

minutes

Finance Committee

MEETING HELD ON **MONDAY 4 APRIL 2016**

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CITY OF JOONDALUP

MINUTES OF THE FINANCE COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY 4 APRIL 2016.

ATTENDANCE

Committee Members

Cr Tom McLean, JP	<i>Presiding Member</i>	
Mayor Troy Pickard		
Cr Philippa Taylor	<i>Deputy Presiding Member</i>	<i>from 5.52pm</i>
Cr Russell Poliwka		
Cr Mike Norman		
Cr John Chester	<i>Deputising for Cr Logan</i>	
Cr Sophie Dwyer		

Observer

Cr Kerry Hollywood

Officers

Mr Garry Hunt	Chief Executive Officer	<i>Absent from 5.47pm to 5.52pm and from 5.54pm to 5.55pm</i>
Mr Mike Tidy	Director Corporate Services	
Mr Jamie Parry	Acting Director Infrastructure Services	
Mr Brad Sillence	Manager Governance	
Mr Glen Shaw	Acting Manager Infrastructure Management	<i>to 6.58pm</i>
Mrs Genevieve Hunter	Acting Manager City Projects	<i>Absent from 6.55pm to 7.00pm</i>
Mr Scott Collins	Senior Projects Officer	
Mrs Gwen Boswell	Senior Projects Officer	
Mrs Lesley Taylor	Governance Officer	

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 5.45pm.

DECLARATIONS OF INTEREST**Disclosures of Financial / Proximity Interest**

Nil.

Disclosures of interest affecting impartiality

Elected Members (in accordance with Regulation 11 of the *Local Government [Rules of Conduct] Regulations 2007*) and employees (in accordance with the Code of Conduct) are required to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making process. The Elected Member/employee is also encouraged to disclose the nature of the interest.

Name/Position	Cr Kerry Hollywood.
Item No./Subject	Item 11 - Burns Beach Café/Restaurant - Expressions of Interest.
Nature of interest	Interest that may affect impartiality.
Extent of Interest	Cr Hollywood lives within 500 metres of the proposed facility.

APOLOGIES/LEAVE OF ABSENCE**Apology:**

Cr John Logan.

Leave of Absence Previously Approved:

Cr Christine Hamilton-Prime	14 March to 4 April 2016 inclusive;
Cr Sophie Dwyer	17 April to 21 April 2016 inclusive;
Cr Mike Norman	19 April to 27 April 2016 inclusive;
Cr John Logan	20 April to 24 April 2016 inclusive;
Cr Russ Fishwick, JP	26 April to 6 June 2016 inclusive.

CONFIRMATION OF MINUTES**OFFICER'S RECOMMENDATION****MINUTES OF THE FINANCE COMMITTEE HELD 24 NOVEMBER 2015**

That the minutes of the meeting of the Finance Committee held on 24 November 2015 meeting date be confirmed as a true and correct record.

MINUTES OF THE FINANCE COMMITTEE HELD 3 FEBRUARY 2016

That the minutes of the meeting of the Finance Committee held on 3 February 2016 meeting date be confirmed as a true and correct record.

MINUTES OF THE FINANCE COMMITTEE MEETINGS HELD 24 NOVEMBER 2015 AND 3 FEBRUARY 2016

MOVED Mayor Pickard, **SECONDED** Cr Dwyer that the minutes of the meetings of the Finance Committee held on 24 November 2015 and 3 February 2016 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman and Poliwka.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

The Chief Executive Officer left the room at 5.47pm.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

In accordance with Clause 5.2 of the City's *Meeting Procedures Local Law 2013*, this meeting was not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS**COMMITTEE DECISION – ADOPTION BY EXCEPTION RESOLUTION - [02154, 08122]**

MOVED Cr Poliwka, **SECONDED** Cr Norman that pursuant to the *Meeting Procedures Local Law 2013 – Clause 4.8 – Adoption by exception resolution*, the Finance Committee **ADOPTS** the following items:

Item 1, Item 2, Item 3 and Item 4.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman and Poliwka.

**ITEM 1 IMPACT ON 20 YEAR STRATEGIC FINANCIAL PLAN
OF REPORTS TO COUNCIL – OCTOBER 2015 TO
DECEMBER 2015**

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	103570, 101515
ATTACHMENTS	Attachment 1 Impact on 20 Year Strategic Financial Plan of Reports to Council – July 2015 to December 2015
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

This report was re-presented to the Finance Committee as a result of the adjourned Finance Committee meeting held on 3 February 2016.

PURPOSE

For the Finance Committee to note the impacts on the adopted *20 Year Strategic Financial Plan* (SFP) of reports approved by Council for the period October 2015 to December 2015.

EXECUTIVE SUMMARY

A quarterly report to provide progressive updates between annual reviews of the SFP by summarising the impacts on the adopted SFP of reports presented to Council was introduced in October 2014. This report is the second quarterly report for 2015-16.

This report covers the period October 2015 to December 2015 and will also summarise the combined impacts from July 2015 to September 2015.

So that the report focuses on those decisions that are capable of having an impact of some significance, a minimum threshold of an impact of \$50,000 has been applied. There were two reports from October 2015 to December 2015 that were above the minimum threshold, with a total impact of \$4 million up to 2033-34. There were three reports approved by Council between July 2015 and September 2015 that had a total improvement in cash of \$600,000, up to 2033-34. The net cumulative effect of decisions in the 2015-16 financial year of a total improvement in cash of \$4.6 million up to 2033-34.

It is therefore recommended that the Finance Committee NOTES:

- 1 two reports were considered by Council in the period October 2015 to December 2015 that had an estimated net benefit on the 20 Year Strategic Financial Plan of \$4 million;*
- 2 the net cumulative effect of decisions by Council to December 2015 in the current financial year is a total improvement in cash of \$4.6 million up to 2033-34.*

BACKGROUND

A quarterly report to provide progressive updates between annual reviews of the SFP by summarising the impacts on the adopted SFP of reports presented to Council was introduced in October 2014. This report is the second quarterly report for 2015-16.

The previous report covered July 2015 to September 2015. This report covers the period October 2015 to December 2015 and will also summarise the combined impacts from July 2015.

DETAILS

The SFP is a long-term planning tool and so that the report focuses on those decisions that are capable of having an impact of some significance a minimum threshold of an impact of \$50,000 has been applied. The threshold of \$50,000 results in many of the reports being outside the scope of this analysis, as they have a relatively small amount (for example planning fees) or have no financial impact at all. Consequently, of all the reports presented to Council between October 2015 and December 2015, there were two reports that have an impact on the SFP. The total estimated impact up to 2033-34 of those two reports is \$4 million and these are listed in Attachment 1.

There were three reports between July 2015 to September 2015, that had net impacts of \$600,000 and these are also listed in Attachment 1. With regards the tables, the following ought to be noted:

The impacts have been categorised into:

- \$5.2 million commitments made by Council
- (\$600,000) other impacts including amounts that were informed by other bodies, or potential impacts for reports that have been noted, without a firm commitment having been made yet. This specifically relates to the potential beach enclosure at Sorrento Beach where the item is noted for consideration at the 2015-16 mid-year review.

The SFP Impact is based on the following characteristics:

- Total estimated cashflows up to 2033-34.
- Includes inflation.
- Includes all whole of life costs such as capital expenditure, operating expenses, operating income, reserves, borrowings, interest payments and earnings on cash held.

As a result of calculating the impacts up to 2033-34 for total cash, the impact for each report is higher than the initial impact.

Issues and options considered

The impacts of all reports included in Attachment 1 will be included in the next update of the SFP in 2016.

Legislation / Strategic Community Plan / policy implications

Legislation *Local Government Act 1995.* Section 5.56 of the *Local Government Act 1995* provides that:

“(1) A local government is to plan for the future of the district.”

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative

- Manage liabilities and assets through a planned, long-term approach.
- Balance service levels for assets against long-term funding capacity.

Policy Not applicable.

Risk management considerations

The SFP is based on many assumptions. There is a risk that those assumptions could be wrong or may not come to pass, however, it is a planning tool and the City is not committed to anything in the plan by virtue of endorsing it. Periodic review and continual update of the plan will ensure that it remains a relevant and useful document to manage the City's financial affairs into the future.

Financial / budget implications

The impact to the City up to 2033-34 of the reports approved between July 2015 and December 2015 is estimated to be a benefit of \$4.6 million. This impact is the total change in cash at the end of 2033-34, and while this is a benefit there are some years where the impacts may be negative.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

This report provides a further enhancement to the long-term financial sustainability by the City by providing a progressive update on the impacts on the SFP of Council decisions.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Poliwka, **SECONDED** Cr Norman that the Finance Committee **NOTES:**

- 1** two reports were considered by Council in the period October 2015 to December 2015 that had an estimated net benefit on the *20 Year Strategic Financial Plan* of \$4 million;
- 2** the net cumulative effect of decisions by Council to December 2015 in the current financial year is a total improvement in cash of \$4.6 million up to 2033-34.

The Motion was Put and CARRIED (6/0) by Exception Resolution after consideration of Petitions and Deputations, page 6 refers.

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman and Poliwka.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnFIN1600404.pdf](#)

ITEM 2 STATUS REPORT ON CITY FREEHOLD PROPERTIES PROPOSED FOR DISPOSAL INCLUDING THE PROPOSED ACQUISITION OF LOT 12223 (12) BLACKWATTLE PARADE, PADBURY

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	63627, 101515
ATTACHMENTS	<p>Attachment 1 Lot 200 (24), Lot 201 (22) Lot 202 (20) Kanangra Crescent, Greenwood</p> <p>Attachment 2 Lot 23 (77) Gibson Avenue, Padbury</p> <p>Attachment 3 Lot 803 (15) Burlos Court, Joondalup</p> <p>Attachment 4 Lot 1001 (14) Camberwarra Drive, Craigie</p> <p>Attachment 5 Lots 642/643 (57/59) Marri Road, Duncraig</p> <p>Attachment 6 Lot 12223 (12) Blackwattle Parade, Padbury</p>
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

This report was re-presented to the Finance Committee as a result of the adjourned Finance Committee meeting held on 3 February 2016.

PURPOSE

For the Finance Committee to note the progress towards the disposal of a number of City owned freehold land sites and the potential acquisition of a Crown land community purpose reserve.

EXECUTIVE SUMMARY

The City's freehold land disposal project initially included 14 sites with two sites being withdrawn from consideration. Of the remaining 12 sites, seven have now sold, (Table 1 below refers), and a further private treaty negotiation is pending the result of the developers' site evaluations. Two of the remaining four sites have been advertised for public comment with regard to rezoning amendments. One site is awaiting the Western Australian Planning Commission's response to an amendment and one is available for disposal.

Except for the site that was sold to Masonic Care WA in Kingsley, Council approved the sale of these properties for the development of 'aged and dependent persons' dwellings' – or unit developments for people over 55 years of age.

Council has determined that the proceeds from the sale of freehold land are to be transferred to the Joondalup Performing Arts and Cultural Facility Reserve Fund.

Information detailed in Table 2 of this Report is a summarised account of the progress towards the disposal of the remaining sites to be sold. Table 2 also includes a summary on the status of the City's proposed acquisition of the State Government owned Lot 12223 (12) Blackwattle Parade, Padbury.

