



Management Committee Meeting

AGENDA

**Thursday 12 March 2020, 6:00pm
City of Stirling (Challenger Room)
25 Cedric Street, Stirling**

Constituent Members: Cities of Perth, Joondalup, Stirling, Vincent and Wanneroo
Towns of Cambridge and Victoria Park

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TAMALA PARK REGIONAL COUNCIL

Councillors of the Tamala Park Regional Council Management Committee are advised that a meeting will be held in the Challenger Room, City of Stirling, 25 Cedric Street, Stirling at 6:00pm on Thursday 12 March 2020.

The business papers pertaining to the meeting follow.

Your attendance is requested.

Yours faithfully

TONY ARIAS

Chief Executive Officer

MEMBERSHIP

OWNER COUNCIL	MEMBER
Town of Cambridge	Cr Andres Timmermanis (CHAIR)
City of Joondalup	Cr John Chester
City of Stirling	Cr Karen Caddy Cr David Lagan Cr Suzanne Migdale Cr Bianca Sandri
City of Wanneroo	Cr Brett Treby

Representatives from the Satterley Property Group will be in attendance at the meeting.

PRELIMINARIES

1. OFFICIAL OPENING

DISCLOSURE OF INTERESTS

2. PUBLIC STATEMENT/QUESTION TIME

3. APOLOGIES AND LEAVE OF ABSENCE

4. PETITIONS

5. CONFIRMATION OF MINUTES

Management Committee Meeting – 21 November 2019

5.1 BUSINESS ARISING FROM MINUTES (NOT COVERED ELSEWHERE IN THE AGENDA)

6. ANNOUNCEMENTS BY CHAIR (WITHOUT DISCUSSION)

7. MATTERS FOR WHICH MEETING MAY BE CLOSED

8. ADMINISTRATION REPORTS AS PRESENTED 8.1 – 8.5

8.1 BUSINESS REPORT – PERIOD ENDING 5 MARCH 2020

Report Information

Reporting Officer: Project Coordinator

Recommendation

That the Management Committee RECEIVES the Business Report to 5 March 2020.

Voting Requirements

Simple Majority

Report Purpose

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

Relevant Documents

Appendix: Landscape Schedule and Program FYE 2020

Background

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

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

Comment

1. Civil Construction - Status

The next stage of civil works to be undertaken is Stage 18C – Catalina Central, which is forecast in the FYE 2020 Annual Plan to commence in May 2020. This timeframe is dependent on the endorsement of a Development Agreement with the preferred builder partner, Now Living/Terrace. At its meeting on 20 February 2020, the Council agreed to extend the negotiation period with Now Living/Terrace until 31 March 2020. Negotiations are continuing and it is anticipated that the broad terms of a proposed Agreement will be presented to the Council for consideration at its April 2020 meeting.

2. Landscape Works – Status

A status report on landscape works proposed for FYE 2019 is attached at Appendix 8.1. The report outlines budget, detailed design, approval status and program information.

3. Housing Construction

The following table provides an overview of the current progress of housing construction to February 2019.

Stage	Total Lots	Under Construction	Completed	Vacant
Stages 1 - 11	529	1	520	8
Stage 12	49	1	49	0
Stage 13	82	1	82	0
Stage 14	73	1	72	1
Stage 15	55	0	53	2
Stage 17A	25	0	22	3
Stage 17B (Release 1)	18	3	4	11
Stage 18A	29	0	28	1
Stage 18B	31	1	22	8
Stage 25 (Display Village)	15	0	15	0
Stage 25	25	3	2	20
Stage 25B	7	1	6	0
Stage 25 (Builders Release)	7	6	0	1
Total	945	20	878	47

4. Catalina Beach Builders Display Village 3 and Sales Office

The Catalina Beach Builders Display Village continues to experience good pedestrian traffic, showcasing modern and contemporary, energy efficient seven-star rated homes.

5. Community Events

The TPRC has supported a trial of the Street Food Circus Series at Catalina Beach park which has involved various food trucks assembling at the Land Sales Office car park every Saturday evenings between 5:00pm and 8:30pm. The first event was held on 12 October 2019 and has been held weekly since. There has been positive feedback and ongoing support from the community with approximately 5,000 visitors attending over the past four months. The TPRC has supported the continuation of the event until the end of March 2020.

