period 21/09/18 -	
17/01/2019	ET-4584	Water Corporation	20/11/18	-884.70
17/01/2019	ET-4585	Western Power	Connoly Drive DIP/DCR fee	-858.00
29/01/2019	ET-4349	National Australia Bank	Bank charges NAB At-Call AC	-10.25
30/01/2019	CON-138	City of Wanneroo	GST owing December 2018	-1,074.76
31/01/2019	ET-4586	Employee costs	Wages for period 17/01/19 - 30/01/19	-11,303.10
31/01/2019	ET-4589	Australian Super	Superannuation for period 17/01/19 - 30/01/19	-595.46
31/01/2019	ET-4590	National Australia Bank	Superannuation for period 17/01/19 - 30/01/19	-1,141.77
31/01/2019		Ben Trager Homes	WELS Rebate (Lot 2125)	-1,000.00
31/01/2019		Burgess Rawson	Valuation fees	-440.00
31/01/2019		Burton, Marisa	Solar Panel Rebate (Lot 2085)	-2,000.00
31/01/2019		City of Stirling	GST December 2018	-2,149.55
31/01/2019		City of Vincent	GST owing December 2018	-537.00
31/01/2019		Classic Hire	Food Truck Friday Lighting	-528.00
31/01/2019		Clean City Group	Graffiti removal (Nov & Dec 2018)	-357.50
31/01/2019		Cossill & Webley	Engineering services	-1,674.31
31/01/2019		LD Total	Landscaping services	-400,674.78
31/01/2019		Neverfail	Bottled water x 2	-28.25
31/01/2019		Overfield, M. & F.	Solar Panel Rebate (Lot 877)	-2,000.00
31/01/2019		Pierluigi, Marco	Builder Referral Fee (Lot 986)	-2,000.00
31/01/2019		Plan E	Landscape architects	-12,540.00
31/01/2019		Pooley Power Pty Ltd	Sales Office 3 - TV installations	-1,595.00

31/01/2019		R J Vincent & Co	Beach fence repair	-1,210.00
31/01/2019		Satterley Property Group	Community Development (December 2018)	-1,082.40
31/01/2019		Signs & Lines	Signage	-19,946.38
			Relocation and reactivation of cameras (Catalina Beach)	-1,166.00
31/01/2019		Spectur Ltd	Movie Night Bins	-39.60
31/01/2019		Suez Recycling & Recovery	Solar Panel Rebate (Lot 913)	-2,000.00
31/01/2019		Turner, B. & H.	UDIA WA State Conference 2019 (L Aitken)	-999.00
31/01/2019		UDIA (WA)	Entry Signage Development Application Fee	-324.53
31/01/2019	CH-200565	City of Wanneroo	Agreed Planning Fee (Feb - Sept 2018)	-154,000.00
31/01/2019	ET-4591	Chappell Lambert Everett	Sales Office 2 & 3	-1,426.58
31/01/2019	ET-4592	Water Corporation	GST November - December 2018	-2,142.73
31/01/2019	CON-139	Town of Cambridge	GST July - December 2018	-32,112.39
31/01/2019	CON-140	City of Joondalup		
TOTAL				<u><u>-938,170.01</u></u>

Appendix 9.4

25 March 2019

Mr Tony Arias
Chief Executive Officer
Tamala Park Regional Council
PO Box 655
INNALOO WA 6918

Dear Tony

Catalina Financial Report for February 2019

Please find attached the Catalina Financial Report for February 2019. This report has been prepared on a cash basis and compares actual income and expenditure to the June 2018 approved budget for the period 1 February 2019 to 28 February 2019.

Residential settlement revenue for the financial year to 28 February 2019 is \$5.7m which is \$2.5m behind the approved 'June 2018' budget.

Sales for FYE2019 are \$6.5m unfavourable to budget due to 18 less residential lot sales for the year.

Overall FYE2019 expenditure is \$6.4m under budget per the approved 'June 2018' budget, with \$3.1m spent against a budget of \$9.5m. The main areas of variances are summarised below:

- Lot Production is \$2.4m under budget, noting the following variances:
 - Stage 17B \$0.4m under budget due to timing of the construction of a group housing site, which is unlikely to commence this year;
 - Stage 18A \$0.3m under budget due to cost savings;
 - Stage 26 \$1.3m under budget due to timing, with stage awarded and works to commence in the last week of March;
 - \$0.4m combined minor variances.

- Landscaping is \$2.0m under budget, noting the following variances:
 - Stage 14A \$0.2m under budget due to cost savings;
 - Stage 17 \$0.5m under budget as works are yet to commence, with designs sitting with the City of Wanneroo for approval;
 - Stage 10 BCA \$0.2m under budget as works are yet to commence, with recommendation with the TPRC;
 - \$1.1m combined minor variances.

- Infrastructure is \$747k under budget, noting the following variances:
 - Connolly Drive Greenlink Intersection \$299k below budget as works postponed to next financial year;
 - Aviator Blvd Extension \$277k below budget as works postponed to next financial year;
 - \$171k combined minor variances.

- Indirect Consultants \$183k under budget due to the construction program being slowed down in line with demand.

- P&L expenditure is \$1.0m under budget, noting the following variances:
 - Marketing \$0.1m under budget due to timing of invoice payments and approval pending on new initiatives;
 - Community Development \$0.1m under budget due to timing of display village opening;
 - Central Cell Sales Office Carpark Makegood \$0.2m under budget due to timing of the completion of the Beach Sales Office;
 - Contingency \$0.4m not required;
 - \$0.2m Combined minor variances for other Overheads.

Please refer to the attached Cashflow Analysis for a more detailed analysis of actual to budget variances. Should you have any queries on this report, please do not hesitate to contact me.

Yours faithfully



Ross Carmichael
General Manager - Finance

CATALINA
FINANCE REPORT
FEBRUARY 2019

1.0 Management Accounts

1.1 KEY STATISTICS

1.1.1 RESIDENTIAL LOTS & DISTRIBUTIONS

	<u>Lots Produced (titles)</u>		<u>Sales</u>		<u>Settlements</u>		<u>Distributions</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Prior Years	966	966	901	901	886	886	71,000,000	71,000,000
Jul-2018	-	-	2	4	1	1	-	-
Aug-2018	-	-	4	4	3	3	-	-
Sep-2018	-	-	4	4	2	1	-	-
Sep Qtr	-	-	10	12	6	5	-	-
Oct-2018	-	-	1	4	1	9	-	-
Nov-2018	-	-	3	4	6	3	-	-
Dec-2018	-	-	(3)	3	1	4	2,000,000	2,000,000
Dec Qtr	-	-	1	11	8	16	2,000,000	2,000,000
Jan-2019	-	-	1	3	2	2	-	-
Feb-2019	-	38	-	4	3	3	-	-
Mar-2019	-	-	-	5	-	5	-	-
Mar Qtr	-	38	1	12	5	10	-	-
Apr-2019	-	-	-	5	-	5	-	-
May-2019	-	-	-	5	-	4	-	-
Jun-2019	-	-	-	5	-	4	-	2,000,000
Jun Qtr	-	-	-	15	-	13	-	2,000,000
PTD	966	1,004	913	931	905	912	73,000,000	73,000,000
Full 2018/19 Year	-	38	12	50	19	44	2,000,000	4,000,000
2019/20	-	45	-	60	-	48	-	5,000,000
2020/21	-	52	-	75	-	66	-	13,000,000

- 3 residential lots settled in February comprising:

	<u>Lots</u>
Stage 17A	1
Stage 18B	1
Stage 25	1

1.2 Sales & Settlements

	<u>MTH Act</u>	<u>MTH Bgt</u>	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>PTD Act</u>	<u>PTD Bgt</u>
Residential						
- Sales #	-	4	12	30	913	931
- Sales \$	-	1,357,073	3,564,000	10,023,557	236,579,500	243,039,057
- Sales \$/lot	-	339,268	297,000	334,119	259,123	261,052
- Settlements #	3	3	19	26	905	912
- Settlements \$	834,000	954,002	5,700,000	8,179,589	234,247,500	236,727,089
- Settlements \$/lot	278,000	318,001	300,000	314,600	258,837	259,569
Special Sites						
- Sales #	-	-	-	-	3	3
- Sales \$	-	-	-	-	3,295,000	3,295,000
- Sales \$/lot	-	-	-	-	1,098,333	1,098,333
- Settlements #	-	-	1	1	3	3
- Settlements \$	-	-	1,400,000	1,400,000	3,295,000	3,295,000
- Settlements \$/lot	-	-	1,400,000	1,400,000	1,098,333	1,098,333
Lots Under Contract						
- Unsettled sales #	8			1	Titled	
- Unsettled sales \$	2,332,000			7	971 incl. Spec sites	
- Unsettled sales \$/lot	291,500					

- The month of February achieved no sales.