It is therefore recommended that the Finance Committee NOTES:

- 1 *the status report on the progress of the City's proposed disposal of the five freehold land sites as at 3 February 2016 as detailed in this Report;*
- 2 *the status report on the progress of the City's proposed acquisition of State Government owned Lot 12223 (12) Blackwattle Parade, Padbury;*
- 3 *a further status report on the progress of the City's proposed disposal of freehold land and proposed acquisition of Lot 12223 (12) Blackwattle Parade, Padbury will be submitted to the Finance Committee meeting to be held on 4 April 2016.*

BACKGROUND

The City's freehold land disposal project initially included 14 sites. Lot 181 (4) Rowan Place, Mullaloo (CJ096-05/12 refers) and Lot 971 (52) Creaney Drive, Kingsley (CJ103-06/14 refers) were withdrawn from sale. Table 1 indicates the seven sites that have sold to date.

Table 1 (GST exclusive)

Property	Date Sold	Purchase Price
Lot 200 (18) Quilter Drive, Duncraig.	March 2013	\$1,350,000
Lot 766 (167) Dampier Avenue, Kallaroo.	March 2013	\$1,055,000
Lot 147 (25) Millport Drive, Warwick.	March 2013	\$1,340,000
Lot 613 (11) Pacific Way, Beldon.	March 2013	\$ 700,000
Lot 671 (178) Camberwarra Drive, Craigie.	March 2013	\$ 828,000
Part Lot 549 (11) Moolanda Boulevard, Kingsley.	August 2015	\$1,050,000
Lot 745 (103) Caridean Street, Padbury.	December 2015	\$ 874,000

Lot 202 (20) Kanangra Crescent, Greenwood was one of the original 14 sites and at its meeting held on 31 March 2015 (CJ046-03/15 refers), Council supported the amalgamation of Lot 200 (24), Lot 201 (22) and Lot 202 (20) Kanangra Crescent, Greenwood and the initiation of an amendment to recode the amalgamated land from R20 to R40.

A status update on the City's proposed acquisition of the State Government owned Lot 12223 (12) Blackwattle Parade, Padbury has been included in this Report. Should the acquisition be successful, the City proposes to rezone the site and dispose of the land.

DETAILS

Table 2

	Property Address	Land Disposals – Current Status
1	<p>Lot 200 (24), Lot 201 (22) and Lot 202 (20) Kanangra Crescent, Greenwood.</p> <p>Land Area: 3,005m²*</p> <p>Attachment 1 refers</p> <p>*Approximate land area, once the three lots are amalgamated</p>	<p>At its meeting held on 31 March 2015 (CJ046-03/15 refers), Council supported the amalgamation of all three lots and requested the initiation of an amendment to DPS2 to recode the land from R20 to R40 and to restrict the use to aged or dependent persons' dwellings. At its meeting held on 28 July 2015 (CJ109-07/15 refers), Council resolved to proceed with the public advertising of Amendment No. 78.</p> <p>The outcome of the 42-day public advertising period that closed on 4 December 2015 is being reported to Council at its meeting to be held on 16 February 2016.</p> <p>Should Council and the Western Australian Planning Commission (WAPC) support the amendment, and the amalgamation process is uneventful, the property may be available for disposal mid-2016.</p>
2	<p>Lot 23 (77) Gibson Avenue, Padbury.</p> <p>Land Area: 5,159m²</p> <p>Attachment 2 refers</p>	<p>A public tender process was conducted with regard to this site with the tenders that were received being rejected by Council. This resulted in Council, at its meeting held on 18 November 2014 (CJ223-11/14 refers), providing its support to the sale of the site by public auction, or private treaty.</p> <p>The Stephens Group provided an acceptable offer for Lot 23 which was submitted to Council at its meeting held on 15 September 2015 (CJ163-09/15 refers). Council authorised the Chief Executive Officer to execute the Option to Purchase associated with the contract for a sum of \$2,146,500 inclusive of GST.</p> <p>A condition in the Option to Purchase is that the City agrees to allow a period of up to 150 days for The Stephens Group to undertake its due diligence and site evaluations. The City has agreed to a recent request from The Stephens Group to extend this period by 60 days. This takes the Option Period end date to 19 April 2016.</p> <p>A development application for development of the site is currently being processed.</p>

	Property Address	Land Disposals – Current Status
3	<p>Lot 803 (15) Burlos Court, Joondalup.</p> <p>Land Area: 4,410m²</p> <p>Attachment 3 refers</p>	<p>The main actions to facilitate the sale of the portion of this site zoned for aged or dependent persons' dwellings, or over 55s, were two subdivisions and a rezoning amendment, all of which were finalised. Newly created Lot 803 is the site to be sold for over 55s, with the adjacent Lot 804 (17) Burlos Court, Joondalup, remaining in the City's ownership. Lot 804 is land the City leases to telecommunication carriers for mobile communications infrastructure.</p> <p>Lot 803 can now be disposed of in accordance with the relevant section of the <i>Local Government Act 1995</i>.</p>
4	<p>Lot 1001 (14) Camberwarra Drive, Craigie.</p> <p>Land Area: 2,055m²</p> <p>Attachment 4 refers</p>	<p>In order for Lot 1001 to be available for sale, the relocation of the Craigie Child Health Centre (CHC) service to the Padbury CHC based at Lot 699 (2) Caley Road, Padbury was necessary and this has now taken place. The renovation costs of approximately \$212,000 (exclusive of GST) are to be recovered from the proceeds of the sale of Lot 1001.</p> <p>Council approved Amendment No. 80 for the purposes of public advertising to recode Lot 1001 from R20 to R40 and restrict the use to aged or dependent persons' dwellings. Amendment No. 80 was advertised from 23 April to 3 June 2015 and no objections were raised by residents.</p> <p>At its meeting held on 17 August 2015 (CJ129-08/15 refers), Council adopted the amendment and the documents have been forwarded to the WAPC. On receiving approval from the Minister for Planning, Lot 1001 can be disposed of in accordance with the relevant section of the <i>Local Government Act 1995</i>.</p>
5	<p>Lots 642/643 (57/59) Marri Road, Duncraig.</p> <p>Land Area: 1,366m² when amalgamated</p> <p>Attachment 5 refers</p>	<p>The main area of the facility on Lots 642/643 (57/59) Marri Road, Duncraig is leased to the Department of Education (DoE). An area of approximately 58m² of the facility is being utilised by the Department of Health's (DoH) Duncraig CHC.</p> <p>The intent is to dispose of this property once the DoE has vacated the premises at the end of 2016 and the Duncraig CHC service has been relocated to the Carine CHC at Lot 159 (487L) Beach Road, Duncraig. To facilitate this relocation, the facility on Lot 159 will be refurbished at the City's cost.</p> <p>In preparation for the eventual vacation of the facility by both parties and therefore disposal of the site, Council requested the initiation of an amendment to recode this site. At its meeting held on 28 July 2015 (CJ110-07/15 refers) Council adopted proposed Amendment No. 82 for the purposes of public advertising to recode the site from R20 to R40 and restrict the use to aged or dependent persons' dwellings.</p>

		<p>The outcome of the 42-day public advertising period that closed on 4 December 2015 is being reported to Council at its meeting to be held on 16 February 2016.</p> <p>The amalgamation of the two lots is also a requirement and this is progressing. The City has received conditional approval from the WAPC and is working towards meeting the conditions.</p>
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		Acquisition – Current Status
1	<p>Lot 12223 (12) Blackwattle Parade, Padbury.</p> <p>Land Area: 3,332m²</p> <p>Attachment 6 refers</p>	<p>The City proposes to acquire this site from the State Government. At its meeting held on 24 June 2014 (CJ104-06/14 refers), Council accepted in principle the Department of Land's (DoL) concessional purchase price of \$88,000 (exclusive of GST) subject to the outcome of a 30-day public advertising period.</p> <p>As part of the offer to the City, the DoL advised that the Department of Planning's (DoP) support was required. The DoP's conditional support has been provided to the City. One of the DoP's conditions is that the proceeds of the proposed future sale of the site are spent on community projects in line with the definition of "Community Purposes" under DPS2. The DoP advised that projects connected with parking, traffic and pedestrian issues were not considered to fall within the above definition.</p> <p>Public consultation was undertaken and closed on 26 March 2015. The consultation dealt with the proposed acquisition, in addition to three capital improvement options for the area, including the installation of traffic lights at the intersection of Walter Padbury Boulevard and Hepburn Avenue, Padbury which was a Council preferred project. Main Roads WA does not support the installation of traffic lights at this location.</p> <p>A report was submitted to Council at its meeting held on 19 May 2015 (CJ082-05/15 refers) concerning the outcome of the community consultation. The community supported the acquisition and the three community projects, including Council's preferred project of the installation of traffic lights.</p> <p>The outcome of the community consultation that demonstrated the level of community support for the acquisition has been forwarded to the DoL; the Minister for Lands response is awaited.</p>

Issues and options considered

As detailed in Table 2.

Multiple Dwellings

It is noted that currently where land is coded R40 or higher, there is the potential for multiple dwellings to be developed in accordance with the provisions of the *Residential Design Codes* (R-Codes). A multiple dwelling is basically defined as one dwelling vertically placed above another dwelling. It is not possible to determine the potential number of multiple dwellings that could be achieved on sites coded R40 or higher.

Legislation/Strategic Community Plan/Policy Implications

Legislation	Sections 3.58 and 3.59 of the <i>Local Government Act 1995</i> , together with the <i>Local Government (Functions and General) Regulations 1996</i> determine how a local government may dispose of property.
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Strategic Community Plan

Key theme	Quality Urban Environment.
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Objective	Quality built outcomes.
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Strategic initiative	Buildings and landscaping is suitable for the immediate environment and reflect community values.
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Key theme	Financial Sustainability.
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Objective	Financial diversity.
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Strategic initiative	Identify opportunities for new income streams that are financially sound and equitable.
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Policy	<ul style="list-style-type: none"> • <i>Asset Management Policy.</i> • <i>Sustainability Policy.</i>
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Risk management considerations

Disposal of property needs to comply with the requirements of sections 3.58 and 3.59 of the *Local Government Act 1995*, which are designed to ensure openness and accountability in the disposal process.

It is possible that the reserve price as per the market valuations obtained may not be realised and the City needs to determine reserve prices below which it will not sell.

The recommendations for disposal are based on a combination of the best financial return, planning outcomes and community benefit.

The proposed changes to the land use for some of the lots being considered for disposal may result in resident dissatisfaction.

Based on the conditions and comments provided by State Government departments to date with regard to the City's acquisition of Lot 12223 (12) Blackwattle Parade, Padbury, this proposal may not proceed in accordance with Council's and the community's preference.

Financial / budget implications

Table 3 below provides valuation information on the five remaining sites to be sold. Market valuation information is used to set the reserve price on land being disposed of.

The associated main expenditure costs to the City's disposal of freehold land are legal and settlement fees, advertising costs, land surveying and amalgamation costs and real estate fees and commissions.

Table 3

Property Address - Disposals	Approximate Overall Value
Lots 200(24), 201(22) and 202(20) Kanangra Crescent, Greenwood (proposed amalgamated site).	\$8,000,000
Lot 23 (77) Gibson Avenue, Padbury.	
Lot 701 (15) Burlos Court, Joondalup.	
Lots 642/643 (57/59) Marri Road, Duncraig.	
Lot 1001 (14) Camberwarra Drive, Craigie.	

Regional significance

Not applicable.

Sustainability implications

The disposal of City freehold land that has been set aside for community use should not be disposed of without there being a nominated purpose addressing a community need. Concerning the freehold land disposal project to date, Council has supported the restricted use of aged or dependent persons' dwellings providing alternative housing choices for the City's ageing population.

Council has agreed that the proceeds from the sale of freehold land are to be transferred to the Joondalup Performing Arts and Cultural Facility Reserve Fund.

Consultation

Regarding consultation, public auction, public tender and private treaty methods have been used with regard to the City's land disposal project. Advertising is a requirement with all three methods unless, in respect of private treaty, the disposal is exempt under Regulation 30 of the *Local Government (Functions and General) Regulations 1996*.