A Resident Welcome Event is scheduled to occur on 15 March 2020. The event will involve the hosting of a gathering for new purchasers at the Catalina Beach Sales Office with hospitality and the opportunity for interaction among guests provided.

6. Local Structure Plan Amendment - Catalina Grove

The Western Australian Planning Commission (WAPC) has been in receipt of the Structure Plan amendment and recommendation from the City of Wanneroo since November 2019.

The statutory timeframe within which a decision by the WAPC is required to be made (30 January 2020) has passed. Satterley and the Project planners, Creative Planning and Design, have been liaising with the Department of Planning, Lands and Heritage to encourage the timely determination of the proposal. This has included a recent meeting between Satterley and the Department's senior management.

7. Catalina Beach Access Road / Carpark

The Foreshore Management Plan (FMP) for the Catalina Beach Access Road/Carpark was endorsed by the City of Wanneroo on 9 April 2019.

Applications for Planning Approval and a Clearing Permit for the Access Road/Carpark were submitted in December 2019 and January 2020 respectively.

The Department of Water and Environmental Regulation is currently seeking public comment on the proposed Clearing Permit application. The period for submissions closes on 12 March 2020.

It is anticipated that the required approvals will be obtained by April 2020 to enable construction to commence.

Detailed engineering and landscape design have commenced for the access road and car park.

8. Catalina Local Centre Site

An application for the development of a local centre, comprising a child care centre, café, retail tenancies, office space and residential uses, at Lot 646 Aviator Boulevard in Catalina Central was considered by the Metro North-West Joint Development Assessment Panel (JDAP) on 6 February 2020. The JDAP resolved to defer consideration of the application for up to 60 days to allow the applicant in collaboration with the City of Wanneroo to address a range of design elements relating to built form, parking, access, waste management, setbacks and landscaping. Satterley are maintaining ongoing discussions with OTB Developments, which is currently amending the development proposal.

9. Coastal Dual Use Path, Burns Beach – Mindarie

At its meeting in June 2019, the Council resolved to make a contribution of up to \$730,000 to the Cities of Joondalup and Wanneroo towards the construction of the planned Burns Beach-Mindarie Dual Use Path (DUP).

The section of DUP to be built through the coastal conservation reserve to the south of Catalina was completed by the Cities in December 2019.

The timing for completion of the DUP along the western border of Catalina is dependent on the Cities obtaining a clearing permit and awarding a contract for construction.

Release of the clearing permit is pending. A construction specification has been finalised and quotations are to be sought during March 2020. Construction is anticipated to commence in April 2020.

The timing for completion of the southern portion of the DUP at Peet's Burns Beach Estate is still to be determined. Peet is currently seeking to resolve the DUP alignment with the State Government.

8.2 PROJECT FINANCIAL REPORT – JANUARY 2020

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Management Committee RECEIVES the Project Financial Report (January 2020) submitted by the Satterley Property Group.

Voting Requirements

Simple Majority

Report Purpose

To consider the Project Financial Report for January 2020 submitted by the Satterley Property Group.

Policy Reference

N/A

Local Government Act/Regulation

N/A

Previous Minutes

N/A

Financial/Budget Implications

Review of Project Financial Report for January 2020.

Relevant Documents

Appendix: Letter from Satterley Property Group dated 24 February 2020 with Financial Report

Background

At its meeting of 16 August 2018, the Council approved the Project Budget FYE 2020, submitted by the Satterley Property Group, as the basis of financial planning for the TPRC Budget FYE 2020.

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

Comment

The Satterley Property Group has prepared a Financial Report for January 2020 for the Project. The report has been prepared on a cash basis and compares actual expenditure to approved budget expenditure for the period up to 31 January 2020 and is attached at Appendix 8.2.

The Financial Report identifies the following main areas of variance:

1. Settlement revenue was \$4.34M which is \$0.99M behind budget with three less residential settlements for the year to date.
2. Expenditure was \$9.2M under budget, in the following areas:
 - Lot Production \$0.93M;
 - Landscape \$1.58M;
 - Infrastructure \$1.30M;
 - P&L expenditure \$1.30M;
 - Land Acquisition - \$5.10M deferral of the WAPC land acquisition initial payment from December 2019 to June 2020.