CATALINA
FINANCE REPORT
FEBRUARY 2019

1.3 Cashflow - MTD Actuals to budget

	<u>MTD Act</u>	<u>MTD Bgt</u>	<u>Variance</u>
<i>Income</i>			
Settlement Revenue	834,000	954,003	(120,003)
Margin GST	(6,193)	(13,636)	7,444
Direct selling costs	(39,695)	(43,899)	4,204
Interest Income	-	-	-
Forfeited Deposits	-	-	-
Other Income	-	-	-
Rebate Allowance	(12,631)	(230,756)	218,125
	<u>775,481</u>	<u>665,711</u>	<u>109,770</u>
<i>Development costs</i>			
WAPC Land Acq.	-	-	-
Lot production	-	278,356	278,356
Landscaping	184,809	309,792	124,983
Consultants	29,470	49,446	19,977
Infrastructure	2,408	143,174	140,767
Sales office building	93,512	46,160	(47,351)
	<u>310,198</u>	<u>826,929</u>	<u>516,731</u>
<i>Overheads</i>			
Sales & marketing	20,892	41,167	20,274
Community Develop.	1,205	16,042	14,837
Administration	79,307	58,383	(20,924)
Finance/Contingency	-	47,126	47,126
	<u>101,405</u>	<u>162,718</u>	<u>61,313</u>
Net Cashflow	<u>363,878</u>	<u>(323,936)</u>	<u>687,814</u>

1.4 Cashflow - YTD Actuals to budget

	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>Variance</u>
<i>Income</i>			
Settlement Revenue	5,700,000	8,179,591	(2,479,591)
Margin GST	(52,675)	(118,182)	65,507
Direct selling costs	(325,393)	(438,312)	112,919
Interest Income	10,945	-	10,945
Forfeited Deposits	1,818	-	1,818
Other Income	1,373,209	1,272,727	100,482
Rebate Allowance	(266,074)	(2,004,006)	1,737,933
	<u>6,441,830</u>	<u>6,891,818</u>	<u>(449,987)</u>
<i>Development costs</i>			
WAPC Land Acq.	-	-	-
Lot production	(22,698)	2,378,912	2,401,610
Landscaping	1,528,102	3,543,492	2,015,390
Consultants	247,357	430,107	182,749
Infrastructure	61,202	807,801	746,600
Sales office building	566,366	635,900	69,534
	<u>2,380,328</u>	<u>7,796,212</u>	<u>5,415,884</u>
<i>Overheads</i>			
Sales & marketing	196,595	329,333	132,738
Community Develop.	42,903	128,333	85,431
Administration	451,104	813,966	362,862
Finance/Contingency	-	435,371	435,371
	<u>690,602</u>	<u>1,707,004</u>	<u>1,016,402</u>
Net Cashflow	<u>3,370,900</u>	<u>(2,611,398)</u>	<u>5,982,299</u>

1.5 Bonds

	<u>Last Year</u>	<u>Last Month</u>	<u>This Month</u>
City of Wanneroo	263,132	242,868	242,868
	<u>263,132</u>	<u>242,868</u>	<u>242,868</u>

Bonds relate to stage 25 early clearances and are expected to be returned within 12 months.

CATALINA
FINANCE REPORT
FEBRUARY 2019

2.0 PROFIT & LOSS

	<u>MTH Act</u>	<u>MTH Bgt</u>	<u>Var</u>	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>Var</u>	<u>PTD Act</u>	<u>PTD Bgt</u>
- Revenue \$ (Stlmnts)	834,000	954,002	(120,002)	5,700,000	8,179,589	(2,479,589)	234,247,500	236,727,089
- Revenue \$/lot	278,000	318,001		300,000	314,600		258,837	259,569
- Selling & GST \$	118,411	105,695	(12,716)	669,532	944,118	274,586	21,656,524	21,931,110
- Selling & GST \$/lot	39,470	35,232		35,239	36,312		23,930	24,047
- Cost of sales \$	295,582	293,490	(2,092)	1,935,213	2,705,640	770,427	83,848,382	84,618,809
- Cost of sales \$/lot	98,527	97,830		101,853	104,063		92,650	92,784
- Gross profit \$	420,007	554,817	(134,810)	3,095,255	4,529,831	(1,434,576)	128,742,594	130,177,170
- Gross profit \$/lot	140,002	184,939		162,908	174,224		142,257	142,738
- Gross profit Mgn %	50.36%	58.16%		54.30%	55.38%		54.96%	54.99%
- Special Sites \$	-	-	-	799,660	818,374	(18,714)	2,114,938	2,133,652
- Other income \$	-	-	-	12,763	-	12,763	255,298	242,535
- Sales & Marketing \$	21,837	63,600	41,763	214,308	508,800	294,492	1,929,820	2,224,312
- Administration \$	81,338	71,627	(9,711)	475,191	754,787	279,596	3,458,159	3,737,755
- Finance \$	-	-	-	-	-	-	-	-
- Contingency \$	-	47,142	47,142	-	448,567	448,567	-	448,567
- Net profit \$	316,832	372,448	(55,616)	3,218,179	3,636,052	(417,873)	125,724,850	126,142,723
- Net profit \$/lot	105,611	124,149		169,378	139,848		138,922	138,314

- YTD Gross profit is \$1.4m unfavourable to budget due to 7 fewer settlements to date.
- YTD Overheads are \$1.0m below budget due to Marketing costs \$0.3m favourable (timing of invoice payments and pending approvals for new initiatives), Admin \$0.3m favourable (central cell carpark remediation costs yet to be paid, full legal fees, security, training and valuation provisions not yet required), and unused Contingency \$0.4m.

YEAR TO DATE VERSUS FULL YEAR BUDGET

	<u>YTD Act</u>	<u>FY19 Full Year Bgt</u>	<u>Var</u>
- Revenue \$ (Stlmnts)	5,700,000	14,405,834	(8,705,834)
- Revenue \$/lot	300,000	327,405	
- Selling & GST \$	669,532	1,577,937	908,406
- Selling & GST \$/lot	35,239	35,862	
- Cost of sales \$	1,935,213	4,583,187	2,647,974
- Cost of sales \$/lot	101,853	104,163	
- Gross profit \$	3,095,255	8,244,710	(5,149,455)
- Gross profit \$/lot	162,908	187,380	
- Gross profit Mgn %	54.30%	57.23%	
- Special Sites \$	799,660	406,256	393,404
- Other income \$	12,763	-	12,763
- Sales & Marketing \$	214,308	763,200	548,892
- Administration \$	475,191	869,382	394,191
- Finance \$	-	-	-
- Contingency \$	-	572,937	572,937
- Net profit \$	3,218,179	6,445,447	(3,227,268)
- Net profit \$/lot	169,378	146,487	

2.1 GROSS PROFIT ANALYSIS

Actual

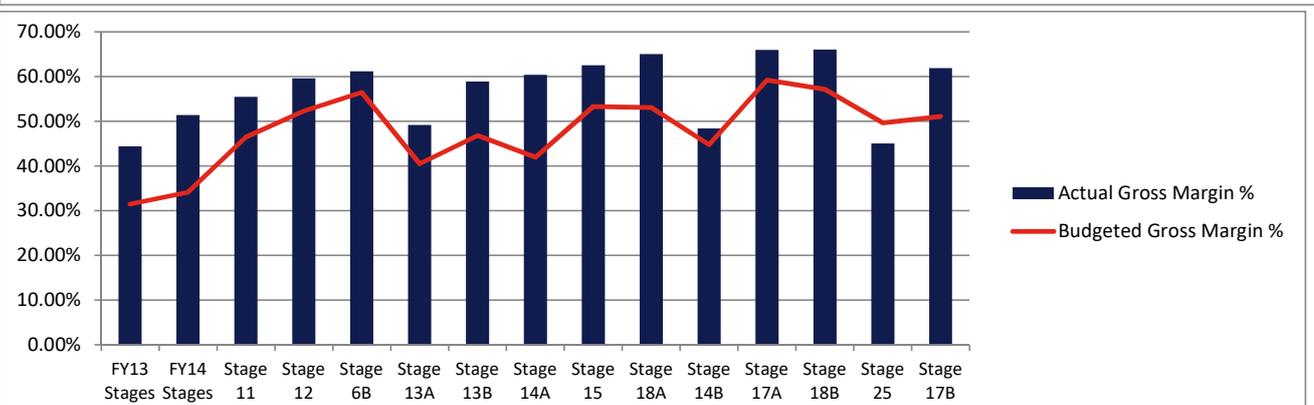
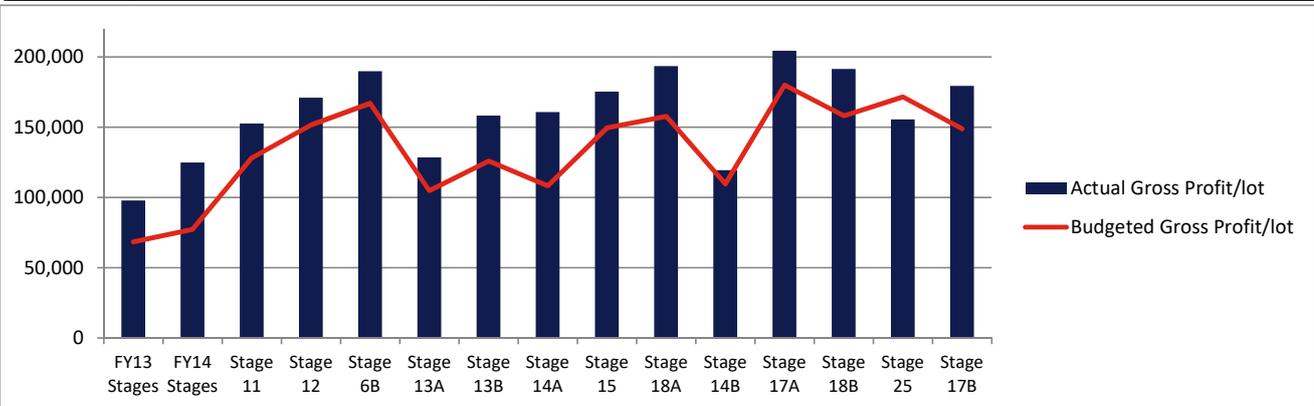
Stages	Title Issue Date	Revenue	Revenue/lot	Direct Selling & COGS (incl. GST)		Direct Costs/lot	Actual Gross		Actual Gross Profit/lot	Actual Gross Margin %
							Profit			
Incentives Writeback					-2,876,710			2,876,710		
FY13 Stages	2012 / 2013	51,375,500	220,496	28,570,159		122,619	22,805,341	97,877		44.39%
FY14 Stages	2013 / 2014	50,325,000	243,116	24,477,309		118,248	25,847,691	124,868		51.36%
Stage 11	1-Oct-14	17,611,000	275,172	7,850,538		122,665	9,760,462	152,507		55.42%
Stage 12	3-Dec-14	14,063,000	287,000	5,678,128		115,880	8,384,872	171,120		59.62%
Stage 6B	19-Jan-15	7,452,000	310,500	2,892,006		120,500	4,559,994	190,000		61.19%
Stage 13A	30-Mar-15	9,675,000	261,486	4,919,669		132,964	4,755,331	128,522		49.15%
Stage 13B	11-May-15	12,103,000	268,956	4,978,879		110,642	7,124,121	158,314		58.86%
Stage 14A	4-Jun-15	16,784,000	266,413	6,644,189		105,463	10,139,811	160,949		60.41%
Stage 15	15-Dec-15	15,444,000	280,800	5,791,567		105,301	9,652,433	175,499		62.50%
Stage 18A	27-May-16	8,626,000	297,448	3,015,429		103,980	5,610,571	193,468		65.04%
Stage 14B	28-Oct-16	2,219,000	246,556	1,144,525		127,169	1,074,475	119,386		48.42%
Stage 17A	20-Feb-17	7,135,000	310,217	2,429,862		105,646	4,705,138	204,571		65.94%
Stage 18B	13-Jun-17	6,675,000	290,217	2,269,709		98,683	4,405,291	191,534		66.00%
Stage 25	8-Aug-17	12,440,000	345,556	6,834,879		189,858	5,605,121	155,698		45.06%
Stage 17B	22-May-18	2,320,000	290,000	884,770		110,596	1,435,230	179,404		61.86%
		<u>234,247,500</u>		<u>105,504,906</u>			<u>128,742,594</u>			