The statutory public advertising period of 42 days for amendments to DPS2 is generally when the community was first able to make a submission on proposed land disposals.

The City has the option to consult with residents using the process outlined in its *Community Consultation and Engagement Protocol* which was used for the consultation on the proposed acquisition of Lot 12223 (12) Blackwattle Parade, Padbury.

COMMENT

The City's objective with the land disposal project to date has resulted in a community benefit that allows local residents the opportunity to 'age in place.' To continue to dispose of freehold land is not a sustainable approach as a funding source and the City now needs to identify options for optimisation of its landholdings for the long term. The City's proposed *Property Strategy* will set out the decision-making framework, policies and principles to guide its future with regard to property matters and actions are continuing to support its development.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Poliwka, SECONDED Cr Norman that the Finance Committee NOTES:

- 1 the status report on the progress of the City's proposed disposal of the five freehold land sites as at 3 February 2016 as detailed in this Report;**
- 2 the status report on the progress of the City's proposed acquisition of State Government owned Lot 12223 (12) Blackwattle Parade, Padbury;**
- 3 a further status report on the progress of the City's proposed disposal of freehold land and proposed acquisition of Lot 12223 (12) Blackwattle Parade, Padbury will be submitted to the Finance Committee meeting to be held on 4 April 2016.**

The Motion was Put and CARRIED (6/0) by Exception Resolution after consideration of Petitions and Deputations, page 6 refers .

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman and Poliwka.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2agnFIN160404.pdf](#)

ITEM 3 UPDATE ON THE 2015-16 CAPITAL WORKS PROGRAM

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Infrastructure Services
FILE NUMBER	105564, 101515
ATTACHMENTS	Attachment 1 Capital Works Project Report 2015-16
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

This report was re-presented to the Finance Committee as a result of the adjourned Finance Committee meeting held on 3 February 2016.

PURPOSE

For the Finance Committee to note the update on the *2015-16 Capital Works Program*.

EXECUTIVE SUMMARY

The Capital Works Project Report for the 2015-16 program as at 31 December 2015 is attached (Attachment 1 refers).

It is therefore recommended that the Finance Committee NOTES the report on the Capital Works Projects for 2015-16 as at 31 December 2015 forming Attachment 1 to this Report.

BACKGROUND

At its meeting held on 15 May 2012 (CJ094-05/12 refers), Council resolved in part, to establish a Capital Works Committee to:

- *oversee the monthly progress of the City's annual Capital Works Program and review of the City's Five Year Capital Works Program*
- *oversee the long term planning of major capital works projects not being the role of a Council Committee established for such purposes*
- *consider recommendations to modify the City's Capital Works.*

At its meeting held on 3 November 2015 (JSC02-11/15 refers), Council resolved, in part to:

“1 *DISBAND the following committees established by the Council at its meeting held on 5 November 2013 (JSC06-11/13 refers):*

1.3 *Capital Works Committee;*

2 *ESTABLISH a Finance Committee to:*

2.1 *oversee the progress of the City’s annual capital works program and review of the City’s Five Year Capital Works Program;*

2.2 *make recommendations to Council on modifications of capital works projects outside those projects of the Major Projects Committee;*

2.3 *make recommendations to Council on the services to be provided by the City and the standards of service delivery being cognisant of industry best practice.”*

DETAILS

The Capital Works Project Report for the 2015-16 program as at 31 December 2015 is provided at Attachment 1.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation

Sections 5.17 and 6.8 of the *Local Government Act 1995*.

A committee cannot make decisions, on behalf of the Council, that require an absolute majority decision (section 5.17 of the *Local Government Act 1995*), in which case, and in accordance with Section 6.8 of the *Local Government Act 1995*, includes approving expenditure not included in the City’s Annual Budget. The Finance Committee may only recommend to the Council to approve or modify capital works projects.

Strategic Community Plan

Key theme

Financial Sustainability.

Objective

Major project delivery.

Strategic initiative

Not applicable.

Policy

Not applicable.

Risk management considerations

Not applicable.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The Capital Works Project Report for the 2015-16 program provides an update on the capital works activities undertaken as at 31 December 2015.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Poliwka, **SECONDED** Cr Norman that the Finance Committee **NOTES** the report on the Capital Works Projects for 2015-16 as at 31 December forming Attachment 1 to this Report.

The Motion was Put and CARRIED (6/0) by Exception Resolution after consideration of Petitions and Deputations, page 6 refers.

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman and Poliwka.

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3agnFIN160404.pdf](#)

ITEM 4 BI-MONTHLY CAPITAL WORKS PROJECT REPORTS

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Infrastructure Services
FILE NUMBER	105564, 101515
ATTACHMENTS	Attachment 1 Iluka Sports Centre Refurbishment Attachment 2 Timberlane Park Hall Upgrade Attachment 3 Kingsley Clubrooms Attachment 4 SES Winton Road Attachment 5 James Cook Park Landscape Upgrade Attachment 6 Ocean Reef Road - Marmion Avenue to Oceanside Promenade Dualling Attachment 7 Whitfords Avenue - Northshore Drive Belrose Entrance Dualling Attachment 8 Ocean Reef Road/Joondalup Drive Intersection Upgrade Attachment 9 City Centre Lighting Attachment 10 Chichester Park Flood Lighting Upgrade Attachment 11 Bramston Park Facility Attachment 12 Multi-Storey Car Park - Boas Avenue Attachment 13 Marmion Foreshore Car Park Attachment 14 Synthetic Hockey Project Warwick
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

This report was re-presented to the Finance Committee as a result of the adjourned Finance Committee meeting held on 3 February 2016.

PURPOSE

For the Finance Committee to note the bi-monthly project status reports for capital works projects.

EXECUTIVE SUMMARY

At the former Capital Works Committee meeting held on 14 September 2015 the Committee determined which capital works project reports were required and the frequency of reporting. The bi-monthly project reports are attached (Attachments 1-14 refer).

It is therefore recommended that the Finance Committee NOTES the bi-monthly capital works project reports forming Attachments 1 to 14 to this Report.

BACKGROUND

At its meeting held on 14 September 2015 the former Capital Works Committee requested that the following project reports from the *2015-16 Capital Works Program* be provided on a bi-monthly basis:

- Iluka Sports Centre Refurbishment.
- Timberlane Park Hall Upgrade.
- Kingsley Clubrooms.
- SES Winton Road.
- James Cook Park Landscape Upgrade.
- Ocean Reef Road – Marmion Avenue to Oceanside Promenade Dualling.
- Whitfords Avenue – Northshore Drive to Belrose Entrance Dualling.
- Ocean Reef Road/Joondalup Drive Intersection Upgrade.
- Joondalup City Centre Lighting.
- Chichester Park Flood Lighting Upgrade.
- Bramston Park Facility.
- Multi-Storey Car Park - Boas Avenue.
- Marmion Foreshore Car Park.
- Synthetic Hockey Project Warwick.

At its meeting held on 3 November 2015 (JSC02-11/15 refers), Council resolved, in part to:

“1 *DISBAND the following committees established by the Council at its meeting held on 5 November 2013 (JSC06-11/13 refers):*

1.3 *Capital Works Committee;*

2 *ESTABLISH a Finance Committee to:*

2.1 *oversee the progress of the City’s annual capital works program and review of the City’s Five Year Capital Works Program;*

2.2 *make recommendations to Council on modifications of capital works projects outside those projects of the Major Projects Committee;*

2.3 *make recommendations to Council on the services to be provided by the City and the standards of service delivery being cognisant of industry best practice;”*

DETAILS

A summary of the projects and their current status is detailed in the bi-monthly project reports forming Attachments 1-14 to this Report.

The following projects which required bi-monthly project reports have now been substantially completed and no further reports will be presented to the Finance Committee:

- Iluka Sports Centre Refurbishment.
- Multi-Storey Car Park – Boas Avenue.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation Sections 5.17 and 6.80 of the *Local Government Act 1995*.

A committee cannot make decisions, on behalf of the Council, that require an absolute majority decision (section 5.17 of the *Local Government Act 1995*), in which case, and in accordance with Section 6.8 of the *Local Government Act 1995*, includes approving expenditure not included in the City's Annual Budget. The Finance Committee may only recommend to the Council to approve or modify capital works projects.

Strategic Community Plan

Key theme Financial Sustainability.

Objective Major project delivery.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

Not applicable.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The attached capital works project reports provide an update on the activities undertaken in the last two months.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Poliwka, **SECONDED** Cr Norman that the Finance Committee **NOTES** the bi-monthly capital works project reports forming Attachments 1 to 14 to this Report.

The Motion was Put and CARRIED (6/0) by Exception Resolution after consideration of Petitions and Deputations, page 6 refers.

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman and Poliwka.

Appendix 4 refers

To access this attachment on electronic document, click here: [Attach4agnFIN160404.pdf](#)

ITEM 5 RE-SCHEDULING OF MEETING DATES - FINANCE COMMITTEE 2016

WARD	All
RESPONSIBLE DIRECTOR	Mr Jamie Parry Governance and Strategy
FILE NUMBER	105564
ATTACHMENTS	Nil
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For the Finance Committee to consider re-scheduling various committee meeting dates and times for 2016.

EXECUTIVE SUMMARY

At its meeting held on 3 November 2015 the Finance Committee adopted a schedule of meeting dates for the Finance Committee throughout 2016. The meeting schedule has been reviewed with the intent of reducing time imposition on Elected Members and it is proposed to amend a number of meeting dates so they are held on the same day as other scheduled meetings.

It is therefore recommended that the Finance Committee ADOPTS the amended meeting dates and times for the Finance Committee of the City of Joondalup to be held at the Joondalup Civic Centre, Boas Avenue, Joondalup.

BACKGROUND

The Finance Committee was established at the Special Council meeting held on 3 November 2015 (JSC02-11/15 refers). The role of the Finance Committee is to:

- oversee the progress of the City's annual capital works program and review of the City's Five Year Capital Works Program
- make recommendations to Council on modifications of capital works projects outside those projects of the Major Projects Committee
- make recommendations to Council on the services to be provided by the City and the standards of service delivery being cognisant of industry best practice
- oversee the City's financial management activities, funding proposals and long term strategic financial planning
- make recommendations to Council on reviews and impacts on the City's *20 Year Strategic Financial Plan*.

The proposed 2016 schedule of Council meeting dates is based on the format used in recent years. That is, a monthly meeting format with Strategy Sessions held on the first Tuesday of each month, Briefing Sessions held on the second Tuesday and Council meetings on the third Tuesday.

This enables committee meetings to be scheduled on the Monday, Tuesday or Wednesday of weeks one, two and three so as to minimise potential conflicts with other Council activities and provide a 'meeting-free' week in the fourth week of each month.

It is preferable to hold committee meetings in the first week of the month, thereby enabling committee recommendations to be listed in the Briefing Session agenda and subsequently the Council meeting agenda, however this may not always be possible due to other scheduled meetings.

At its meeting held on 3 November 2015 (Item 1 refers) the Finance Committee adopted a schedule of meeting dates for the Finance Committee throughout 2016 as follows:

Finance Committee
To be held in Conference Room 2
Wednesday 3 February 2016, commencing at 7.00pm
Wednesday 6 April 2016, commencing at 7.00pm
Wednesday 8 June 2016, commencing at 7.00pm
Wednesday 10 August 2016, commencing at 7.00pm
Wednesday 5 October 2016, commencing at 7.00pm
Wednesday 7 December 2016, commencing at 7.00pm

DETAILS

The proposed changes are as follows:

- Cancel the meeting scheduled for Wednesday 6 April 2016, due to the meeting being held on Monday 4 April 2016.
- Amend the date and time of the Wednesday 5 October 2016 meeting to now be held on Monday 3 October 2016, commencing at 5.45pm. This meeting will be followed by the Major Projects Committee meeting commencing at 7.15pm.