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

3. Lot Sales Value was \$4.39M which is \$0.25M unfavourable to budget as a result of lower selling prices.

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

8.3 SALES AND SETTLEMENT REPORT – PERIOD ENDING 5 MARCH 2020

Report Information

Reporting Officer: Manager Project Coordination

Recommendation

That the Management Committee RECEIVES the Sales and Settlement Report to 5 March 2020.

Voting Requirements

Simple Majority

Report Purpose

To advise the Management Committee of the status of sales, settlements and sales releases.

Policy Reference

N/A

Local Government Act/Regulation

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

Previous Minutes

N/A

Financial/Budget Implications

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

Budget Amount:	\$8,388,739
Received to Date:	\$4,727,675
Balance:	\$3,661,064

Relevant Documents

Appendix: Staging Plan

Background

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

The Staging Plan provided under Appendix 8.3 identifies the extent of the stage boundaries referenced within the report.

Comment

Table 1 provides a summary of the Catalina Estate Sales and Settlement position for lots released up to 5 March 2020.

Table 1: Summary of Sales and Settlement of Lots – Catalina Estate

Stage/ Release Date	Release Date	Lots Released	Lot Sizes (m ²)	Sold	Stock	Settled
Stages 1 – 15,18A	-	817	174 - 658	817	0	817
Stage 17A	Oct-16	25	300 - 510	23	2	23
Stage 17B (Release 1)	Nov-17	18	300 - 450	15	3	13
Stage 17B (Release 2)	Sep-19	8	245 - 450	5	3	0
Stage 18B	Mar-17	31	200 - 474	28	3	24
Stage 25 (Release 1)	May-17	21	300 - 450	19	2	19
Stage 25 (Display Village)	May-17	15	375 - 497	15	0	15
Stage 25 (Release 2)	Oct-17	7	233 - 299	7	0	7
Stage 25 (Release 3)	Apr-18	6	254 - 255	6	0	6
Stage 25 (Release 4)	Sep-18	5	277 - 450	5	0	2
Stage 26 (Release 1)	Apr-19	8	300 - 486	6	2	4
Stage 26 (Release 2)	Dec-19	8	367 - 481	3	5	0
Total		969	174 - 658	949	20	930

Table 2: Summary of Net Sales for FYE 2020 against Budget – Catalina Estate

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	YTD
Budget	2	2	2	2	2	2	2	3	2	3	5	4	31
Actual	3	2	3	3	2	1	1	5	0				20*
Variance	1	0	1	1	0	-1	-1	1					

* Includes three contracts that are currently being held pending advertising and acceptance by the TPRC.

31 sales are forecast for FYE 2020, with 17 sales and 3 contracts pending acceptance achieved to date. The Project has a stock position of 20 lots, 9 in Catalina Beach and 11 in Catalina Central.

Sales Marketing Incentives

At its meeting on 5 December 2019, the Council approved the extension of the sales and marketing campaign involving the offer of a \$10,000 rebate to purchasers who install solar panels with a battery storage system until 31 March 2020. The Council also approved a \$2,000 builder referral fee.

At its meeting on 20 February 2020, the Council approved a new sales and marketing campaign for the period 1 April 2020 to 30 June 2020. The campaign will involve a discount of between \$10,000 and \$15,000 per lot at settlement on currently released lots, in addition to a \$2,000 builder referral fee. A report on the allocation of the discount to available stock and a proposed marketing strategy to support the campaign is provided in Item 8.5 of this Agenda.

Northern Corridor Estates Analysis

Table 3 provides a summary of sales at developments in the northern corridor.

Table 3: Summary of Sales in Northern Corridor (February 2019 to January 2020)