- Values for actuals are based on 'settled lots only' for the relevant stages.

Budget

Stages	Budget Version	Revenue	Revenue/lot	Direct Selling & COGS (incl. GST)		Direct Costs/lot	Budgeted Gross		Budgeted Gross Profit/lot	Budgeted Gross Margin %
							Profit			
FY13 Stages	May-12	51,358,953	217,623	35,200,675		149,155	16,158,278	68,467		31.46%
FY 14 Stages	Jun-13	46,931,935	226,724	30,917,421		149,360	16,014,514	77,365		34.12%
Stage 11	Aug-14	17,645,281	275,708	9,444,658		147,573	8,200,623	128,135		46.47%
Stage 12	Aug-14	14,221,581	290,236	6,787,551		138,521	7,434,030	151,715		52.27%
Stage 6B	Aug-14	7,098,672	295,778	3,089,032		128,710	4,009,640	167,068		56.48%
Stage 13A	Aug-14	9,585,882	259,078	5,703,355		154,145	3,882,527	104,933		40.50%
Stage 13B	Aug-14	12,111,408	269,142	6,443,000		143,178	5,668,408	125,965		46.80%
Stage 14A	Aug-14	15,504,265	258,404	9,001,574		150,026	6,502,690	108,378		41.94%
Stage 15	Aug-15	15,433,000	280,600	7,203,599		130,975	8,229,401	149,625		53.32%
Stage 18A	Jun-16	8,626,000	297,448	4,048,854		139,616	4,577,146	157,833		53.06%
Stage 14B	Jun-16	2,448,087	244,809	1,352,232		135,223	1,095,855	109,585		44.76%
Stage 17A	Jun-16	9,427,756	304,121	3,845,430		124,046	5,582,326	180,075		59.21%
Stage 18B	Jun-16	8,584,690	276,925	3,677,414		118,626	4,907,276	158,299		57.16%
Stage 25	Aug-17	19,696,448	345,552	9,915,141		173,950	9,781,307	171,602		49.66%
Stage 17B	Dec-17	10,496,494	291,569	5,131,807		142,550	5,364,687	149,019		51.11%
		<u>249,170,452</u>		<u>141,761,744</u>			<u>107,408,709</u>			

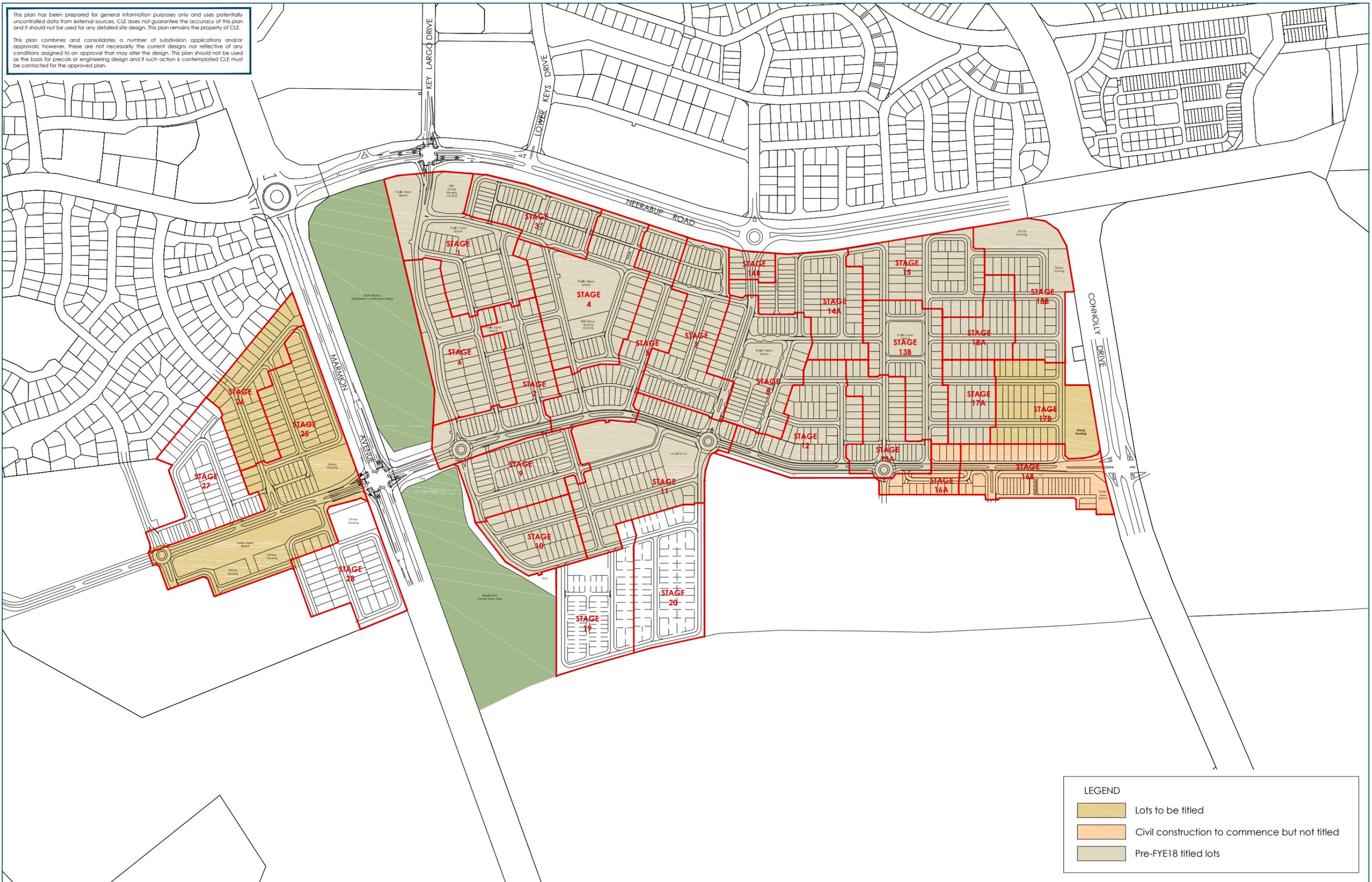
- Values for budget are based on 'total lots' for the relevant stages.



Appendix 9.5

This plan has been prepared for general information purposes only and uses potentially uncontrolled data from external sources. CLE does not guarantee the accuracy of this plan and it should not be used for any detailed site design. This plan remains the property of CLE.

This plan combines and consolidates a number of subdivision applications and/or approvals; however, these are not necessarily the current designs nor reflective of any conditions assigned to an approval that may alter the design. This plan should not be used as the basis for precasts or engineering design and if such action is contemplated CLE must be contacted for the approved plan.