Issues and options considered

The Finance Committee can either:

- adopt the meeting dates as proposed in this report
- not adopt the meeting dates as proposed in this report
- or
- amend the meeting dates.

Legislation / Strategic Community Plan / policy implications**Legislation**

Local Government Act 1995.
Local Government (Administration) Regulations 1996.
City of Joondalup Meeting Procedures Local Law 2013.

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

Should the meeting schedule not be changed, there is a risk that committee members may be unable to attend due to conflicting appointments.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

While the meetings are no longer scheduled on the same day and time, the amended schedule aligns meetings with other scheduled meetings, thereby minimising conflicts with other City activities.

VOTING REQUIREMENTS

Absolute Majority.

MOVED Cr Poliwka, SECONDED Mayor Pickard, that the Finance Committee BY AN ABSOLUTE MAJORITY AMENDS its decision on 3 November 2015 (Item 1 refers) as follows:

- 1 Cancels the meeting scheduled for Wednesday 6 April 2016, due to the meeting being held on Monday 4 April 2016;**
- 2 Re-schedules the Wednesday 5 October 2016 meeting to now be held on Monday 3 October 2016, commencing at 5.45pm.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman and Poliwka.

Cr Taylor and the Chief Executive Officer entered the room at 5.52pm.

The Chief Executive Officer left the room at 5.54pm and returned at 5.55pm.

ITEM 6 20 YEAR STRATEGIC FINANCIAL PLAN 2015-16 TO 2034-35 REVIEW OF MAJOR PROJECTS

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	105350
ATTACHMENT	Attachment 1 Major Project Assumptions and Changes since Adopted Plan Attachment 2 Major Project Assumptions by Year
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Finance Committee (the committee) to review the major projects included within the update of the *20 Year Strategic Financial Plan*.

EXECUTIVE SUMMARY

At its meeting held on 15 December 2015 (CJ223-12/15 refers), the *20 Year Strategic Financial Plan 2014-15 to 2033-34* was adopted by Council. The City is required to update the *20 Year Strategic Financial Plan* annually. This report is the beginning of the process for the 2016 update. It is proposed that the *20 Year Strategic Financial Plan* will be reviewed at the fifth Budget Workshop in 2016 and by the committee in June 2016, prior to its consideration by Council.

This report provides the committee with an early opportunity to review the major projects that are included in the forthcoming update of the *20 Year Strategic Financial Plan 2015-16 to 2034-35* for feedback into the review process.

It is therefore recommended that the Finance Committee ENDORSES the major projects listed in Attachment 1 and Attachment 2 to this Report for review within this forthcoming update of the 20 Year Strategic Financial Plan.

BACKGROUND

At its meeting held on 15 December 2015 (CJ223-12/15 refers), the *20 Year Strategic Financial Plan 2014-15 to 2033-34* was adopted by Council. The *20 Year Strategic Financial Plan* is updated annually and completed at the same time as the annual budget review, between February and June of each year. It is vital to build into the process an opportunity to review the scheduling/priority of major projects, which this report addresses.

DETAILS

Scheduling for Major Projects

As part of the annual update of the draft *Capital Works Program*, the City has reviewed the capacity and scheduling of major projects. Several projects had assumed that all capital expenditure for a project would be contained within one financial year. While this may be possible and preferred for some projects, in reality it is more likely that major projects straddle two or three years due to planning, tender and construction. As a result it is proposed to spread out the capital costs for the following projects into two or three financial years rather than show the full cost in one year only:

- Grove Child Care / Dorchester Hall / Warwick Hall – previously shown in two financial years, now spread to three financial years. The commencement year of 2016-17 remains unchanged.
- Joondalup Administration Building – refurbishment. Previously shown in one financial year now proposed to be spread to two years. The commencement year of 2017-18 remains unchanged. The overall expenditure has increased slightly by \$90,000.
- Craigie Leisure Centre Upgrades. Previously shown in one financial year now proposed to be spread to three years. The commencement year of 2017-18 remains unchanged.
- Joondalup Library - major refurbishment. Previously shown in one financial year now proposed to be spread to two years. The commencement year of 2017-18 remains unchanged.
- Clubroom Redevelopment – Chichester Park. Previously shown in one financial year now proposed to be spread to three years. The proposed commencement year of 2018-19 is one year earlier than the adopted plan.
- Percy Doyle Refurbishments - To ensure that the project can be completed by the intended year, planning costs are proposed to be brought forward by one year.

The changes above are consistent with the draft *Five Year Capital Works Program* presented at the budget workshop on 14 March 2016.

The Penistone Park – Facility Redevelopment project will be subject to a separate report to Council in April 2016 including details of the CSRFF outcome and options to address the gap in funding – the values in the *20 Year Strategic Financial Plan* will be updated following the Council review in April. To meet the deadlines for the April Finance Committee this report has had to be completed pending the review of Penistone Park Facility Redevelopment.

Attachment 1 and Attachment 2

Attachment 1 provides an overall summary of the major projects currently assumed to be included in the *20 Year Strategic Financial Plan*. The attachment indicates the source of the data, and compares the year of completion and overall capital expenditure versus the adopted *20 Year Strategic Financial Plan*.

Attachment 2 provides details of the timing of major projects by year. Three tables are shown within Attachment 2, the first table lists the expenditure and timings as included within the adopted *20 Year Strategic Financial Plan*, the second table is the proposed timings based on the rescheduling as described above and the third table shows the difference between the adopted plan and the proposed timing.

Feedback

Feedback is sought on the list of major projects and any matters that need to be taken into consideration in regard to the following:

- Timing - should any of the projects be brought forward or delayed?
- Priority - are there projects that should be given a higher or lower priority currently shown?
- What's Included - any major projects that are not included but should now be considered for inclusion or any included that should be considered for removal?

Issues and options considered

The City has a number of challenges in the years ahead with the *20 Year Strategic Financial Plan* that should be taken into consideration when reviewing the scheduling and inclusion of major projects. The key issues are summarised below.

Key Ratios

The *20 Year Strategic Financial Plan* is prepared using a set of guiding principles, which includes five key ratios. There is a maximum possible achievement of 100 key ratios (five ratios x 20 years). Of the five key ratios identified within the guiding principles, the current *20 Year Strategic Financial Plan* achieves 83 out of 100, although there is only 33 out of 50 achieved in the first 10 years. This is far from ideal because the City should achieve at least 90 of the key ratios. Indeed the operating surplus ratio, which is the most important ratio, is below the threshold for the first seven years and only comes within tolerance from 2021-22. For those ratios that are not achieved (operating surplus ratio and asset sustainability ratio), there is a positive trend.

Operating Surplus Ratio

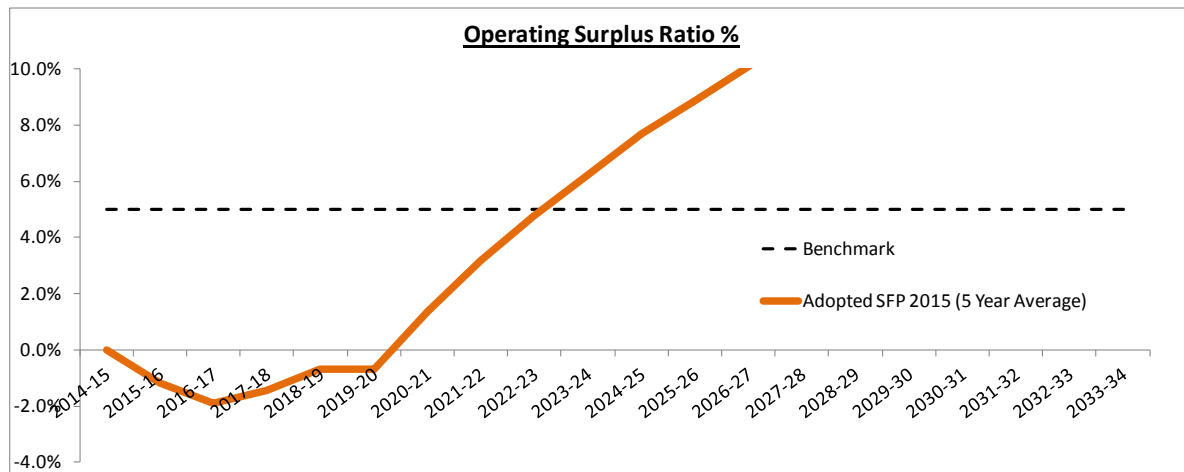
The operating surplus ratio measures the amount of surplus available from day to day activities compared to the day to day income. The performance benchmark used by the Department of Local Government and Communities for the ratio is 5%, this is also the target established by the City. A 5% operating surplus ratio simply means that for each \$100 of operating income received, \$95 is spent in providing services and \$5 is left as a surplus to assist with new or upgraded facilities. The operating surplus ratio is the most important indicator for long-term financial planning.

Major Projects impact on the operating surplus ratio as follows:

- Depreciation of the new infrastructure is an operating expense and depresses the ratio.
- Repayment of borrowings (interest costs) is an operating expense.
- Operating expenses (Employment costs, materials and utilities required for the new facility).
- Income from the new facility can offset the operating expenses.

Most major projects do not individually have a significant impact on the operating surplus ratio but some of the larger projects can have a material impact, for example the Joondalup Performing Arts and Cultural Facility depresses the ratio by 2.8%.

Although the projections for the operating surplus ratio move in a positive direction, particularly from 2019-20 this is predicated on some key assumptions in the *20 Year Strategic Financial Plan*, such as the increase in rates revenue with new businesses and new dwellings. These assumptions may not come to pass and the projected improvement in the operating surplus ratio may therefore not materialise as early as shown below.



Financial Sustainability Score

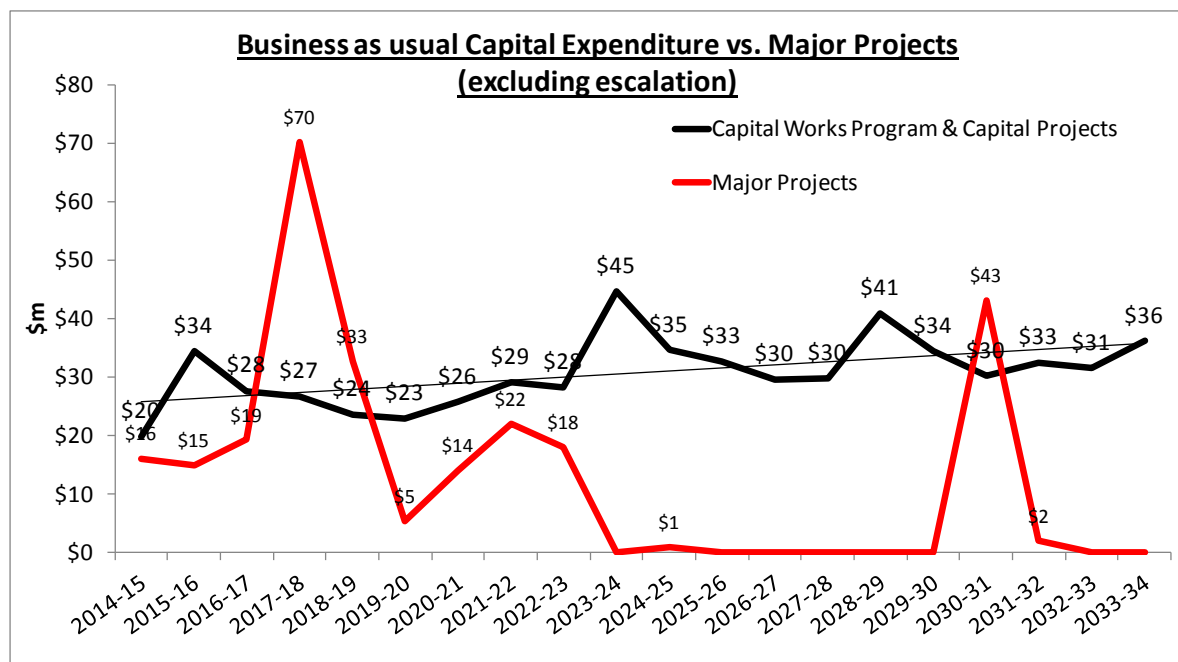
The Department Local Government and Communities published a Financial Sustainability Score for each metropolitan local government in October 2014, as part of the Metropolitan Local Government Reform update. The methodology developed was based on the seven statutory ratios (operating surplus ratio, own source revenue coverage, debt service coverage ratio, current ratio, asset consumption, asset renewal and asset sustainability). The City of Joondalup scored below average mostly due to the Operating Surplus Ratio.