ESTATE	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	12 Month Total Sales
NORTH-WEST METRO													
Alkimos Beach (Alkimos)	-10	2	5	8	4	1	7	6	2	7	2	5	39
Alkimos Vista (Alkimos)	3	1	0	3	1	3	1	2	1	1	3	1	20
Allara (Eglinton)	2	-6	8	9	4	7	5	2	3	1	-3	1	33
Amberton (Eglinton)	2	15	-4	4	4	1	7	7	13	0	5	3	57
Beaumaris (Iluka)	1	3	1	0	-1	1	0	1	1	0	0	1	8
Burns Beach (Burns Beach)	2	3	1	8	0	1	1	2	1	1	0	1	21
Catalina (Clarkson-Mindarie)	1	1	4	7	2	3	2	3	3	2	1	1	30
East of the Beach (Eglinton)	2	3	2	2	4	1	6	2	4	-1	1	0	26
Eden Beach (Jindalee)	9	3	9	5	12	1	9	9	10	8	3	6	84
Kinross (Kinross)	2	2	0	2	1	1	1	1	0	1	1	1	13
Shorehaven (Alkimos)	3	4	8	3	5	3	2	4	4	2	2	4	44
Trinity (Alkimos)	3	-1	7	9	4	6	6	3	5	18	8	3	71
TOTAL	20	30	41	60	40	29	47	42	47	40	23	27	446
CATALINA SHARE (%)	5.00%	3.33 %	9.76 %	11.6 %	5.00 %	10.3 %	4.26 %	7.14 %	6.38 %	5.00 %	4.35 %	3.70 %	6.73%

Note 1: Satterley reporting is based on 'mid-month' sales period.

Note 2: Satterley has expressed caution that these sales results are indicative only based on information obtained in the marketplace and supplied on a voluntary basis.

Table 4 provides a summary of available stock in the northern corridor. Catalina Central is higher in price to competing estates for 450m² lots and also for 375m² lots apart from Kinross, where it has cheaper 375m² lots.

Table 4: Summary of Price of Available Lots in Northern Corridor Estates

Estate	225sqm Price (\$)	300sqm Price (\$)	375sqm Price (\$)	450sqm Price (\$)	500sqm + Price (\$)	Total Dwellings	Stock
Allara	133,000	155,000	179,000-190,000	216,000	n/a	3,405	23
Alkimos Beach	150,000	230,000	225,000-262,000	285,000-305,000	n/a	2,413	33
Amberton	N/A	190,000	211,000-228,000	264,000-283,000	289,000-325,000	2,500	24
Burns Beach	N/A	N/A	N/A	N/A	460,000 – 755,000	1,580	10
Catalina Central	N/A	N/A	279,000	335,000	N/A	2,480	11
Catalina Beach	N/A	310,000	358,000-378,000	402,000	N/A		9

Eden Beach	172,000	240,000	265,000	N/A	305,000-350,000	1,100	28
Kinross	N/A	N/A	295,000	332,500	347,500-355,000	67	12
Shorehaven	169,000-280,000	205,000	249,000	285,000	N/A	2,800	21
Trinity	138,000	185,000	182,000 - 215,000	248,000	269,000	2,500	26

Lot Releases

Eight lots in Stage 17 (Catalina Central), ranging in area from 245m² to 450m², were released in September 2019 and eight lots in Stage 26 (Catalina Beach), ranging in area from 367m² to 481m², were released in December 2019. Both releases were in accordance with the Lot Sales and Release Strategy FYE 2020 (May 2019). Five lots from the Stage 17 release and three lots from the Stage 26 release have sold to date.

In the last four months (that is, November 2019 to February 2020), six lots were sold in Catalina Central and five lots were sold in Catalina Beach (gross sales). With 11 lots currently available in Catalina Central and nine lots available in Catalina Beach, Satterley considers that there is about six to seven months lot supply if the sales rate over the past four months continues.

The Lot Sales and Release Strategy identifies the release of an additional eight lots in Stage 26 in January 2020. Satterley has previously not recommended that these lots be released until further sales have been achieved in Catalina Beach. However, Satterley considers that the sales incentive campaign planned for the final quarter of FYE 2020 should achieve higher sales and help move older stock and has foreshadowed the release of eight lots in Stage 26, in addition to eight lots in Stage 17, in the next two to three months (May/June 2020) if the campaign has this effect.

Sales Contracts – CEO Delegation

Satterley has not provided any request for variation of lot pricing in Sales Contracts during February 2020 in accordance with Council’s delegation of 18 April 2019.

8.4 MANAGEMENT COMMITTEE – TERMS OF REFERENCE/DELEGATIONS

Report Information

Reporting Officer: Chief Executive Officer

Recommendation

That the Management Committee recommends that Council APPROVES the Terms of Reference and Delegations to the Management Committee (March 2020).

Voting Requirements

Simple Majority

Report Purpose

To review the Delegations to the Management Committee.

Relevant Documents

Appendix: Management Committee – Terms of Reference/Delegations (March 2020)

Policy Reference

N/A

Local Government Act/Regulation

Local Government Act 1995: Sect 5.16 and 5.17 – Delegation to Committee.