LEGEND

- Lots to be filled
- Civil construction to commence but not filled
- Pre-FYE18 filled lots

Appendix 9.6

STRATEGIC COMMUNITY PLAN – SUMMARY (2019)

VISION				
To create a sustainable urban community offering diverse housing choice, social connectivity and employment opportunities.				
BUILT ENVIRONMENT	ENVIRONMENT	SOCIAL	ECONOMIC	GOVERNANCE
Objective:				
To provide diverse housing options that are attractive to a wide demographic and represent best practice urban design and development.	To demonstrate high quality stewardship in environmental management and innovation in sustainability.	To support the development of a connected, inclusive, safe and healthy community.	To maximise return for member Councils whilst delivering environmental, social and economic objectives.	To provide strong leadership, good governance and responsive decision making.
Strategies:				
Conduct thorough market research on the three Precincts to inform decisions around brand and marketing, lot sizes and housing typologies.	Retain and promote the EnviroDevelopment accreditation.	Deliver well designed, attractive community facilities and public spaces that encourage social connectivity, civic participation, health and well-being.	Prudently manage financial resources in accordance with approved Annual Budgets and Long-Term Financial Plan.	Implement systems, processes and governance practices consistent with the TPRC Establishment Agreement and consistent with requirements of the <i>Local Government Act</i> .
Provide the range of lot sizes and housing types that appeal to target markets and cater for different lifestyle choices and affordable housing opportunities.	Conserve and minimise impact on the local biodiversity and landform.	Ensure connectivity and accessibility in the planning and development of infrastructure, to support equity and access for all community members.	Develop and release land to the market in a way that maximises the total project value for member Councils.	Ensure ethical, accountable and transparent procurement processes are in place that maintain probity and fairness.
Plan for integrated transport options, including pedestrian and cycling, connecting communities with key destinations.	Foster and encourage environmental responsibility and participation within the community.	Plan for integrated transport options to connect communities with key destinations.	Align infrastructure investment and lot release strategy to position the Project to take best advantage of market cycles.	Ensure transparent, inclusive and informed decision-making, that is responsive to market conditions.
Develop a built form strategy that demonstrates innovation and quality design, sustainable built form and best practice.	Promote environmental and sustainability principles and practices through design guidelines and incentives.	Deliver community events and promote activation of public open spaces.	Encourage local employment, promote business assistance and facilitate support networks.	Develop and implement a Risk Management Framework that acknowledges, recognises and ensures management of risks.
Explore opportunities to collaborate and partner with government and the private sector to deliver housing diversity.	Support implementation of a Sustainability Initiatives Plan that demonstrates industry best practice.		Provide planning frameworks consistent with Local Structure Plan that will support economic development and foster local job opportunities.	Develop a culture where health and safety are fundamental aspects of day-to-day business practice and is underpinned by safety obligations within the <i>Occupational Safety and Health Act 1984 (WA)</i> .
	Maintain tree canopy in the public realm and encourage retention of tree canopy on private land.		Develop activity centre land that supports economic development, good design and activation.	
			Develop a marketing and communications strategy to ensure the highest levels of awareness of the Catalina brand, diversity of offering and quality of lifestyle.	
Measures:				
Provision of a variety of lot sizes, housing product and affordability across a range of market sectors.	Reaccreditation of EnviroDevelopment (6 Elements).	Growth in local community groups and residents' association.	Financial returns are consistent with approved Long-Term Financial Plan.	Decisions are in accordance with the TPRC Establishment Agreement and consistent with requirements of the <i>Local Government Act</i> .
Development is consistent with Catalina Local Structure Plan framework .	Annual EPBC compliance. No notifications of breaches or non-conformance.	Participation in community events.	Maintain 10% market share of annual lot sales in the northern corridor.	

Development of a brand and marketing strategy that is informed by market research.	Protection of significant landforms and vegetation consistent with EMP and SEWPAC approval.	Timely and coordinated delivery of open space, pedestrian/cycle paths and access to public transport to cater for resident needs.	Net profit per lot achieves budget expectations.	Project decisions aligned with Strategic Vision.
				Decisions are in accordance with approved TPRC Budgets and Long-Term Financial Plan.

Appendix 9.7

13 March 2019

Mr Tony Arias
Chief Executive Officer
Tamala Park Regional Council
Unit 2, 369 Scarborough Beach Road
INNALOO WA 6018

Via email: tony.arias@tamalapark.wa.gov.au

Dear Tony

RE: FY20 DRAFT CATALINA BUDGET

The purpose of this letter is to provide an indicative FY20 budget for discussion at the Management Committee (March 2019) and identify strategies that can be included or excluded from the budget based on input from the Tamala Park Regional Council (TPRC) Management Committee.

Following the review of the draft budget a comprehensive budget will be prepared for review by the Management Committee in May 2019 and subsequently presented to the TPRC Council meeting for approval in June.

INTRODUCTION

The real estate market is cyclical and over the last several years Western Australia has been in the declining period of a cycle. This downturn has reduced the number of annual sales on the project and generated less urgency with buyers due to the oversupply of land in the North Western Corridor.

Satterley are forecasting a slow and cautious recovery to the market over FY20, and as such no great increase in lot sales for Catalina. Whilst this may produce a slow year for sales it represents an opportunity to create solid foundations and establish strategies that will ensure the overall vision can be met once the market returns.

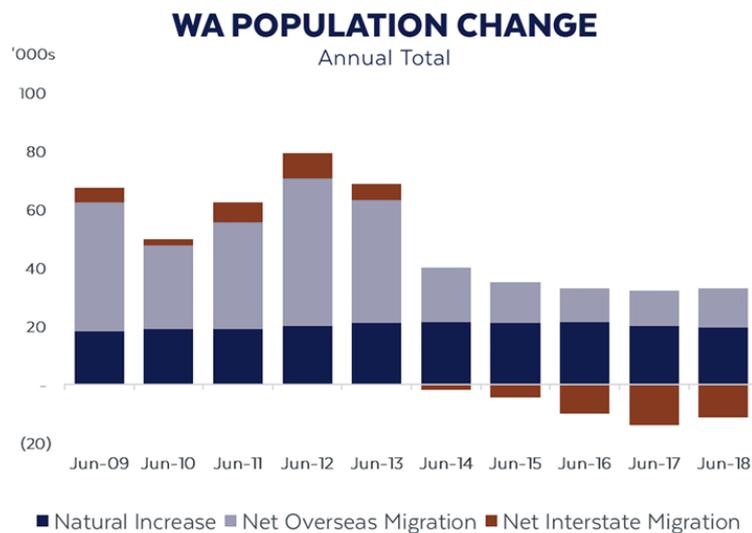
BACKGROUND

Despite interest rates remaining at historically low levels, the WA property market remains affected by tough economic conditions as the transition away from the mining construction boom continues. As workers relocate to find jobs, population growth in WA has stalled with

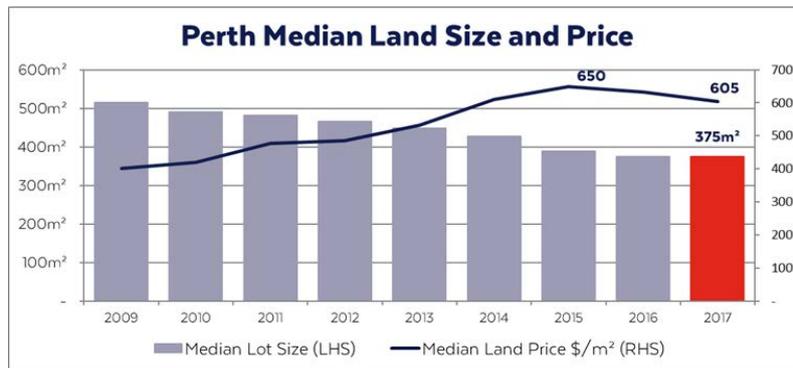
negative net interstate migration recorded for the previous 20 quarters. Annual population growth remains a modest 0.8%, banks have tightened lending criteria in response to the Hayne Royal Commission findings, and people remain cautious about making large financial purchases including new homes.



The significant fall in population growth and concerns over employment and the broader economy has directly affected new lot sales over recent years.



In response to the drastic reduction in sales volumes, competition amongst developers intensified for a diminishing market and in turn brought prices down. From 2015 to 2017, the average price per square metre fell from \$650 to \$605, or 7%, despite a negligible change to average lot size.



The Catalina development has not been immune from wider market forces, and coupled with a desire to hold prices, volumes have reduced significantly over recent years.



COMPETITORS

The largest competition to Catalina has been the established market along with the three closest land estates, being Kinross, Burns Beach and Eden Beach. Below is a summary of these competitors and the impact on Sales for Catalina.

Established Market

The established market price in Mindarie and Clarkson has been steadily decreasing since 2014. Landgate data for median house prices shows a reduction of \$70,000 and \$66,000 respectively over this period. Whilst the offering in Mindarie is somewhat different to the type and style of homes available in Catalina Beach the established homes in Clarkson are considered by potential purchasers for Catalina Central. Affordable established homes represent the largest competitor to Catalina Central with a median price in Clarkson for a 3 bedroom and 4 bedroom house sitting at \$345,000 and \$377,500. The comparable homes packaged up in house and land for the estate are \$430,000 and \$460,000. This large price point differential of over \$80,000 is resulting in buyers choosing the established market.

Kinross

Located a few kilometres south of Catalina Central/Grove Kinross is the closest estate to Catalina. Previously being held for a future school site the small subdivision sits within an established suburb and is surrounded by existing infrastructure. The location of the project has attracted many surrounding residents who are looking to build new. These buyers were traditionally drawn to Catalina as the closest new development to the existing residential areas. These buyers generally can not afford to buy a home/land west of Marmion Avenue and consider the stages for sale at Kinross as a better location to those currently on sale in Catalina Central.

Burns Beach

Located south of Catalina Beach this mature project has been selling for many years and has an established community and facilities. All lots on the market are located within a few hundred metres of the beach and it is considered to be one of the most premium estates in the corridor. Purchasers with a significant budget do consider Catalina Beach with this project with Catalina Beach sales coming from those who can not afford to purchase in Burns Beach but still want a new home in a coastal setting.