The Department of Local Government and Communities is currently preparing an update to the Financial Sustainability Score and intends to make the results available to the public, together with other annual statutory reports.

Ageing Infrastructure and Higher Renewal Requirements in Later Years

The City's infrastructure is relatively young in comparison to the expected life of its assets and therefore there will be a higher demand for capital renewals in future. The *20 Year Strategic Financial Plan* includes estimates for capital expenditure for business as usual requirements and estimates higher renewal expenditure than at present. The graph below summarises the capital expenditure for business as usual compared to Major Projects in the next 20 years.

While the last 10 years of the plan have a lot less expenditure for major projects than the first 10 years, the last 10 years of the plan have higher demands for renewals.



Depletion of Reserves and Borrowings

In the early years of the adopted plan cash reserves are depleted, reducing from \$55 million at June 2014 to \$24 million by June 2018. The \$24 million relates mostly to tied reserves, with \$1 million left in the *Strategic Asset Management Reserve* by 2017-18. The early years of the plan (and in particular 2017-18 and 2018-19) are projected to have a high level of new investment and consequently cause higher external borrowings than the City would normally use. Indeed, between the years 2015-16 to 2018-19 the City projects borrowings of \$53 million.

Projects not currently included in the 20 Year Strategic Financial Plan

There are a number of projects which have been subject to some discussion, but not included in the *20 Year Strategic Financial Plan* as they have not yet sufficiently been clarified. This could be due to a requirement for a Council decision, the need to determine some financial basis for how it may happen, unresolved external factors such as State Government participation or some combination of these.

Projects discussed but not included are as follows:

- Digital Hub.
- Lotteries House extension – the City is currently developing a position statement on affordable accommodation for not-for-profit organisations.
- *Burns Beach Masterplan*.
- Ocean Reef Marina – the project costs for 2015-16 only are included. No other costs for the development of the project from 2016-17 or ongoing costs and income are included.
- redevelopment of Sorrento Surf Life Saving Club – the need to redevelop this in later years was identified in the *Active Reserve Review* (noted by Council in July 2014). No costs have yet been included in the *20 Year Strategic Financial Plan*. These will be subject to further review as part of a future update to the *Active Reserve Review*.

- Office Development - the project costs for office development and additional income from rates income are included, but there are no other costs or income assumed yet for the project.

Legislation / Strategic Community Plan / policy implications

Legislation *Local Government Act 1995.* Section 5.56 of the *Local Government Act 1995* provides that:

“(1) A local government is to plan for the future of the district.”

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative

- Manage liabilities and assets through a planned, long-term approach.
- Balance service levels for assets against long-term funding capacity.

Policy Not applicable.

Risk management considerations

The *20 Year Strategic Financial Plan* is based on many assumptions. There is a risk that those assumptions could be wrong or may not come to pass, however, it is a planning tool and the City is not committed to anything in the plan by virtue of endorsing it. Periodic review and continual update of the plan will ensure that it remains a relevant and useful document to manage the City's financial affairs into the future.

Financial / budget implications

The proposed changes to the scheduling of the major projects have no impact on the projected ratios within the *20 Year Strategic Financial Plan*.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The direction provided at this stage in the process does not fix the assumptions used in the *20 Year Strategic Financial Plan*, but provides direction for the update of the model. The Elected Members and the Finance Committee have further opportunities to review all the assumptions when the *20 Year Strategic Financial Plan* is presented at the fifth budget workshop in May, and again at the Finance Committee meeting to be held on 8 June 2016.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mayor Pickard, SECONDED Cr Dwyer that the Finance Committee ENDORSES the major projects listed in Attachment 1 and Attachment 2 to this Report for review within this forthcoming update of the *20 Year Strategic Financial Plan*.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman, Poliwka and Taylor.

Appendix 5 refers

To access this attachment on electronic document, click here: [Attach5agnFIN160404.pdf](#)

ITEM 7 IMPACT ON 20 YEAR STRATEGIC FINANCIAL PLAN OF REPORTS TO COUNCIL – OCTOBER 2015 TO MARCH 2016

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	103570
ATTACHMENT	Attachment 1 Impact on 20 Year Strategic Financial Plan of Reports to Council – July 2015 to March 2016
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Finance Committee to note the impacts on the adopted *20 Year Strategic Financial Plan* (SFP) of reports approved by Council for the period October 2015 to March 2016.

EXECUTIVE SUMMARY

A quarterly report to provide progressive updates between annual reviews of the SFP by summarising the impacts on the adopted SFP of reports presented to Council was introduced in October 2014. This report is the third quarterly report for 2015-16.

This report covers the period February to March 2016 and will also summarise the combined impacts from July 2015 to December 2015.

So that the report focuses on those decisions that are capable of having an impact of some significance, a minimum threshold of an impact of \$50,000 has been applied. There were three reports from February to March 2016 that were above the minimum threshold with a total impact of \$49.2 million up to 2033-34. There were five reports approved by Council between July 2015 and December with an improvement in cash of \$4.6 million up to 2033-34. The net cumulative effect of decisions in the 2015-16 financial year is a total improvement in cash of \$53.8 million up to 2033-34.

It is therefore recommended that the Finance Committee NOTES:

- 1 *three reports were considered by Council in the period February to March 2016 that had an estimated net benefit on the 20 Year Strategic Financial Plan of \$49.2 million;*
- 2 *the net cumulative effect of decisions by Council to March 2016 in the current financial year is a total improvement in cash of \$53.8 million up to 2033-34.*

BACKGROUND

In October 2014, a quarterly report was introduced to provide progressive updates between annual reviews of the SFP by summarising the impacts on the adopted SFP of reports presented to Council. This report is the third quarterly report for 2015-16.

The previous report covered October 2015 to December 2015. This report covers the period February to March 2016 and will also summarise the combined impacts from July 2015.

DETAILS

The SFP is a long-term planning tool and so that the report focuses on those decisions that are capable of having an impact of some significance a minimum threshold of an impact of \$50,000 has been applied. The threshold of \$50,000 results in many of the reports being outside the scope of this analysis, as they have a relatively small amount (for example planning fees) or have no financial impact at all. Consequently, of all the reports presented to Council between February and March 2016 there were three reports that have an impact on the SFP. The total estimated impact up to 2033-34 of those three reports is \$49.2 million and these are listed in Attachment 1.

There were three reports between July 2015 to September 2015, that had net impacts of \$600,000, and two reports between October 2015 and December 2015 that had net impacts of \$4 million and these are all listed in Attachment 1. With regards the tables, please note:

The impacts have been categorised into:

- \$54.4 million commitments made by Council
- (\$600,000) other impacts including amounts that were informed by other bodies, or potential impacts for reports that have been noted, without a firm commitment having been made yet. This specifically relates to the potential beach enclosure at Sorrento Beach where the item is noted for consideration at the 2015-16 mid-year review.

The SFP Impact is based on the following:

- Total estimated cashflows up to 2033-34.
- Includes inflation.
- Includes all whole of life costs such as capital expenditure, operating expenses, operating income, reserves, borrowings, interest payments and earnings on cash held.

As a result of calculating the impacts up to 2033-34 for total cash, the impact for each report is higher than the initial impact.

Issues and options considered

The impacts of all reports included in Attachment 1 will be included in the next update of the SFP in 2016.

Legislation / Strategic Community Plan / policy implications

Legislation *Local Government Act 1995.* Section 5.56 of the *Local Government Act 1995* provides that:

“(1) A local government is to plan for the future of the district.”

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative

- Manage liabilities and assets through a planned, long-term approach.
- Balance service levels for assets against long-term funding capacity.

Policy Not applicable.

Risk management considerations

The SFP is based on many assumptions. There is a risk that those assumptions could be wrong or may not come to pass, however, it is a planning tool and the City is not committed to anything in the plan by virtue of endorsing it. Periodic review and continual update of the plan will ensure that it remains a relevant and useful document to manage the City's financial affairs into the future.

Financial / budget implications

The impact to the City up to 2033-34 of the reports approved between July 2015 and March 2016 is estimated to be a benefit of \$53.8 million. This impact is the total change in cash at the end of 2033-34, and while this is a benefit there are some years where the impacts may be negative. These impacts will be factored into the updated of the SFP during 2016.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

This report provides a further enhancement to the long-term financial sustainability by the City by providing a progressive update on the impacts on the SFP of Council decisions.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Chester, SECONDED Cr Dwyer that the Finance Committee NOTES:

- 1** **three reports were considered by Council in the period February to March 2016 that had an estimated net benefit on the *20 Year Strategic Financial Plan* of \$49.2 million;**
- 2** **the net cumulative effect of decisions by Council to March 2016 in the current financial year is a total improvement in cash of \$53.8 million up to 2033-34.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman, Poliwka and Taylor.

Appendix 6 refers

To access this attachment on electronic document, click here: [Attach6agnFIN160404.pdf](#)

ITEM 8 STATUS REPORT ON CITY FREEHOLD PROPERTIES PROPOSED FOR DISPOSAL AND A PROPOSED CROWN LAND ACQUISITION

WARD	All	
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO	
FILE NUMBER	63627, 101515	
ATTACHMENTS	Attachment 1	Lot 200 (24), Lot 201 (22) Lot 202 (20) Kanangra Crescent, Greenwood
	Attachment 2	Lot 23 (77) Gibson Avenue, Padbury
	Attachment 3	Lot 803 (15) Burlos Court, Joondalup
	Attachment 4	Lot 1001 (14) Camberwarra Drive, Craigie
	Attachment 5	Lots 642/643 (57/59) Marri Road, Duncraig
	Attachment 6	Lot 12223 (12) Blackwattle Parade, Padbury
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.	

PURPOSE

For Council to note the progress towards the disposal of a number of City owned freehold land sites and the potential acquisition of a Crown land community purpose reserve.

EXECUTIVE SUMMARY

The City's freehold land disposal project initially included 14 sites with two sites being withdrawn from consideration and seven sites having sold (Table 1 below refers). A private treaty negotiation is pending the result of the proposed purchasers' development application on one of the sites.

Of the four remaining properties, two are the subject of rezoning amendments that are awaiting the Minister for Planning's final approval. Receipt of this approval for one of the properties will not mean it is available for disposal immediately, as a building on the site is tenanted until the end of 2016.

A potential sales strategy with the remaining four properties to be disposed of could be calling public tenders. This is a cost-effective method of testing the market and those sites that can be considered immediately are Lot 803 (15) Burlos Court, Joondalup (Attachment 3 refers) and Lot 1001 (14) Camberwarra Drive, Craigie (Attachment 4 refers). Should the method prove successful for the first two sites, public tenders could also be called for the remaining two sites when they become available for sale. Reserve prices can be set by the Chief Executive Officer based on up-to-date market valuations.

