

minutes

Finance Committee

MEETING HELD ON **WEDNESDAY 10 AUGUST 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 WEDNESDAY
10 AUGUST 2016.

ATTENDANCE

Committee Members

Cr Tom McLean, JP	<i>Presiding Member</i>
Cr Philippa Taylor	<i>Deputy Presiding Member</i>
Cr Russell Poliwka	
Cr Mike Norman	
Cr John Logan	
Cr Sophie Dwyer	

Officers

Mr Garry Hunt	Chief Executive Officer	
Mr Mike Tidy	Director Corporate Services	
Mr Nico Claassen	Director Infrastructure Services	
Mr Blignault Olivier	Manager City Projects	
Mr Alan Ellingham	Senior Financial Analyst	<i>to 7.11pm</i>
Mr John Byrne	Governance Coordinator	
Mrs Deborah Gouges	Governance Officer	

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 7.00pm.

DECLARATIONS OF INTEREST

Nil.

APOLOGIES/LEAVE OF ABSENCE**Apology**

Mayor Troy Pickard.

Leave of Absence previously approved

Cr Liam Gobbert	29 August to 4 October 2016 inclusive;
Cr Sophie Dwyer	11 September to 16 September 2016 inclusive;
Cr Sophie Dwyer	6 November to 11 November 2016 inclusive.

CONFIRMATION OF MINUTES**MINUTES OF THE FINANCE COMMITTEE HELD ON MEETING DATE**

MOVED Cr Norman SECONDED Cr Poliwka that the minutes of the meeting of the Finance Committee held on 8 June 2016 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs McLean, Dwyer, Logan, Norman, Poliwka and Taylor.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

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**ITEM 1 IMPLEMENTATION OF RECOMMENDATIONS FOLLOWING INDEPENDENT REVIEW OF THE CITY'S APPROACH TO FINANCIAL MODELLING**

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	102400, 101515
ATTACHMENTS	Attachment 1 Action Plan: Implementation of Recommendations
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

To provide the Finance Committee with an update on the status of the implementation of recommendations made following the independent review of the City's approach to financial modelling.

EXECUTIVE SUMMARY

At its meeting held on 8 June 2016 the Finance Committee was provided with the details of an independent review by Deloitte of the City's approach to financial modelling. The review considered financial modelling for the *20 Year Strategic Financial Plan* and the Joondalup Performing Arts and Cultural Facility with separate reports being completed for each. The reports included a number of recommendations to improve the City's approach to financial modelling.

The Finance Committee requested a subsequent report be provided on the City's consideration of the recommendations made.

It is therefore recommended that the Finance Committee NOTES the City's response to the recommendations made following the independent review by Deloitte of the City's approach to financial modelling as detailed in the Action Plan forming Attachment 1 to this Report.

BACKGROUND

At its meeting held on 8 June 2016 the Finance Committee was provided with the details of an independent review by Deloitte of the City's approach to financial modelling specifically considering the financial modelling for the *20 Year Strategic Financial Plan* and the Joondalup Performing Arts and Cultural Facility. The review by Deloitte was undertaken following a request from the Finance Committee meeting held on 24 November 2015 regarding the process the City undertakes to ensure the integrity of its financial modelling.

Following a request for quotation process Deloitte was engaged to undertake the review, with the scope of review to focus on the financial modelling used for the development of the following:

- *20 Year Strategic Financial Plan 2014-15 to 2033-34.*
- Joondalup Performing Arts and Cultural Facility.

The review undertaken by Deloitte focussed on four segments:

- 1 Adherence to a financial modelling standard (FAST).
- 2 Consistency with financial modelling best practice.
- 3 Approach to collection and review of data.
- 4 Testing the robustness and logic of the financial modelling processes.

The review found no major flaws of any significance for the financial models and showed that the models are rigorous and provide assurance to the City's financial modelling approach. However, Deloitte made a number of recommendations to improve the effectiveness of both models across the four segments. At its meeting held on 8 June 2016 the Finance Committee requested a subsequent report be provided on the City's consideration of the recommendations made.

The City has considered the recommendations to determine if they address any deficiencies in the models and if their implementation will improve the models' performance. These have been detailed in the Action Plan forming Attachment 1 to this Report.

DETAILS

Deloitte's findings are based on a 'by exception' basis. Their commentary, findings and recommendations relate only to instances where they observed a divergence from the relevant standard, best practice principle or model logic methodology. A total of 13 recommendations have been made for the 20 Year Strategic Model, with nine recommendations being made for the Joondalup Performing Arts and Cultural Facility model. The recommendations are detailed in the following tables:

Segment	20 Year Strategic Model
Adherence to a financial modelling standard (FAST).	1. Review the FAST Standard compliance appendix and update the model as appropriate.
Consistency with financial modelling best practice.	2. Develop a detailed specification document and user guide to assist new users with understanding and operation of the model. 3. Develop and implement a plan for internal review and QA testing of the model, including regular peer review with testing criteria documented within the model.
Approach to collection and review of data.	4. A number of inputs are sourced from other Excel workbooks. The checking of other workbooks was outside the scope of the review and as such have not been assessed in this process. A review should be conducted to ensure that output data of these other source workbooks are accurate and fit for purpose.