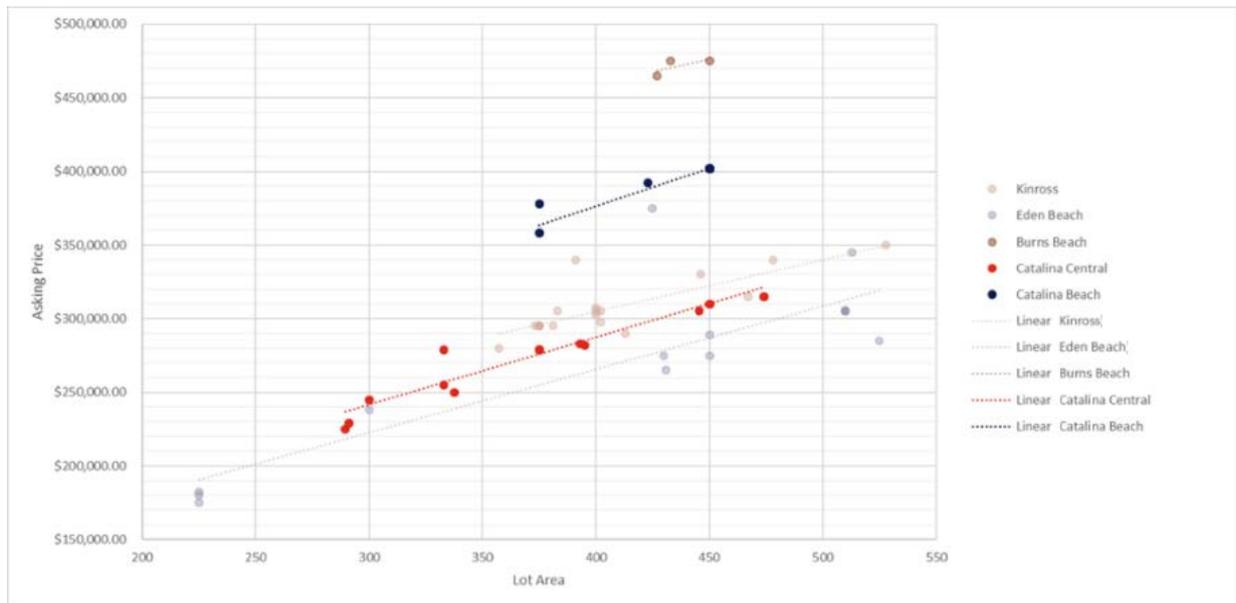
Eden Beach

Located in the suburb of Jindalee, Eden Beach is the closest land estate to the north that offers purchasers direct access to the beach. The estate offers a considerable price point advantage over land for sale in Catalina. Potential Catalina Central purchasers are comparing the more coastal location and approximate \$30,000 saving as a large incentive to move further north. Catalina Beach purchasers are contemplating the \$125,000 price differential against the locational benefits of Catalina, with some choosing to upgrade the house design and save the remainder of money off the mortgage.

Evidenced with the increased comparison to Eden Beach the projects further north are starting to be directly compared to Catalina, and sales are being lost to these estates. The freeway and rail extensions along with the creation of shops, schools and community facilities all to the north of Catalina have reduced the locational benefit previously held by the project.

LOT PRICING

In the second half of FY19 TPRC approved lot pricing that reflected the market conditions and amended the pricing in both Catalina Central and Beach to be commensurate with the surrounding competing estates.



FY19 SUMMARY

SALES AND SETTLEMENTS

- 50 lot sales were budgeted for FY19. 12 sales have been achieved as at 28 February and a revised total forecast of 23 sales was adopted as part of the mid-year budget review.
- 44 lot settlements were budgeted in FY19. 19 settlements have been achieved as at 28 February and a revised total forecast of 26 settlements was adopted as part of the mid-year budget review.
- 38 titles were forecast for FY19. No titles have been achieved in FY19 and a revised total of zero titles was adopted as part of the mid-year budget review.

PLANNING

- A Local Structure Plan amendment has been lodged with the City of Wanneroo to support the Councils decisions regarding the Catalina Grove concept precinct plan .
- A Foreshore Management Plan has been lodged with the City of Wanneroo to support the proposed carpark, foreshore access road and path.

INFRASTRUCTURE

- Construction of a new three level sales office located in Catalina Beach was completed in December 2018. The new office has been located next to the display village with the sales team operating from the new location in early 2019.

LANDSCAPING

- Landscaping of the newly created Catalina Beach sales office and carpark was completed prior to the display village opening event in FY19.
- Landscaping and creation of an entry statement was completed for Catalina Beach in FY19.

MARKETING

- Digital brand and advertising has been ongoing in FY19
- Branding, fit-out and relocation of onsite marketing to support the new sales office location was achieved in FY19.
- Market and product research has been completed in FY19 and will be used to inform and guide marketing, product and sales decisions moving forward.

FY20 DRAFT BUDGET

The draft FY20 budget has been prepared to provide preliminary advice to help guide and inform the TPRC Management Committee. It should be noted that the budget is for discussion purposes only with the final FY20 budget to be prepared following the March TPRC Management Committee Meeting. For this reason, it should be noted that the numbers provided in the summary are a guide only and may change when further detail and reviews are completed as part of the final comprehensive budget pack prepared by Satterley.

Revenues for the draft FY20 budget have been prepared based on sales being achieved across all existing stages, Stage 26 and sales from the possible demonstration housing stage (detailed further below under budget options). Settlements are achieved from all existing stock carried into the start of the year plus the creation of Stage 26.

The single largest development costs in FY20 is the WAPC land acquisition for over \$10m. Further details of the other major development costs are provided in the budget option section of this letter below. However, further details of all the development costs will be available at the Management Committee Meeting for discussion if required.

FY20 DRAFT BUDGET SUMMARY

CATALINA Draft Cashflow	
CATEGORY	FY20
STOCK	
Sales Release	42
Sales	31
Titles	38
Settlements	27
Closing Stock	77
Contracts on Hand	16
AVERAGE SETTLEMENT PRICE	327,309
GROSS INCOME	
Income - Lots	8,837,356
Income - Special Sites	510,000
Income - Other	-
Direct Selling Expenses	1,225,601
GROSS INCOME	8,121,755
DEVELOPMENT COSTS	
Land	10,206,000
Consultants	582,999
Infrastructure	3,622,317
Special Sites/Other Development	29,246
Lot Production	4,379,315
Landscape	3,201,357
Administration	1,063,733
Marketing	350,000
Community Development	192,500
Finance/Bonds	(442,625)
Contingency	1,181,373
DEVELOPMENT COSTS	24,366,215
CASHFLOW	(16,244,460)
Capital Calls	-
Capital Returns	-
PROFIT DISTRIBUTIONS	-
Cash Balance at Year End	22,089,695

BUDGET OPTIONS

1. DEMONSTRATION HOUSING

Status:

Included in draft FY20 Budget

Background:

Two group housing sites within Stage 18B have been taken to the market for sale with no submissions for the purchase of these sites received. As no demand or interest was shown for the sites a design exercise has been undertaken to assess alternative built-form outcomes for the site.

Opportunity:

To design and construct liveable, desirable, sustainable and connected homes that are currently not available within Catalina

Objectives:

Create a boutique sub-precinct with a focus on liveability and sustainability

Produce new product in Catalina such as green titled micro lots, small townhouse lots and medium townhouse lots

Partner with builders with a preference for builders who can assist in the funding and feasibility of demonstration housing

Indicative Budget Impact:

Gross Income: \$3.8m (excl. selling and project management fees)

Development Costs: \$2.35m (inc. \$750k from innovation fund)

2. PARKS AND RECREATION

Status:

Included in draft FY20 Budget

Background:

Two significant parks or areas of recreation are budgeted to be completed in FY20. The largest of these is the completion of the Catalina Central Park (Stage 11) previously held for overflow carparking of the old sales office. The second is the extension of the Catalina Beach park along Portofino Boulevard.

Opportunity:

Provide a focal park and central meeting point for many of the existing residents within Catalina Central.

Support the extension of Portofino Boulevard down to the foreshore access and the extension of the Green Link throughout the development.

Objectives:

Provide a focal park and central meeting point for many of the existing residents within Catalina Central.

A minimum of one piece of universally accessible play to be included in the park.

Create spaces that encourage community interaction.

Incorporate fitness and wellbeing opportunities within the design.

Produce a design that is sensitive to the existing trees and vegetation within the park.

Indicative Budget Impact:

Gross Income: \$Nil

Development Costs: \$1.55m (\$800k Beach, \$750k Central)

3. PLANNING

Status:

Included in draft FY20 Budget

Background:

Using the market research completed in FY19 the outcomes will be used to inform the lot mix and design of revised concepts over the remainder of Catalina Beach and Catalina Grove. More specifically the planning will identify the first subdivision in Catalina Grove and the optimal lot mix and typologies to launch this new precinct.

Opportunity:

This strategy supports the early creation of Catalina Grove providing the project with three distinct precincts to appeal to a large range of potential purchasers.

Objectives:

Use market research completed in FY19 to inform a lot mix and design on the first stage of subdivision within Catalina Grove.

Revise the concept plan over the remainder of Catalina Beach.

Revise the concept plan over Catalina Grove.

Identify locations for new housing typologies and diversity of lot product.

Ensure lot offerings and price points across all precinct enable a diversity of housing to many buyers.

Identify affordable housing locations within the concept planning.

Ensure future designs include integrated transport solutions.

Minimise impact on the local biodiversity and seek to retain native vegetation within the urban design when possible/practicable.

Maintain a tree canopy in the public realm and provide opportunities for existing trees to be retained within private land.

Indicative Budget Impact:

Gross Income: \$Nil

Development Costs: \$3.0m (early delivery of earthworks within Grove)

4. RESIDENTIAL STAGE CONSTRUCTION

Status:

Included in draft FY20 Budget

Background:

Ensure the continuing supply of standard residential lots through the planning, approval and construction of stages when required in Catalina Beach and Catalina Central. This includes the required infrastructure to support these stages.