Information detailed in Table 2 of this Report is a summarised account of the progress towards the disposal of the remaining sites. Table 2 also includes a summary on the status of the City's proposed acquisition of the State Government owned Lot 12223 (12) Blackwattle Parade, Padbury.

Council has determined that the proceeds from the sale of freehold land are to be transferred to the Joondalup Performing Arts and Cultural Facility Reserve Fund.

It is therefore recommended that Council:

- 1 *NOTES the status report on the progress of the City's proposed disposal of five freehold land sites and the proposed Crown land acquisition;*
- 2 *NOTES that Lot 202 (20) Kanangra Crescent, Greenwood did not sell at public auction in March 2013;*
- 3 *AUTHORISES the Chief Executive Officer to conduct public tenders on the following properties in accordance with section 3.58(2)(b) of the Local Government Act 1995 on setting reserve prices based on current market valuations:*
 - 3.1 *Lot 803 (15) Burlos Court, Joondalup;*
 - 3.2 *Lot 1001 (14) Camberwarra Drive, Craigie;*
 - 3.3 *Lot 200 (24), Lot 201 (22) and 202 (20) Kanangra Crescent, Greenwood when amalgamated and available for disposal;*
- 4 *NOTES that Council has previously provided its authorisation for the disposal of Lots 642/643 (57/59) Marri Road, Duncraig at its meeting held on 20 November 2012 (CJ243-11/12 refers) on conclusion of the current lease;*
- 5 *REQUESTS the Chief Executive Officer to report back to Council on the results of each public tender to enable Council to decide which is the most acceptable offer;*
- 6 *NOTES a further status report on the progress of the City's proposed disposal of freehold land and proposed acquisition of a Crown land site will be submitted to the Finance Committee meeting to be held on 8 June 2016.*

BACKGROUND

The City's freehold land disposal project initially included 14 sites. Lot 181 (4) Rowan Place, Mullaloo (CJ096-05/12 refers) and Lot 971 (52) Creaney Drive, Kingsley (CJ103-06/14 refers) were withdrawn from sale. Table 1 indicates the seven sites that have sold to-date.

Except for the site that was sold to Masonic Care WA in Kingsley, Council approved the sale of these properties for the development of 'Aged or Dependent Persons' Dwellings' – or unit developments for people over 55 years of age.

Table 1 (GST exclusive)

Property	Date Sold	Sale Price
Lot 200 (18) Quilter Drive, Duncraig	March 2013	\$1,350,000
Lot 766 (167) Dampier Avenue, Kallaroo	March 2013	\$1,055,000
Lot 147 (25) Millport Drive, Warwick	March 2013	\$1,340,000
Lot 613 (11) Pacific Way, Beldon	March 2013	\$ 700,000
Lot 671 (178) Camberwarra Drive, Craigie	March 2013	\$ 828,000
Part Lot 549 (11) Moolanda Boulevard, Kingsley	August 2015	\$1,050,000
Lot 745 (103) Caridean Street, Heathridge	December 2015	\$ 874,000

A status update on the City's proposed acquisition of the State Government owned Lot 12223 (12) Blackwattle Parade, Padbury has been included in this report. Should the acquisition be successful, the City proposes to rezone the site and dispose of the land.

DETAILS

Table 2

	Property Address	Land Disposals – Current Status
1	<p>Lot 200 (24), Lot 201 (22) and 202 (20) Kanangra Crescent, Greenwood.</p> <p>Land Area: 3005m²*</p> <p>Attachment 1 refers.</p> <p>*Approximate land area, once the three lots are amalgamated.</p>	<p>Lot 202 (20) Kanangra Crescent, Greenwood was one of the original 14 sites being considered. At its meeting held on 11 December 2012 (CJ284-12/12 refers) Council supported the disposal of Lot 202 by public auction. The site did not sell at auction and the subsequent highest offer post-auction did not meet the reserve price. Lot 202 was then withdrawn from sale in order to examine available options.</p> <p>At its meeting held on 31 March 2015, Council supported the amalgamation of Lot 200 (24), Lot 201 (22) and 202 (20) Kanangra Crescent, Greenwood and the initiation of an amendment to <i>District Planning Scheme No. 2</i> (DPS2) to recode the amalgamated land from R20 to R40 and to restrict the use to 'Aged or Dependent Persons' Dwellings.'</p> <p>Amendment No. 78 was advertised for public comment for 42-days closing on 4 December 2015. Council considered the submissions received at its meeting held on 16 February 2016 (CJ002-02/16 refers) and supported the amendment. Council's decision on Amendment No. 78 was forwarded to the Western Australian Planning Commission (WAPC) on 9 March 2016 requesting the Minister for Planning's final approval.</p> <p>The amalgamation process has commenced and should the Minister approve Amendment No. 78 and the amalgamation process is successful, the property may be available for disposal mid-2016.</p>

	Property Address	Land Disposals – Current Status
2	<p>Lot 23 (77) Gibson Avenue, Padbury –</p> <p>Land Area: 5,159m²</p> <p>Attachment 2 refers</p>	<p>A public tender process was conducted concerning this site with the tenders received being rejected by Council. This resulted in Council, at its meeting held on 18 November 2014 (CJ223-11/14 refers), providing its support to the sale of the site by public auction, or private treaty.</p> <p>The Stephens Group provided an acceptable offer for Lot 23 which was submitted to Council at its meeting held on 15 September 2015 (CJ163-09/15 refers). Council authorised the Chief Executive Officer to execute the Option to Purchase associated with the contract for a sum of \$2,146,500 inclusive of GST.</p> <p>A condition in the Option to Purchase is that the City agrees to allow a period of up to 150 days for The Stephens Group to undertake its due diligence and site evaluations, which included the lodgement of a development application.</p> <p>The City has recently received a request for an extension to the Option Period from The Stephens Group. The request is due to a substantial redesign of the proposed development to take account of planning concerns raised, one of which was the retention of a large tuart tree on the site. The City agreed to the request, taking the Option Period end date to 19 July 2016.</p>
3	<p>Lot 803 (15) Burlos Court, Joondalup –</p> <p>Land Area: 4,410m²</p> <p>Attachment 3 refers</p>	<p>The main actions to facilitate the sale of the portion of this site zoned for 'Aged or Dependent Persons' Dwellings' or over 55s, were two subdivisions and a rezoning amendment, all of which were finalised. Newly created Lot 803 is the site to be sold for over 55s, with the adjacent Lot 804 (17) Burlos Court, Joondalup, remaining in the City's ownership. Lot 804 is land the City leases to telecommunication carriers for mobile communications infrastructure.</p> <p>This property is available for disposal.</p>
4	<p>Lot 1001 (14) Camberwarra Drive, Craigie</p> <p>Land Area: 2,055m²</p> <p>Attachment 4 refers</p>	<p>To facilitate the proposed disposal of this site Council requested the initiation of an amendment to DPS2 to recode Lot 1001 from R20 to R40 and restrict the use to 'Aged or Dependent Persons' Dwellings. Amendment No. 80 was advertised from 23 April to 3 June 2015 and no objections were raised by residents.</p> <p>Amendment No. 80 was supported by Council and the Minister for Planning's final approval was granted on 10 February 2016.</p> <p>In order for Lot 1001 to be available for sale, the relocation of the Craigie Child Health Centre (CHC) service to the Padbury CHC based at Lot 699 (2) Caley Road, Padbury was necessary and this has now taken place. The renovation costs of approximately \$212,000 (exclusive of GST) are to be recovered from the proceeds of the sale of Lot 1001. This property is available for disposal.</p>

5	<p>Lots 642/643 (57/59) Marri Road, Duncraig –</p> <p>Land Area: 1,366m² when amalgamated</p> <p>Attachment 5 refers</p>	<p>The main area of the facility on Lots 642/643 (57/59) Marri Road, Duncraig is leased to the Department of Education (DoE). An area of approximately 58m² of the facility is being utilised by the Department of Health's (DoH) Duncraig CHC.</p> <p>The intent is to dispose of this property once the DoE has vacated the premises at the end of 2016 and the Duncraig CHC service has been relocated to the Carine CHC at Lot 159 (487L) Beach Road, Duncraig. To facilitate this relocation, the facility on Lot 159 will be refurbished at the City's cost.</p> <p>In preparation for the eventual vacation of the facility by both parties, Council requested the initiation of an amendment to DPS2 at its meeting held on 28 July 2015 (CJ110-07/15 refers). Council adopted proposed Amendment No. 82 for the purposes of public advertising to recode the site from R20 to R40 and restrict the use to Aged or Dependent Persons' Dwellings.</p> <p>Council supported Amendment No. 82 at its meeting held on 16 February 2016 (CJ003-02/16 refers) after considering the submissions received during the 42-day advertising period. Council included a request that on disposal of the site, steps are taken to encourage the purchaser to retain existing significant trees as part of the development.</p> <p>The amalgamation of the two lots was also a requirement concerning the future disposal of this property for unit development. The application has progressed to the stage where it has been endorsed by the WAPC; a settlement agent has been instructed to apply for the new Certificate of Title.</p>
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		Acquisition – Current Status
1	<p>Lot 12223 (12) Blackwattle Parade, Padbury</p> <p>Land Area: 3,332m²</p> <p>Attachment 6 refers</p>	<p>The City proposes to acquire this site from the State Government. At its meeting held on 24 June 2014 (CJ104-06/14 refers), Council accepted in-principle the Department of Land's (DoL) concessional purchase price of \$88,000 (exclusive of GST) subject to the outcome of a 30-day public advertising period.</p> <p>As part of the offer to the City, the DoL advised that the Department of Planning's (DoP) support was required; the DoP's conditional support has been provided to the City. One of the DoP's conditions is that the proceeds of the proposed future sale of the site are spent on community projects in line with the definition of "Community Purposes" under DPS2. The DoP advised that projects connected with parking, traffic and pedestrian issues were not considered to fall within the above definition.</p> <p>Public consultation was undertaken and closed on 26 March 2015. The consultation dealt with the proposed acquisition, in addition to three capital improvement options</p>

Acquisition – Current Status	
	<p>for the area, including the installation of traffic lights at the intersection of Walter Padbury Boulevard and Hepburn Avenue, Padbury which was a Council preferred project. Main Roads WA does not support the installation of traffic lights at this location.</p> <p>A report was submitted to Council at its meeting held on 19 May 2015 (CJ082-05/15 refers) concerning the outcome of the community consultation. The community supported the acquisition and the three community projects, including Council's preferred project of the installation of traffic lights.</p> <p>The outcome of the community consultation that demonstrated the level of community support for the acquisition was forwarded to the DoL. The DoL advised that a Briefing Note would be prepared on the matter and forwarded to the Minister for Lands.</p> <p>Recent advice from the DoL is that based on challenging economic times, it was necessary to amend the Briefing Note to include additional information. The amended version is now with the Minister for Lands' Office awaiting the Minister's consideration.</p>

Issues and options considered

As detailed in Table 2.

Multiple Dwellings

It is noted that currently where land is coded R40 or higher, there is the potential for multiple dwellings to be developed in accordance with the provisions of the *Residential Design Codes (R-Codes)*. A multiple dwelling is basically defined as one dwelling vertically placed above another dwelling. It is not possible to determine the potential number of multiple dwellings that could be achieved on sites coded R40 or higher.

Legislation/Strategic Community Plan/Policy Implications

Legislation

Sections 3.58 and 3.59 of the *Local Government Act 1995*, together with the *Local Government (Functions and General) Regulations 1996* determine how a local government may dispose of property.