Previous Minutes

- Council Meeting - 5 December 2019 (Item 9.8 - Management Committee - Terms of Reference/Delegations)
- Council Meeting - 6 December 2018 (Item 9.7 - Management Committee - Terms of Reference/Delegations)

Financial/Budget Implications

N/A

Background

At its meeting of 19 August 2010, the Council approved the establishment of a Management Committee and the Terms of Reference and Delegations.

At its meeting of 6 December 2018, the Council considered and approved the Management Committee's Terms of Reference and Delegations (November 2018).

At its meeting of 5 December 2019, the Council considered the Management Committee's Terms of Reference and Delegations (November 2019) and resolved to:

1. *NOTE the annual review of the Terms of Reference and Delegations to the Management Committee.*
2. *REQUEST a redrafting of the Terms of Reference and Delegations for consideration at the February Council meeting to clarify the following:*
 - (a) *Objectives, roles and responsibilities of the Management Committee;*
 - (b) *Membership, appointment of Chair and quorum;*
 - (c) *List of delegations and any conditions;*
 - (d) *Regular reporting of Management Committee Minutes to Council, including a list of any items dealt with under delegated authority.*

At its meeting of 20 February 2020, the Council considered the Management Committee's Terms of Reference and Delegations (November 2019) and resolved to defer the Terms of Reference and Delegations to the Management Committee (February 2020) to the Council Meeting of April 2020.

Comment

The Management Committee Terms of Reference and Delegations have been reviewed and redrafted in a format consistent with other Council Committees' Terms of Reference and to address the matters requested by the Council in December 2019 relating to the following:

- (a) Objectives, roles and responsibilities of the Management Committee;
- (b) Membership, appointment of Chair and quorum;
- (c) List of delegations and any conditions;
- (d) Regular reporting of Management Committee Minutes to the Council, including a list of any items dealt with under delegated authority.

The Management Committee Terms of Reference and Delegations (March 2020) reflect that in order for the Catalina Project to run in a timely manner and compete with surrounding residential estates the Management Committee should have authority to manage and have delegated authority to make decisions. The Management Committee Terms of Reference and Delegations will assist Council with the management of the Catalina Project to achieve budget and program requirements.

The Terms of Reference and Delegations proposed are consistent with those previously approved by the Council in December 2017 and 2018. The delegations proposed now include conditions to guide the Management Committee when exercising delegation powers.

The following Terms of References are proposed for the Committee:

1. Make recommendations to Council with respect to the Project Annual Plan, Project Budget and Project Milestones.
2. Monitor Project performance against the approved Project Budget and provide recommendations with respect to proposed variations to the approved Project Budget.
3. Monitor Project Performance against the approved Project strategies, plans or concepts.
4. Monitor the performance of approved marketing and sales programmes for the Project.

5. Monitor Project Performance against the approved Project Program (report on any variations to the approved Project Program).
6. Monitor the performance of the Development Manager and progress of the Project against TPRC objectives.
7. Provide regular updates on progress to the Council.
8. Provide guidance, advice and assistance to the Council with respect to advancing the Catalina Project.
9. Monitor and review the Development Manager KPIs and report Development Manager performance to Council.
10. Make recommendations to Council with respect to the Mid-Year Review of the Project Annual Plan, Project Budget and Project Milestones.

The Terms of Reference and Delegations (March 2020), copy attached at Appendix 8.4, have been modified following Councillor input during February 2020. The Management Committee Terms of Reference and Delegations (March 2020) have been redrafted for clarity and applying a consistent overall condition which is required to be met. It has also included the removal of delegations and modification of delegations which were considered inconsistent with the provisions of the *Local Government Act*, these included:

Delegation 2 - Approval of variations to the approved Project Budget;
Delegation 3 – Removal to that part of the delegation relating to “costs”.

The approved Terms of Reference and Delegations have operated well since the formation of the Management Committee. The Terms of Reference and Delegations have removed the need for potential additional Council meetings and delays to program which could adversely affect the Catalina Project.

The Management Committee Terms of Reference and Delegations (March 2020) are submitted for the Committee’s endorsement and recommendation to Council.