Opportunity:

Stage 26 will commence construction in FY19 with works to continue into FY20. Titles for this stages are forecast to occur in October 2019.

Should the demonstration housing strategy be adopted the construction of the revised design over Stage 18B group housing sites would occur in FY20.

Objectives:

Ensure lot supply is available for Catalina Beach by having the design and approvals in place to construct Stage 27 when stock levels require.

Ensure lot supply is available for Catalina Central by having the design and approvals in place for the northern section of Stage 16 when stock levels require.

Ensure lot mix represents the needs of the market.

Provide security for of future stock should sales increase.

Indicative Budget Impact:

Gross Income (FY20 and beyond): \$14.5m (Stage 26)

\$3.8m (Stage 18C)

Development Costs: \$1.9m (Stage 26)

\$1.6m (Stage 18C)

5. FORESHORE CONNECTION

Status:

Included in draft FY20 Budget

Background:

Provide a direct connection to the beach through the construction of a foreshore connection road, path and carpark.

Opportunity:

Creating a safe connection to the beach for residents and the community to use. This access road with further enhance the Catalina branding with its coastal/beach location.

Objectives:

Provide amenity and connections for the community to access the beach.

Enhance the coastal/beach location within the Catalina brand.

Promote healthy lifestyle and wellbeing

Enhance social connectivity

Indicative Budget Impact:

Gross Income:	\$Nil
Development Costs:	\$1.1m (N/S Link Path)
	\$3.4m (Portofino, carpark and access)

6. SHOPPING

Status:

Not included in draft FY20 Budget

Background:

The neighbourhood centre site located within Catalina Grove could be taken to market. Despite homes not being constructed within Grove it may attract a purchaser due to its high traffic location adjoining Connolly Drive.

Opportunity:

The early activation of the site will drive employment and further enhance the offerings of Catalina. However due to its slightly premature nature a discount may have to be applied to the sale price to ensure construction commences.

Objectives:

Bringing forward amenity and shops to the residents of Catalina.

Producing a landmark to leverage sales in Catalina Grove.

Encouraging use of the Green Link throughout the development.

Ensure an attraction to a wide variety of demographics.

Encourage and facilitate local employment.

Indicative Budget Impact:

Gross Income: \$6.0m (\$280sqm)

Previous budget \$7.45m + Escalation (\$350sqm)

Development Costs: \$4.5m

7. PUBLIC TRANSPORT

Status:

Not included in draft FY20 Budget

Background:

Bring forward the construction of the major east/west connector road through Catalina creating a connection through to Clarkson Train Station. The Department of Transport have indicated that a bus service will be provided along this major connector road once construction is complete.

Opportunity:

By bringing forward this major road a bus network can be created within Catalina Grove and Catalina Central along with creating a connection through to the Clarkson Train Station.

Public transport options within the project will be significantly improved with the construction of this major connector road.

Objectives:

Increase connections to public transport.

Significantly complete the Green Link

Encourage single or zero car homes.

Increase the appeal of the project with non car dependant families.

Indicative Budget Impact:

Gross Income: \$Nil

Development Costs: \$8.0m (brought forward)

8. AGED CARE

Status:

Not included in draft FY20 Budget

Background:

Identify sites within Catalina Beach and Catalina Grove that could be taken to the market for sale as aged care sites. Demand for these sites may exist however it will not attract the same level of return that the sites would achieve as residential lots.

Opportunity:

The strategy would further increase the offerings of Catalina to all generations.

Objectives:

Providing a housing choice to the older generation within Catalina

Offering an opportunity to secure sales that the project does not currently have available.

Indicative Budget Impact:

Gross Income:	\$7.0m (\$230sqm)
	Previous budget ~\$9.0m (\$300sqm approx. residential value)
Development Costs:	\$3.1m (if commercial shopping site constructed)

9. BUILDER PARTNERSHIPS

Status:

Not included in draft FY20 Budget

Background:

Stage 16 has been previously identified as a location to create a small lot precinct. Constructing homes on small lots requires working closely with house builders to ensure an optimal streetscape and buildability of the lots design is achieved.

Opportunity:

Opportunities will be sought to produce a design that will have a focus on partnering with builders to achieve new innovative small lot homes. House designs that will produce an appealing street scape on the major connecting road and harmoniously interacts with the adjoining green link.

Objectives:

Partner with builders to create a subdivision design that is will accommodate the latest innovation in small lot house design.

Seek to jointly promote the small lot product offering as a house and land package.

Seek to include an affordable housing option that has not been previously available within Catalina.

Leverage builder brand, marketing and databases to broaden the reach of Catalina to further potential purchasers.

Indicative Budget Impact:

Gross Income: \$12.33m (total stage revenue)

Development Costs: \$5.0m (costs brought forward)

The above advice is provided solely for discussion purposes and includes costs and revenues that are indicative only and will be further developed before the finalisation of the FY20 budget. Likewise some of the Gross Income and Development Costs are likely to extend beyond FY20 into FY21 and beyond.

Please do not hesitate to contact the undersigned should you require further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'CB', followed by a period.

Carl Buckley

Project Director

09 April 2019

Mr Tony Arias
Chief Executive Officer
Tamala Park Regional Council
Unit 2, 369 Scarborough Beach Road
INNALOO WA 6018

Via email: tony.arias@tamalapark.wa.gov.au

Dear Tony

RE: DRAFT BUDGET FY2020 REQUEST FOR FURTHER INFORMATION

Following your email received 1 April 2019 please find below further information regarding selected elements of the draft FY2020 budget.

BACKGROUND

In March 2019 Satterley prepared an indicative FY2020 budget in draft to facilitate discussion at the Management Committee (March 2019) with the purpose of identifying strategies that can be included or excluded from the project for that year.

The following resolution was passed by the Management Committee.

- 1. RECEIVES the draft Project Budget FYE 2020, submitted by the Satterley Property Group,*
- 2. REQUESTS the Chief Executive Officer to provide further information and recommendations to the Council on the financial options considered in the Draft Project Budget FYE2020 and potential impacts on the Project Budget FYE2020.*

STATUS

No further progression has occurred on the budget following the March 2019 Management Committee Meeting.

Timings previously provided by Satterley identified that to provide a comprehensive Project Budget FY2020 for review by the May 2019 Management Committee Meeting, inputs needed to be finalised at, or soon after, the March 2019 Management Committee Meeting. This timeframe has not been met as the resolution required the item to be taken to Council

in April. Satterley will endeavour to complete the Project Budget FY2020 prior to the May Management Committee however it is highly unlikely to be achieved. Should all the input and options be finalised at, or soon after, the April Council Meeting a comprehensive Project Budget FY2020 will be available for consideration at the June Council Meeting.

REQUEST FOR FURTHER INFORMATION

See below further information on the nine areas identified in the request.

WAPC Landholding

(Timing and staged acquisition costs)

- The acquisition of the WAPC Landholding represents the single largest financial commitment in FY2020.
- The purchase of this land has been driven by the TPRC office and Joshua Caccetta at the Department of Planning Lands and Heritage.
- At the regular strategic/operational meeting between Satterley and TPRC advice was received that TPRC have received no indication as to when this item may go to parliament and to move the budgeted acquisition to one payment in December 2019.
- Should TPRC be aware of further information regarding the acquisition of this site the budget can be amended accordingly.

Recommendation

Progression of this item has been slow to date and it would not be unreasonable to see this item defer into FY2021. Should the acquisition occur in FY2020 a deferred settlement might be able to be negotiated with 50% in FY2020 and 50% in FY2021. On this basis Satterley recommends that 50% of the acquisition cost is forecast in FY2020.

Stage 18B Group Housing Site (Demonstration Housing)

(Risks, interest, purchasers and innovation fund)

- The group housing sites within Stage 18B were taken to tender in November 2016 and September 2017. No responses were received for either tenders.
- Due to the lack of appetite from the market for the group housing sites the project team have looked to identify opportunities to achieve other project aspirations in this location.
- Areas that have been initially identified (to be refined and finalised) within the proposed project vision to target are;
 - Built Environment
 - Provide diverse housing that is attractive to a wide demographic.
 - Best practice urban design.
 - Market research guided lot sizes and housing typologies.
 - Appeal to different lifestyles.
 - Provide affordable housing opportunities.

- Best practice built form that sustainable, innovative and provides a quality design.
 - Opportunities to collaborate and partner with government and private sector to deliver housing diversity.
 - Environment
 - Provide innovation in sustainability
 - Social
 - To support the development of a connected, inclusive, safe and healthy community
 - Encourage social connectivity, civic participation, health and well-being.
 - Economic
 - Align investment to take best advantage of the market cycles
- In addition to the approach previously taken to sell the site an alternative option is proposed to be included in the tender.
 - Seek to partner with a builder to achieve the additional elements of the TPRC vision on the site.
 - To assist in this tender process a revised design that subdivides the group housing site in to a separate small precinct that can be partnered with a builder to refine and develop has been prepared.
 - The tender would also include the possible use of the innovation fund to achieve the objectives. With a potential builder partner to nominate how this might be utilised.
 - The draft design includes small two storey housing product that is currently unavailable in the development. These homes have the potential to reach a lower house and land price point (\$420k-\$450k) than currently available. This new price point will enable the project to appeal to the most active section of the market at the moment, being first homebuyers.
- Should the above partnership and subdivision approach be the preferred tender received TPRC may be required to commit further funds to subdivide and landscape the site (~\$2m). These are included within the draft FY 2020 budget.
 - Satterley has created a static feasibility model for the draft design with a positive net position compared to the potential outright sale of the group housing site.
- Strong interest has been received by two parties on the site. One for an outright purchase and the other to partner and progress new innovative built form designs.