Strategic Community Plan

Key theme

Quality Urban Environment.

Objective

Quality built outcomes.

Strategic initiative

Buildings and landscaping is suitable for the immediate environment and reflect community values.

Key theme	Financial Sustainability.
Objective	Financial diversity.
Strategic initiative	Identify opportunities for new income streams that are financially sound and equitable.
Policy	<i>Asset Management Policy.</i> <i>Sustainability Policy.</i>

Risk management considerations

Disposal of property needs to comply with the requirements of sections 3.58 and 3.59 of the *Local Government Act 1995*, which are designed to ensure openness and accountability in the disposal process.

It is possible that the reserve price as per the market valuations obtained may not be realised and the City needs to determine reserve prices below which it will not sell.

The recommendations for disposal are based on a combination of the best financial return, planning outcomes and community benefit.

The proposed changes to the land use for some of the lots being considered for disposal may result in resident dissatisfaction.

Based on the conditions and comments provided by State Government departments to-date with regard to the City's acquisition of Lot 12223 (12) Blackwattle Parade, Padbury, this proposal may not proceed in accordance with Council's and the community's preference.

Financial / budget implications

Council has agreed that the proceeds from the sale of freehold land are to be transferred to the Joondalup Performing Arts and Cultural Facility Reserve Fund.

The associated main expenditure costs related to the City's disposal of freehold land are legal and settlement fees, advertising costs, valuation costs, land surveying and costs related to subdivision/amalgamations.

Regional significance

Not applicable.

Sustainability implications

The disposal of City freehold land that has been set aside for community use should not be disposed of without there being a nominated purpose addressing a community need. Concerning the freehold land disposal project to-date, Council has supported the restricted use of aged or dependent persons' dwellings providing alternative housing choices for the City's ageing population.

Consultation

Regarding consultation, public auction, public tender and private treaty methods have been used with regard to the City's land disposal project. Advertising is a requirement with all three methods unless, in respect of private treaty, the disposal is exempt under Regulation 30 of the *Local Government (Functions and General) Regulations 1996*.

The statutory public advertising period of 42 days for amendments to DPS2 is generally when the community was first able to make a submission on proposed land disposals.

The City has the option to consult with residents using the process outlined in its *Community Consultation and Engagement Protocol* which was used for the consultation on the proposed acquisition of Lot 12223 (12) Blackwattle Parade, Padbury.

COMMENT

The City currently has two properties that are ready for disposal, with a further property likely to be available within a few months on receipt of the Minister for Planning's final approval of an amendment. The last of the four remaining properties is also awaiting the Minister's approval of an amendment but on receipt of this, disposal cannot be considered immediately due to the building on the site being tenanted until the end of 2016.

Calling public tenders on the properties available for disposal could be considered a cost effective way to test current market conditions as the process is conducted in-house and there are no commissions payable.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mayor Pickard, SECONDED Cr Dwyer that Council:

- 1 NOTES the status report on the progress of the City's proposed disposal of five freehold land sites and the proposed Crown land acquisition;**
- 2 NOTES that Lot 202 (20) Kanangra Crescent, Greenwood did not sell at public auction in March 2013;**
- 3 AUTHORISES the Chief Executive Officer to conduct public tenders on the following properties in accordance with section 3.58(2)(b) of the *Local Government Act 1995* on setting reserve prices based on current market valuations:**
 - 3.1 Lot 803 (15) Burlos Court, Joondalup;**
 - 3.2 Lot 1001 (14) Camberwarra Drive, Craigie;**
 - 3.3 Lot 200 (24), Lot 201 (22) and 202 (20) Kanangra Crescent, Greenwood when amalgamated and available for disposal;**

- 4 **NOTES** that Council has previously provided its authorisation for the disposal of Lots 642/643 (57/59) Marri Road, Duncraig at its meeting held on 20 November 2012 (CJ243-11/12 refers) on conclusion of the current lease;
- 5 **REQUESTS** the Chief Executive Officer to report back to Council on the results of each public tender to enable Council to decide which is the most acceptable offer;
- 6 **NOTES** a further status report on the progress of the City's proposed disposal of freehold land and proposed acquisition of a Crown land site will be submitted to the Finance Committee meeting to be held on 8 June 2016.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman, Poliwka and Taylor.

Appendix 7 refers

To access this attachment on electronic document, click here: [Attach7agnFIN160404.pdf](#)

ITEM 9 UPDATE ON THE 2015-16 CAPITAL WORKS PROGRAM

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Infrastructure Services
FILE NUMBER	105564, 101515
ATTACHMENT	Attachment 1 Capital Works Project Report 2015-16
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Finance Committee to note the update on the *2015-16 Capital Works Program*.

EXECUTIVE SUMMARY

The Capital Works Project Report for the 2015-16 program as at 29 February 2016 is attached (Attachment 1 refers).

It is therefore recommended that the Finance Committee NOTES the report on the Capital Works Projects for 2015-16 as at 29 February 2016 forming Attachment 1 to this Report.

BACKGROUND

At its meeting held on 15 May 2012 (CJ094-05/12 refers), Council resolved in part, to establish a Capital Works Committee to:

- *oversee the monthly progress of the City's annual Capital Works Program and review of the City's Five Year Capital Works Program*
- *oversee the long term planning of major capital works projects not being the role of a Council Committee established for such purposes*
- *consider recommendations to modify the City's Capital Works.*

At its meeting held on 3 November 2015 (JSC02-11/15 refers), Council resolved, in part to:

"1 DISBAND the following committees established by the Council at its meeting held on 5 November 2013 (JSC06-11/13 refers):

1.3 Capital Works Committee;

2 *ESTABLISH a Finance Committee to:*

- 2.1 *oversee the progress of the City's annual capital works program and review of the City's Five Year Capital Works Program;*
- 2.2 *make recommendations to Council on modifications of capital works projects outside those projects of the Major Projects Committee;*
- 2.3 *make recommendations to Council on the services to be provided by the City and the standards of service delivery being cognisant of industry best practice;"*

DETAILS

The Capital Works Project Report for the 2015-16 program as at 29 February 2016 is provided at Attachment 1.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation

Sections 5.17 and 6.8 of the *Local Government Act 1995*.

A committee cannot make decisions, on behalf of the Council, that require an absolute majority decision (section 5.17 of the *Local Government Act 1995*), in which case, and in accordance with Section 6.8 of the *Local Government Act 1995*, includes approving expenditure not included in the City's Annual Budget. The Finance Committee may only recommend to the Council to approve or modify capital works projects.

Strategic Community Plan

Key theme

Financial Sustainability.

Objective

Major project delivery.

Strategic initiative

Not applicable.

Policy

Not applicable.

Risk management considerations

Not applicable.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The Capital Works Project Report for the 2015-16 program provides an update on the capital works activities undertaken as at 29 February 2016.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mayor Pickard, SECONDED Cr Dwyer that the Finance Committee NOTES the report on the Capital Works Projects for 2015-16 as at 29 February 2016 forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman, Poliwka and Taylor.

Appendix 8 refers

To access this attachment on electronic document, click here: [Attach8agnFIN160404.pdf](#)

The Acting Manager City Projects left the room at 6.55pm.

The Acting Manager Infrastructure Management left the room at 6.58pm.

ITEM 10 BI-MONTHLY CAPITAL WORKS PROJECT REPORTS

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Infrastructure Services
FILE NUMBER	105564, 101515
ATTACHMENT	Attachment 1 Timberlane Park Hall Upgrade Attachment 2 Kingsley Clubrooms Attachment 3 SES Winton Road Attachment 4 James Cook Park Landscape Upgrade Attachment 5 Ocean Reef Road - Marmion Avenue to Oceanside Promenade Duelling Attachment 6 Whitfords Avenue - Northshore Drive to Belrose Entrance Duelling Attachment 7 Ocean Reef Road / Joondalup Drive Intersection Upgrade Attachment 8 City Centre Lighting Attachment 9 Chichester Park Flood Lighting Upgrade Attachment 10 Bramston Park Facility Attachment 11 Marmion Foreshore Car Park Attachment 12 Synthetic Hockey Project Warwick
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Finance Committee to note the bi-monthly project status reports for capital works projects.

EXECUTIVE SUMMARY

At its meeting held on 14 September 2015 the former Capital Works Committee determined which capital works project reports were required and the frequency of reporting. The bi-monthly project reports are attached (Attachments 1-12 refer).

It is therefore recommended that the Finance Committee NOTES the bi-monthly capital works project reports forming Attachments 1 to 12 to this Report.

BACKGROUND

At its meeting held on 14 September 2015 the former Capital Works Committee requested that the following project reports from the *2015-16 Capital Works Program* be provided on a bi-monthly basis:

- Iluka Sports Centre Refurbishment
- Timberlane Park Hall Upgrade
- Kingsley Clubrooms
- SES Winton Road
- James Cook Park Landscape Upgrade
- Ocean Reef Road – Marmion Avenue to Oceanside Promenade Dualling
- Whitfords Avenue – Northshore Drive to Belrose Entrance Dualling
- Ocean Reef Road/Joondalup Drive Intersection Upgrade;
- Joondalup City Centre Lighting
- Chichester Park Flood Lighting Upgrade
- Bramston Park Facility
- Multi Storey Car Park - Boas Avenue
- Marmion Foreshore Car Park
- Synthetic Hockey Project Warwick.

At its meeting held on 3 November 2015 (JSC02-11/15 refers), Council resolved, in part to:

“1 *DISBAND the following committees established by the Council at its meeting held on 5 November 2013 (JSC06-11/13 refers):*

1.3 *Capital Works Committee;*

2 *ESTABLISH a Finance Committee to:*

2.1 *oversee the progress of the City’s annual capital works program and review of the City’s Five Year Capital Works Program;*

2.2 *make recommendations to Council on modifications of capital works projects outside those projects of the Major Projects Committee;*

2.3 *make recommendations to Council on the services to be provided by the City and the standards of service delivery being cognisant of industry best practice;”*

The following projects which required bi-monthly project reports have now been completed and the final report was presented to the Finance Committee (separate report on this agenda):

- Iluka Sports Centre Refurbishment.
- Multi Storey Car Park – Boas Avenue.

DETAILS

A summary of the projects and their current status is detailed in the bi-monthly project reports forming Attachments 1-12 to this Report.

The following project which required a bi-monthly project report has now been completed and no further reports will be presented to the Finance Committee:

- Marmion Foreshore Car Park.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation Sections 5.17 and 6.80 of the *Local Government Act 1995*.

A committee cannot make decisions, on behalf of the Council, that require an absolute majority decision (section 5.17 of the *Local Government Act 1995*), in which case, and in accordance with Section 6.8 of the *Local Government Act 1995*, includes approving expenditure not included in the City's Annual Budget. The Finance Committee may only recommend to the Council to approve or modify capital works projects.

Strategic Community Plan

Key theme Financial Sustainability.

Objective Major project delivery.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

Not applicable.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The attached capital works project reports provide an update on the activities undertaken in the last two months.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mayor Pickard, SECONDED Cr Dwyer that the Finance Committee NOTES the bi-monthly capital works project reports forming Attachments 1 to 12 to this Report.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman, Poliwka and Taylor.

Appendix 9 refers

To access this attachment on electronic document, click here: [Attach9agnFIN160404.pdf](#)

Disclosure of interest affecting impartiality

Name/Position	Cr Kerry Hollywood.
Item No./Subject	Item 11 - Burns Beach Café/Restaurant - Expressions of Interest.
Nature of interest	Interest that may affect impartiality.
Extent of Interest	Cr Hollywood lives within 500 metres of the proposed facility.