8.5 SALES - MARKETING CAMPAIGN – APRIL TO JUNE 2020

Report Information

Reporting Officer: Manager Project Coordination

Recommendation

That the Management Committee recommends that Council:

1. **APPROVES** the following approach to the discounting of lots during a Sales and Marketing Campaign at Catalina Estate to commence on 1 April 2020 and conclude on 30 June 2020:
 - i) Apply a \$17,000 discount to all lots that have been released for in excess of two years;
 - ii) Apply a \$15,000 discount to all lots that have been released for between one and two years;
 - iii) Apply a \$12,000 discount to all other currently released lots;
 - iv) Apply a \$10,000 discount to any other lot that may be released in Catalina Estate during the campaign period;
 - v) Not apply a Builder's Sales Representative referral fee during the campaign period.
2. **APPROVES** the use of a \$51,684 budget for marketing support for the Sales and Marketing campaign, including creative concept development, campaign artwork and media advertising as outlined in this report.

Voting Requirements

Simple Majority

Report Purpose

To consider the Satterley Property Group (Satterley) recommendation for a Sales and Marketing Campaign to run from 1 April 2020 to 30 June 2020 involving a discount on all currently released lots.

Policy Reference

N/A

Previous Minutes

N/A

Financial/Budget Implications

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

Budget Amount:	\$ 8,388,739
Received to Date:	\$ 4,727,675
Balance:	\$ 3,661,064

Relevant Documents

Nil

Background

At its meeting on 20 February 2020, the Council considered a proposed sales and marketing campaign to run from 1 April 2020 to 30 June 2020, involving a \$10,000 discount to be paid at settlement on the sale of all currently released lots at Catalina and the use of a \$2,000 builder's referral fee, and resolved to:

1. RECEIVE the Satterley Property Group correspondence (dated 28 January 2020) regarding a Sales and Marketing Campaign at Catalina Estate for April to June 2020.
2. APPROVE participation in a Sales and Marketing Campaign at Catalina Estate, as detailed in the Satterley Property Group correspondence (dated 28 January 2020), commencing 1 April 2020 to 30 June 2020, for a discount of between \$10,000 to \$15,000 per lot to apply at settlement for all currently released lots in Catalina.
3. APPROVE 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 for the period 1 April 2020 to 30 June 2020.
4. APPROVE the increase in the marketing budget for this item up to a budget of \$40,000 with a report to go to the Management Committee meeting on 12 March 2020 outlining strategy for the allocation of the lot discount and proposed marketing strategy.

Satterley has, pursuant to Item 4, recommended a strategy for application of the lot discount and the associated sales and marketing campaign.

Comment

Satterley proposes the following approach to the discounting of lots during the April to June 2020 sales and marketing campaign:

- Absorb the approved \$2,000 builder's referral fee into the lot discount (resulting in the rebate to be paid at settlement increasing to between \$12,000 and \$17,000, depending on the age of the lot stock);
- Apply a \$17,000 discount to all lots that have been released for in excess of two years (total of ten lots, including eight lots in Catalina Central and two in Catalina Beach);
- Apply a \$15,000 discount to all lots that have been released for between one and two years (total of two lots, both in Catalina Beach);
- Apply a \$12,000 discount to all other currently released lots (total of eight lots, including two lots in Catalina Central and eight lots in Catalina Beach);
- Apply a \$10,000 discount to any other lot that may be released in Catalina Estate during the campaign period (this would likely be limited to the release of eight lots in Catalina Central – Stage 17B Release 3 and eight lots in Catalina Beach – Stage 26 Release 3).

Satterley has indicated that the proposed discounts represent the largest sale since Catalina's launch in 2012 and warrants running a campaign to help Catalina stand out with an offer that is different to the traditional approach and the incentives offered by competing estates. It proposes the following strategy for marketing the sales campaign:

- Development of a marketing concept, including campaign messaging and artwork, to communicate the size of the incentive and the limited nature of the discount offer to create a sense of urgency. To this end, the Brand Agency has been appointed to develop two concepts that will be tabled at the Management Committee meeting for selection.
- Use of the selected campaign-concept logo across all media and channels, including the Catalina website, advertising in digital and social media (Google, Facebook, Realestate.com.au/Domain/RENT) and signage decals (stickers) for the two pylon signs on Marmion Avenue.
- Use of AD Boards Plus (mobile LED bill-boards with Catalina branding and campaign messages that are walked along selected routes in high visibility locations, such as shopping centres and the Mindarie Marina).
- Option provided for use of ‘distress’ media advertising opportunities (TV, Realestate.com.au/Domain/RENT, bus advertisements), which are presented when advertisers have advertisement placements to fill at late notice and offer significant (50-80%) discounts on normal advertising rates.