Recommendation

Satterley recommend taking the site to tender. The opportunity to meet the objectives of the vision on this site are more likely to be achieved through partnering with a builder to

develop and sell the site. On this basis Satterley recommends that costs to develop the site and the first initial sales are forecast in FY2020.

Catalina Grove Earthworks

(Reasons, expected demand)

- First homebuyers represent that largest active sector of the market at present. Catalina Grove will provide the best opportunity for the project to create product at a price point that will attract these buyers.
- By bringing forward the earthworks of Grove it will provide an ability to obtain early access to a price point that would meet current demand.

Recommendation

Due to the continuing decline in the overall market Satterley recommends that the earthworks for Catalina Grove are deferred until FY2021. The ability to provide stock to the first homebuyers at a new price point should be pursued in Stage 18A.

Foreshore Connections

(Timing foreshore connection, DUP)

- The connection to the foreshore is proposed over three elements.
 - The first two are directly linked, being the extension of Portofino Promenade and the construction of the beach access road and carpark.
 - The third element is the construction of a portion of dual use path that will connect Burns Beach to Mindarie.
 - Driven by the City of Wanneroo and City of Joondalup and the timing to provide a completed connection on a regional scale.
- The majority of competitors within the corridor have provided a connection and complementary infrastructure to the foreshore. This promotes their estate as a 'true coastal community' and gives a competitive advantage over Catalina. The construction of the first two elements mentioned above will seek to reduce this competitive advantage and provide early amenity to the initial residents at Catalina Beach. The third element will compliment the project and provide amenity to future residents but will do little to reduce the competitive advantage identified above.
- The timing of approvals to complete this work in FY2020 will be challenging and Satterley believes that there is only a slight chance that it may be achieved.

Recommendation

Due to the continuing decline in the overall market and the forecast timing of approvals Satterley recommends the removal of elements one and two from the FY2020 budget. The timing of element three should be included in FY2020 to align with the greater regional infrastructure.

Neighbourhood Centre Site - Catalina Grove

(Demand, risks, timing)

- Interest has been shown in the future neighbourhood site by a couple of developers. However, price conditions and timing has not been discussed.
- Sale of the site could assist cashflow on the project during the current real estate cycle.
- As previously advised bringing the site to market earlier may attract slightly lower prices but will encourage earlier activation.
- The site will need to be taken to market through a tender process. Criteria will need to include price, design and timing to develop among other items.
- The only way to know the true appeal of the site is through a tender. Timing for the settlement would be likely to occur towards the end of FY2020 if a sale is agreed.
- The risk associated with this budget item is related to not receiving a satisfactory tender and the construction of the site.

Recommendation

Satterley recommends that the sale of the site is not included in the FY2020 budget. The site can still be taken to tender over the year to gauge interest and inform future budgets.

Construction Aviator Boulevard - Catalina Grove

(Benefits)

- The creation of this road will significantly increase the public transport options available within Catalina.
- The Department of Transport have indicated that they would provide a bus service along this road and through Catalina Central once construction is complete.
- Access to bus and train would support a reduction in car dependency within Catalina.
- The completion of the road and the access to transport would increase the appeal of the project. Particularly in Catalina Grove and Central.
- Works would need to be coordinated with the construction of Stage 16 and would provide improved exposure and access from Connolly Drive.

Recommendation

The advantages to the project are significant however Satterley believe that prudent cashflow management does not facilitate the construction of this item. Satterley do not recommend the inclusion of this item in the FY2020 budget.

Aged Care Site - Catalina Grove

(Demand, risks, timing)

- Interest has been shown by aged care providers to obtain a site in Catalina Grove. However, prices for these sites are significantly lower than what can be achieved through developing the site as residential.
- Timing to create the site would be at the end of the financial year and would represent a risk to the budget if it is chosen to be included.

Recommendation

The site would be sold ahead of the infrastructure and amenity normally required to support an aged care site. Satterley recommend that this item is not included in the FY2020 budget.

Stage 16 - Builder Partnerships

(Demand, risks, timing)

- Builder interest in the site has been limited with most if not all being linked to a house and land packaging approach.
- The site can be developed under the current subdivision approval and brought to the market. It is expected townhouses could be delivered at a price point of \$420-450k which is not currently available at Catalina.
- The risks to this site are similar to those in the general market. The additional the risk associated with developing the site under a house and land package are related to the ability to secure an appealing streetscape with the current depth of market.

Recommendation

Stock levels on the project are sufficient to meet the forecast demand in FY2020 without the expenditure required to create this stage. Stage 18A provides an opportunity to partner with builders and create a new price point for the project. Satterley recommends that Stage 16 is not included within the FY2020 budget.

Distribution to Member Local Governments

(Impact of distributions in FY 2020)

- The ability to pay dividends is limited by the volume of settlements being achieved, the amount of development costs incurred, and the cash balance remaining above \$15m.
- The draft budget previously sent showed a forecast cash balance of \$38.3m at Jun-19, reducing to \$22.1m at Jun-20. A \$4m forecast distribution in FY2021 brings cash to the \$15m minimum balance in Dec-20.
- Arguably, all things being equal, there may be provision to bring forward the \$4m FY2021 distribution to FY2020, however no distribution could then be made in FY2021.

- Ultimately, the level of distributions available will be dependent on which big ticket items are either included or deferred in the budget. Certainly, deferral of the WAPC land acquisition would likely result in an increase in FY2020 distributions but to the detriment of future years.
- Also worth noting is that the \$15m minimum cash balance restriction could be temporarily lowered to enable a small distribution to member councils in FY2020.

Recommendation

Based on the recommendations provided above and the prepared draft budget Satterley recommends that a small distribution of between \$2-4m is provided in FY2020.

Please do not hesitate to contact the undersigned should you require further information.

Yours sincerely



Carl Buckley

Project Director

Appendix 9.8

13 March 2019

Mr Tony Arias
Chief Executive Officer
Tamala Park Regional Council
Unit 2, 369 Scarborough Beach Road
INNALOO WA 6018

Via email: tony.arias@tamalapark.wa.gov.au

Dear Tony

RE: SALES AND MARKETING CAMPAIGN

The Tamala Park Regional Council (TPRC) at the meeting held on 6 December 2018 approved the extension of a \$20,000 campaign for selected house and land packages. The Council resolution is detailed below;

RECEIVES the Satterley Property Group correspondence (dated 15 November 2018) regarding the extension to the Sales and Marketing Campaign.

APPROVES participation in the Sales and Marketing Campaign to provide a \$20,000 discount on selected house and land packages at Catalina Estate as detailed in the Satterley Property Group advice (dated 15 November 2018), commencing 7 December 2018 to 22 April 2019, subject to a minimum of 10 builders participating in the Campaign.

Subject to recommendation 2 above APPROVES the following for the duration of the Sales and Marketing Campaign:

- **A discount of \$10,000 applying to all lots in Catalina;**
- **The deletion of the Early Construction Rebate from all lots;**
- **The use of a \$2,000 referral fee to the Builder's Sales Representative for providing a qualified sales lead that results in the settlement of a lot at Catalina and that this fee be paid directly by the TPRC.**

APPROVES an increase to the Early Construction Rebate allocation in the TPRC Budget FYE 2019 from \$268,000 to \$360,000 to support the extension of the Sales and Marketing Campaign.

Based on current market conditions and the performance of the project this financial year against the budget sales, Satterley strongly recommend a further campaign to commence 1 May through to 30 June. This letter will provide further details and information to support this recommendation.

BACKGROUND

Catalina is currently participating in the Satterley \$20k Campaign which is scheduled to end on 22 April 2019. The campaign offers a \$10,000 settlement rebate off all lots, with selected builders offering an additional \$10,000 discount off the build price (total of \$20k discount combined).

The north-west metropolitan market remains competitive with the highest selling projects having some form of incentive and / or builder referral fee. A summary of the incentives and referral fees are included in the table below:

Allara (Eglinton)	\$10K rebate and \$3K referral or discount off all lots.
Eden Beach (Jindalee)	\$10K off all lots. \$3K builder referral on all lots. \$15K two storey rebate on six lots.
Alkimos Beach (Alkimos)	\$100 Mastercard for builder rep on new lead. \$5K quarterly bonus for top referring rep. \$15k off lots and \$5k early settlement discount
Alkimos Vista (Alkimos)	\$100 Mastercard for builder rep on new lead. \$5K quarterly bonus for most referring rep. \$15k off lots and \$5k early settlement discount
Amberton (Eglinton)	\$10K discount off four lots each month. \$5K discretionary builder referral.
Capricorn Estate (Yanchep)	\$4K to \$8K builder referral fee. \$10K solar package on selected lots.
East of the Beach (Eglinton)	\$2K builder referral fee, one in four receives an electric bike.
Jindowie (Yanchep)	\$5K builder referral fee.
Shorehaven (Alkimos)	Up to \$5K builder referral and \$200 Visa card for builder rep and new lead on the spot. Up to \$30K discount on select lots.
Trinity (Alkimos)	Up to \$17K discount off selected lots. Up to \$16K builders' referral.
Yanchep Golf Estate (Yanchep)	\$3K builder referral.