ITEM 11 BURNS BEACH CAFÉ/RESTAURANT - EXPRESSIONS OF INTEREST

WARD	North
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	102656, 101515
ATTACHMENT	Attachment 1 Locality Map – Indicative Development Area Attachment 2 Project Philosophy and Parameters
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For Council to consider terminating the current Expression of Interest process for the development of a café/restaurant facility at Burns Beach and initiating a new Expression of Interest (EOI) process for the development of a café/restaurant facility at Burns Beach.

EXECUTIVE SUMMARY

At its meeting held on 27 May 2013 (CJ069-05/13 refers), Council considered a report entitled 'The Provision of Cafés/Kiosks/Restaurants on City Owned or Managed Land – Project Status and Progression Options Report' and resolved in part:

“That Council AUTHORISES the Chief Executive Officer to initiate an Expression of Interest process for the development of a café/restaurant facility at Burns Beach.”

Subsequently a two stage EOI process was developed by the City and advertised on 18 December 2013.

At its meeting held on 6 October 2014 the Strategic Financial Management Committee (SFMC) considered the evaluation results from Stage One of the EOI, including details of the six submissions received. After due consideration of the report the SFMC resolved:

“That the confidential item in relation to the Burns Beach Café/Restaurant – Expression of Interest be DEFERRED pending the adoption of the Burns Beach Master Plan by Council”.

At its meeting held on 15 March 2016 (CJ031-03/16 refers), Council considered a report entitled '*Burns Beach Master Plan*'. The report in part addressed various design options for the coastal node precinct of Burns Beach. Council resolved in part that it:

"ENDORSES the draft Burns Beach Master Plan and associated indicative Coastal Node concept design (Option 6), for the purposes of advertising for a period of 60 days"

Now that Council has endorsed the proposed *Burns Beach Master Plan*, for the purposes of advertising, and given the time that has elapsed since the current Expression of Interest process was initiated (December 2013), it is now considered an opportune time to terminate the current EOI process and initiate a new EOI process for the development of café/restaurant facility at Burns Beach (attachment 1 refers).

It is therefore recommended that Council AUTHORISES the:

- 1 Chief Executive Officer to terminate the current Expression of Interest process for the development of a café/restaurant at Burns Beach;*
- 2 Chief Executive Officer to initiate a new Expression of Interest process for the development of a café/restaurant at Burns Beach.*

BACKGROUND

The City owns and manages a number of strategically located land parcels that in terms of accommodating cafés/kiosks/restaurants have the potential to increase the enjoyment of popular recreational locations and provide the City with a level of commercial gain.

At its meeting held on 22 June 2010 (CJ103-06/10 refers), Council endorsed the Project Philosophy and Parameters for the cafés/kiosks/restaurants project.

At its meeting held on 27 May 2013 (CJ069-05/13 refers), Council considered a report entitled 'The Provision of Cafés/Kiosks/Restaurants on City Owned or Managed Land – Project Status and Progression Options Report' and resolved in part:

"That Council AUTHORISES the Chief Executive Officer to initiate an Expression of Interest process for the development of a café/restaurant facility at Burns Beach."

A two stage EOI process was developed by the City based on the process outlined in the 2013 report. The intent of Stage One of the process was for the City to gauge the general level of interest from the private sector in the development of a café/restaurant and for Respondents to provide the City with compliance and conceptual proposal details. Stage Two would provide an opportunity for the City to invite a more detailed proposal from a preferred respondent or respondents.

At its meeting held on 11 June 2014 (Item 9 refers), the Strategic Financial Management Committee (SFMC) noted the confidential report entitled 'Confidential - Burns Beach Café/Restaurant Expressions of Interest – Interim Status Report' which provided details of the process undertaken up to the commencement of Stage One evaluations.

At its meeting held on 6 October 2014 (Item 3 refers), the SFMC considered a report entitled 'Confidential – Burns Beach Café/Restaurant – Expression of Interest'. The report detailed the evaluation results from Stage One of the EOI, including details of the six submissions received. After due consideration of the report the SFMC resolved:

“That the confidential item in relation to the Burns Beach Café/Restaurant – Expression of Interest be DEFERRED pending the adoption of the Burns Beach Master Plan by Council”.

At its meeting held on 15 March 2016 (CJ031-03/16 refers), Council considered a report entitled ‘*Burns Beach Master Plan*’. The report in part addressed various design options for the coastal node precinct of Burns Beach. Council resolved in part:

“ENDORSES the draft Burns Beach Master Plan and associated indicative Coastal Node concept design (Option 6), for the purposes of advertising for a period of 60 days.”

DETAILS

The *Burns Beach Master Plan* and the various associated coastal node precinct design options include an area for the potential development of a café/restaurant facility including ablutions and associated parking. The plan identifies the location of the existing Jack Kikeros Hall as a significant opportunity for redevelopment to provide for a signature café/restaurant in a prime beachside location. Although the Jack Kikeros Hall and external community ablution facility will be removed when a facility is developed, some form of new public ablutions in conjunction with a café/restaurant will be explored. The co-location of public ablutions with café/restaurant facilities is common in other developments along Perth’s coastline. The indicative development area is shown on the locality map (Attachment 1 refers).

There is an opportunity for the successful respondent to an EOI to contribute towards some costs associated with implementing elements of the *Burns Beach Master Plan*, including car parking and other enhancements in the vicinity of the facility.

It is proposed that a new EOI process would be developed with consideration of the results of the community consultation phase to be undertaken on the *Burns Beach Master Plan*.

The Terms and Conditions of the current EOI process indicate that the City may cancel, suspend or change the project, the procurement method for the project, or any aspect of the EOI process, including changing the preferred respondent, at any time.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation

Besides the legislation that covers the eventual planning and building requirements, with regard to the land related matters the *Land Administration Act 1997*, the Department of Lands (DOL), the Department of Planning (DOP) and relevant policies deal with the administration of Crown land. *The Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996* deal with local governments’ disposition of property which includes leasing.

Strategic Community Plan

Key theme

Economic Prosperity, Vibrancy and Growth.

Objective

Destination City.

Strategic initiative Facilitate the establishment of major tourism infrastructure.

Policy Not applicable.

Risk management considerations

Potential risks to the successful progression of the project include the inability to obtain support from statutory approval authorities regarding land tenure, limited commercial interest and negative community reaction. Any risk with regard to approval process outcomes has been mitigated by establishing and maintaining a working relationship with representatives of the relevant approvals agencies. Furthermore, a well developed management plan and business case can assist with obtaining a successful outcome.

There is the possibility that expected returns from a developed facility are not met, causing potential rental payment difficulties or cessation of a business.

It is considered that a planned, environmentally acceptable and aesthetically pleasing development is likely to gain community support and meet visitor needs. These measures are likely to make any potential development more acceptable to the community and mitigate potential negative reaction.

It is important to note that the DOP *State Coastal Planning Policy No. 2.6* applies to this development. This policy identifies numerous measures to be considered when proposing to develop on the foreshore, such as ecological values, landscape, seascape, visual amenity, indigenous and cultural heritage and public access. The policy also takes into account considerations such as setback and height limits for development in coastal areas. The City is continuing to communicate with the DOP regarding the requirements of this policy.

Furthermore, all parties involved in any development must also be cognisant of the potential long term risks from severe storm erosion and sea level rise on the coastal foreshore.

There is also a risk that negotiations with preferred respondents may fail, or that the preferred respondent/s, or the City, may opt not to proceed with the development. The Terms and Conditions of any Request for Expressions of Interest will indicate that the City may cancel, suspend or change the project, the procurement method for the project, or any aspect of the EOI process, including changing the preferred respondent, at any time.

Risk management assessments will continue as formal proposals are developed.

Financial / budget implications

Current financial year impact

Account no.	1-220-C1060.
Budget Item	Cafés/Kiosks/Restaurants.
Budget amount	\$180,000 (This amount is for the Pinnaroo Point and Burns Beach Cafés/Kiosks/Restaurants projects).
Amount spent to date	\$ \$48,266
Proposed cost	\$ Nil
Balance	\$ 131,734

Figures above are current at March 2016.

All figures in this report are exclusive of GST.

Future financial year impact

The project has been guided by the Project Philosophies and Parameters endorsed by Council (CJ103-06/10 refers) which outline the overriding objectives for the project (Attachment 2 refers).

Rather than focussing solely on the financial return to the City through leasing arrangements the Cafés/Kiosks/Restaurants Project Vision recognises the provision of facilities which will:

- advance the City's ability to attract visitors/tourists for entertainment and socialising
- provide more employment, increase business opportunities, a greater awareness of the City's natural assets and a greater social and economic contribution by tourists
- provide equitable community based facilities that acknowledges and provides for the lifestyle and alfresco culture of Western Australia.

The fiscal responsibility and commerciality development parameters of the project aim to provide:

- assurance of commercial viability
- due diligence and financial/cost benefit analysis
- future financial and social benefit for City residents and visitors
- high quality, appropriate commercial operations
- consideration of co-location opportunities
- creation of an asset/s that maintains its capital value throughout its economic life cycle.

It is expected that an income will be received by the City through a negotiated lease arrangement with a successful developer/operated.

Regional significance

The provision of cafés/kiosks/restaurants on City owned or managed land will provide significant resident/visitor/tourist benefit by enhancing the City's existing natural assets and amenities.

Sustainability implications

The project philosophy and parameters (CJ103-06/10 refers) outlines the intent of Council in progressing the project and addresses the following sustainability implications:

- Project Vision.
- Land Use and Built Form.
- Environmental Strategy.
- Liaison Protocol.
- Fiscal Responsibility and Commerciality.
- Governance.

Consultation

The City held a community information session at Jack Kikeros Hall on Thursday 19 December, 2013 to inform community groups and stakeholders of the progress of the Burns Beach café/restaurant EOI and Master Plan processes.

The City also undertook the following advertising:

- various advertising in the West Australian newspaper in the business and property sections in the Wednesday and Saturday editions
- a quarter page advert in the WA Business News paper
- various advertisements in the *Joondalup Times* and *Joondalup Weekender* papers
- email communication to food and beverage businesses registered with the City of Joondalup
- email communication to selected food and beverage businesses located outside of the City
- notices on the City's public website
- three signs located in the vicinity of the site
- notices on social media.

At its meeting held on 15 March 2016 (CJ031-03/16 refers), Council considered a report entitled '*Burns Beach Master Plan*'. Council resolved in part that it:

"ENDORSES the draft Burns Beach Master Plan and associated indicative Coastal Node concept design (Option 6), for the purposes of advertising for a period of 60 days".

COMMENT

Given that Council has endorsed the proposed *Burns Beach Master Plan* for the purposes of advertising, and given the significant amount of time that has elapsed since the current Expression of Interest process was initiated, it is now considered an opportune time to terminate the current EOI process and initiate a new EOI process for the development of café/restaurant facility at Burns Beach.

VOTING REQUIREMENTS

Simple Majority.

The Acting Manager City Projects entered the room at 7.00pm.

MOVED Cr McLean, SECONDED Mayor Pickard that Council AUTHORISES the:

- 1 Chief Executive Officer to terminate the current Expression of Interest process for the development of a café/restaurant at Burns Beach;**
- 2 Chief Executive Officer to initiate a new Expression of Interest process for the development of a café/restaurant at Burns Beach.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Chester, Dwyer, Norman, Poliwka and Taylor.

Appendix 10 refers

To access this attachment on electronic document, click here: [Attach10agnFIN160404.pdf](#)

URGENT BUSINESS

Nil.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 7.07pm; the following Committee Members being present at that time:

Cr Tom McLean, JP
Mayor Troy Pickard
Cr Philippa Taylor
Cr Russell Poliwka
Cr Mike Norman
Cr John Chester
Cr Sophie Dwyer