Satterley has indicated the following budget would be required to execute this strategy:

Item	Budget
Creative Marketing Concept Development	\$3,950 (already supported)
Campaign Artwork	\$4,134
Media (includes various social and digital media advertising described above, including a \$7,500 allowance for three x three-hour sessions with six AD Boards ‘walkers’)	\$36,600
Distress Media pool	\$7,000
Total	\$51,684 (exc GST)

In respect to the proposed approach to the application of lot discounts, the TPRC office notes the following:

- The \$2,000 builder’s referral fee that has been a feature of previous sales incentives campaigns in FYE 2019 and 2020 is proposed to be absorbed into the lot discount during the April to June 2020 campaign period. This is contrary to previous advice from Satterley, which has indicated the importance of providing an incentive to Builder’s Sales Representatives to recommend their clients purchase a lot at Catalina. Satterley considers that absorption of the referral fee into the lot discount is warranted for the following reasons:
 - i) In recent times, particularly in Catalina Central, there have been instances where bank valuations for house and land packages are less than the combined house and land purchase price. Not offering a \$2,000 builder’s referral fee and instead putting this amount towards a discount on the land price should provide some assistance to address valuation issues.
 - ii) In many instances, builders have been found to pass on their referral fee to the purchaser in the form of a discount on the building cost. While this can also assist to address issues with valuations, the effective discount can strengthen the relationship between the purchaser and the Builder but not necessarily with the TPRC, despite the fact that the TPRC is effectively funding a discounted building cost by providing a referral fee.

- iii) Not offering a \$2,000 builder's referral fee and instead putting this amount towards a discount on the purchase price provides a greater discount on the land purchase cost and therefore a greater impact of the promotion.
- iv) Feedback from other developers indicates that there is currently a move away from builders' referral fees towards the increased discounting of lot prices.
- Half (10) of all currently available lots (20) have been on the market for in excess of two years. Applying the highest discount (\$17,000) to these lots should encourage the sale, and therefore reduction in the amount, of the oldest stock.
- Satterley propose that a \$10,000 discount is applied to any lot that is released during the campaign period to capitalise on the exposure and sense of urgency that the campaign is intended to generate. Satterley consider that this discount is also necessary to assist the achievement of the Annual Plan FYE 2020's budget of 12 sales for the period from April to June 2020.

The TPRC office is generally supportive of the proposed approach to the application of lot discounts and recommends that the Council approves it.

The TPRC office is also supportive of the marketing strategy proposed to support the sales campaign, but notes that the recommended budget exceeds the amount of \$40,000 approved for this purpose by the Council at its 20 February 2020 meeting. The significant discounts to be offered and objective to generate increased sales warrant a comprehensive promotion of the campaign. The allocated marketing budget for the FYE 2020 can accommodate the sum total of expenses identified by Satterley and it is recommended that the Council approves the approach that Satterley has recommended.

The report to the 20 February 2020 meeting noted that the following Key Performance Indicators (KPI's) would apply to the April to June 2020 sales and marketing campaign:

- KPI # 1: number of leads – 90 leads.
- KPI # 2: cost per lead – under \$140 per lead.

Based on the proposed increased lot discounts and budget to support promotion of the campaign, Satterley propose that the campaign be subject to the following amended KPI's:

- KPI # 1: number of leads – 250 leads.
- KPI # 2: cost per lead – under \$140 per lead.
- KPI # 3: sales – 13

The TPRC office supports the increased target for the number of leads to be generated and the addition of a KPI for sales to be achieved during the campaign period.

However, it is noted that Satterley's proposal for a KPI of 13 sales represents only one more sale than the number budgeted in the Annual Plan FYE 2020 for the campaign period. Given the extent of the proposed discounts and the increased budget for marketing during the campaign, a KPI of 15 sales (that is, five/month) to achieve a greater increase in sales is considered to be appropriate.

It is also noted that the KPI for cost per lead is unchanged. This is considered to be acceptable, as the more critical measures are the achievement of increased leads and sales.

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

APPENDICES