CAMPAIGN PROPOSAL

Satterley is proposing the implementation of a sales and marketing strategy that includes a \$10,000 retail incentive on all lots as follows:

- Deploy a two-level advertising strategy to capture the researching audience on a brand level and ready to convert audience on a retail level.
- Use brand marketing to clearly define and communicate Catalina's brand value proposition in the context of the location, lifestyle, quality of product and added value that this estate offers to its residents and sets it apart from its direct competitors.
- Use a retail level marketing strategy to increase lead to sale conversion ratio through the End of Financial Year ("EOFY") retail incentive.
- Execute promotional activities on a Business to Consumer and Business to Business (building partners) basis to achieve maximum market saturation and enquiries.
- Proposed promotional channels for this campaign are as follows:
 - Brand level: digital brand channels.
 - Retail level: direct response digital channels and direct marketing.

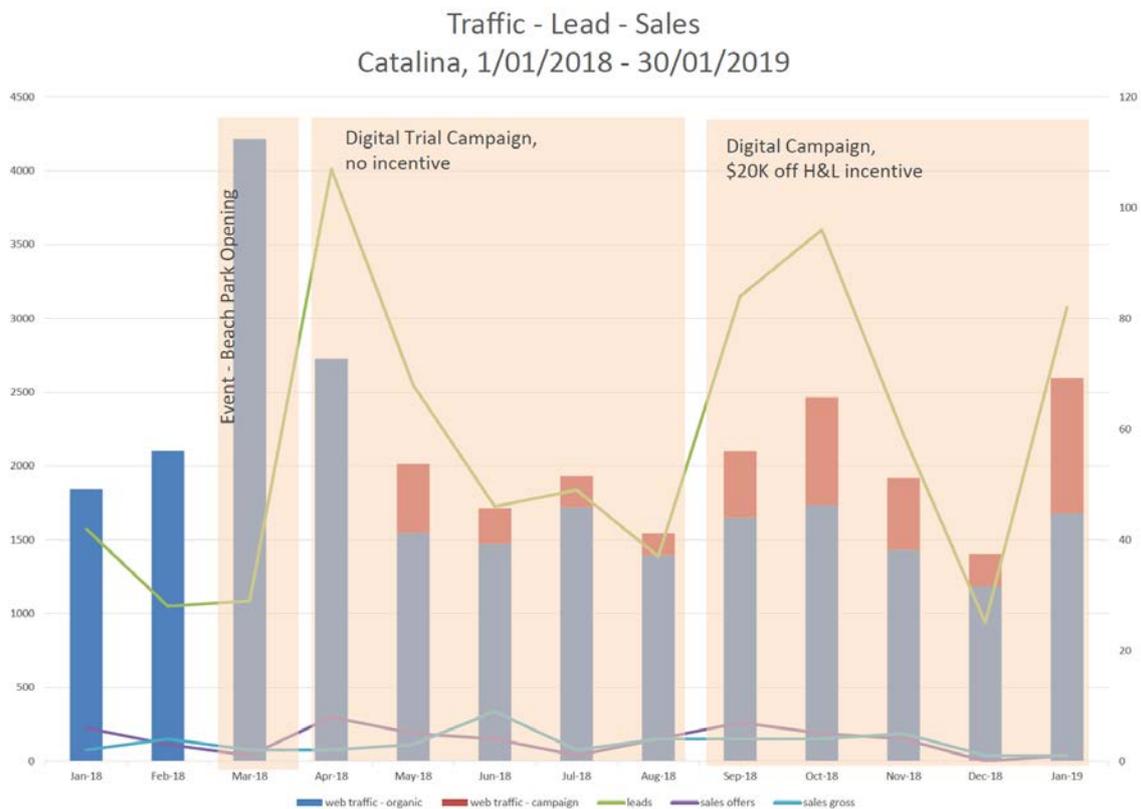
Given the age of the inventory held, it is proposed that the EOFY campaign incentive will be applied to all titled lots within the estate, excludes stage 26.

To assist in achieving further FY19 sales in a highly competitive market and position the Project to achieve FY20 settlement targets, Satterley recommends the implementation of a \$10,000 incentive in the form of a discount at settlement. The EOFY campaign is proposed to run from 1 May 2019 until 30 June 2019 and be applicable for all sales made within this period.

As approved in the December 2019 TPRC Council Meeting it is proposed that all lots continue to provide a \$2,000 incentive to qualifying builder representatives. This is in addition to the proposed campaign incentive.

CAMPAIGN ANALYSIS

The below graph illustrates the impact of the campaigns on leads, web traffic and sales over the last 13 months. The increased exposure, web leads and spike in leads at the front end of these types of campaigns are extremely important in a highly competitive market, such as the one we are in.



The following should be noted on the above:

- A large spike in web traffic was achieved for the Catalina Beach park opening in March 2018. An increase in traffic is expected to occur in March 2019 for the display village opening event, however not to the same extent as fewer attendance numbers are forecast.
- A spike in leads normally occurs at the start of a campaign. Should this campaign be approved a similar increase is forecast for May/June.
- It is important to keep pricing comparable and competitive with the market over a campaign period or conversion of the leads will be hard to achieve.

BUDGET

The budget approved at the December Council meeting will not need to be amended to accommodate the rebates and incentives proposed in this letter. Due to the reduced number of sales in FY19 the remaining budget should be adequate to cover all sales over the two month campaign period proposed.

RECOMMENDATION

Satterley recommends that the TPRC resolves to approve a \$10,000 per lot campaign for all titled lots from 1 May to 30 June on the following basis;

- To assist in achieving further FY19 sales and position the project to achieve the FY20 budgeted settlements.
- In a highly competitive market it is considered essential to offer a retail incentive.

Please do not hesitate to contact the undersigned should you require further information.

Yours sincerely



Carl Buckley

Project Director

Appendix 9.9



13 March 2019

Mr Tony Arias
Tamala Park Regional Council
Unit 2, 369 Scarborough Beach Road
INNALOO WA 6018
Email: tony.arias@tamalapark.wa.gov.au

Dear Tony,

RE: ACTIVE MANAGEMENT OF SALES CONTRACTS

As you are aware the Perth property market is extremely competitive, having declined significantly over the past 4 years. Since the commencement of the Hayne Royal Commission into banks commenced it has become increasingly difficult for customers to obtain a home loan. Combined with valuation issues caused by falling house prices, the cancellation rate for house and land sales in Perth has increased significantly. A survey of developers in the North-West coastal corridor for the month of February 2019 indicated that 80 gross sales occurred, and 44 existing sales cancelled, indicating a cancellation rate of 55% of sales. A similar cancellation rate is expected in March 2019.

To avoid cancellations occurring, Satterley is actively managing sales contracts that it considers at risk. In the industry there is an expectation from both developers and builders that all efforts will be made to assist a purchaser in obtaining their finance approval. In some instances where there are valuation issues, this effort will require a variation to the contract price for the house and / or the land component for the deal to proceed. In one recent example at Catalina where there is a valuation issue, if a lower price is not agreed to and the sale proceeds to cancellation, it is likely that Satterley will recommend that the lot is relisted for sale at a significantly lower price based on the price adjustments approved at the February 2019 TPRC Council meeting.

Satterley understands there is currently no delegation for the Tamala Park Regional Council Officers or Management Committee to vary the price of existing contracts, which Satterley expects will result in additional cancellations occurring.

Based on the above Satterley requests that the Tamala Park Regional Council considers an appropriate delegation to vary the terms of a contracts of sale to ensure that the active management of existing contract can be dealt with in a timely manner, the number of cancellations are minimised and sound relationships with builders are maintained.

Should you have any queries please contact the undersigned on 9368 9037.

Regards

A handwritten signature in blue ink, appearing to read 'Brenton Downing', written over a blue horizontal line.

Brenton Downing
General Manager Development (WA)

Satterley Property Group Pty Ltd
Level 3, 27-31 Troode Street, West Perth WA 6005
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Licensee: Satterley Property Group Pty Ltd. (Inc in WA). Licensed Real Estate Agent trading as Satterley Real Estate.

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Appendix 9.10

POLICY MANUAL

Lot Pricing Policy (March 2019)

Objective

To provide clarity and direction in terms of lot pricing requirements.

Policy

The Regional Purpose for which the TPRC is established is to undertake, in accordance with the objectives, the rezoning, subdivision, development, marketing and sale of the Land.

The objectives of the TPRC are:

- (i) To develop and improve the value of the Land;
- (ii) To maximise, within prudent risk parameters, the financial return to the Participants;
- (iii) To balance economic, social and environmental issues; and
- (iv) To produce a quality development demonstrating the best urban design and development practice.

The *Local Government Act 1995* does not preclude the Council from selling land for less than the market value of that land as ascertained by a valuation. Although a local government (or regional local government) may generally seek a sale price that is higher than the market value, there is no obligation, legal or otherwise, to pursue that outcome.

The legal obligation is for the TPRC to exercise its judgment in determining how best to achieve the regional purpose, as set out in its Establishment Agreement, for the good government of persons in the region.

The Policy is intended to demonstrate a high degree of independence and be able to be subject to third-party review in the administration of setting lot prices for sale to the public.

It should demonstrate good practice in terms of probity and accountability.

When the TPRC intends to release lots to the public for sale it will obtain recommended lot pricing from the Development Manager and lot valuations from the Council appointed Valuer. The lot sale price will be determined by the higher value from the Development Manager and the Council appointed Valuer. In the event that the lot pricing, based on the lot pricing practice, is less than the lot values for a stage in the Project Budget then lot pricing is referred to Council for approval.

POLICY MANUAL

Lot Pricing Policy (March 2019)

This Lot Pricing Policy is authorised by the Chief Executive Officer on 18 April 2019.

Signature:

Name: JOHN ANTHONY ARIAS

Date: 18 April 2019

Appendix 9.11

CONFIDENTIAL

Appendix 9.12

CONFIDENTIAL