Segment	20 Year Strategic Model
	<p>5. Update assumption book in the model to include relevant source document version, date provided, data owner and current input value.</p>
<p>Testing the robustness and logic of the financial modelling process.</p>	<p>6. Review and amend calculations which are returning incorrect results. Consider peer review during the model development process to assist with validation of model inputs, calculations and outputs.</p> <p>7. Remove manual hard coded adjustments from calculations. If these adjustments are still required include them as separate input values to increase transparency in calculations.</p> <p>8. Where practical, amend calculations containing array functions to reduce formula size and complexity and improve the operation and calculation time of the model. Amending these formulae may also remove the requirement for a macro to be run to solve reserve and loan balances.</p> <p>9. To reduce file size and calculation time remove duplicate summary output and link dependent cells to source calculations.</p> <p>10. Ensure that supporting documentation for the workbook contains details relating to any adjustments made to calculation methodology, reconciliations between calculated values and use of hard codes within formulae.</p> <p>11. Update the model to remove hard coded values and links to blank cells from formulae. Where hard coded values are still required include them as stand alone input assumptions.</p> <p>12. For future versions of the model use a model comparison tool to identify changes to calculations compared to the current version. Perform a review to validate updated calculations.</p> <p>13. Review the structure and use of array functions in the model to remove the requirement to solve reserve and loan balances through the use of a macro.</p>

Segment	Joondalup Performing Arts and Cultural Facility
<p>Adherence to a financial modelling standard (FAST).</p>	<p>1. Review the FAST Standard compliance appendix and update the model as appropriate.</p>
<p>Consistency with financial modelling best practice.</p>	<p>2. Develop a specification document and user guide to assist users with understanding and operating of the model.</p> <p>3. Develop a plan for regular internal review and QA testing of the model, including formal sign off of model input assumptions.</p>
<p>Approach to collection and review of data.</p>	<p>4. A number of inputs are sourced from other Excel workbooks. These workbooks were not within the scope of this engagement and have not been reviewed by Deloitte. A review should be conducted to ensure that output data is accurate and fit for purpose.</p> <p>5. Include a worksheet in the workbook which documents all the sources of input data, including relevant versions.</p>

Segment	Joondalup Performing Arts and Cultural Facility
Testing the robustness and logic of the financial modelling process.	<ol style="list-style-type: none"> 6. Remove manual adjustments from calculations. If these adjustments are still required include them as separate input values to increase transparency in calculations. 7. Where practical, amend calculations containing array functions to reduce formula size and complexity and improve the operation and calculation time of the model. 8. For future versions of the model use a model comparison tool to identify changes to calculations compared to the current version. Perform a review to validate updated calculations. 9. Update model to remove hard coded values and links to blank cells from formulae. Where hard coded values are still required include them as stand alone input assumptions.

The City has considered each recommendation to determine if their implementation will address any deficiencies and improve the performance of the models.

Management comments for each recommendation along with implementation dates are detailed in the Action Plan forming Attachment 1 to this Report.

Legislation / Strategic Community Plan / policy implications

Legislation 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.

Key theme Financial Sustainability.

Objective Major project delivery.

- Strategic initiative**
- Effectively prioritise major capital projects to facilitate long-term financial sustainability.
 - Support new projects that balance identified financial risks against effective management approaches.

Policy Not applicable.

Risk management considerations

There are significant risk exposures for the City when projecting its long-term financial position and when evaluating options and preparing discounted cash flows for major projects.

It is essential that the City's financial modelling approach is rigorous and structured with appropriate systems and controls included.

Implementation of the recommendations made by Deloitte in their reports will enhance the City's current systems and controls and help mitigate risk exposures within the City's financial modelling approach.

Financial / budget implications

Current financial year impact

Account no.	1.210.A2101.3265.0000.
Budget Item	Consultancy.
Budget amount	\$ 50,000
Amount spent to date	\$ 48,000
Proposed cost	\$ -
Balance	\$ 2,000

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The Deloitte reports did not identify any concerns that the models are flawed or compromised such that they cannot be relied upon. The models are robust and functioning appropriately as designed with significant levels of compliance against the FAST Standard and best practice assessment.

The City has considered each recommendation and accepted that full or partial implementation of 11 of the 20 Year Financial Model recommendations and nine of the Joondalup Performing Arts and Cultural Facility model recommendations. Management comments for each recommendation along with implementation dates and responsibilities are detailed in the Action Plan forming Attachment 1 to this Report.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Dwyer SECONDED Cr Norman that the Finance Committee NOTES the City's response to the recommendations made following the independent review by Deloitte of the City's approach to financial modelling as detailed in the Action Plan forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs McLean, Dwyer, Logan, Norman, Poliwka and Taylor.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnFIN160810.pdf](#)

ITEM 2 IMPACT ON 20 YEAR STRATEGIC FINANCIAL PLAN OF REPORTS TO COUNCIL – APRIL 2016 TO JUNE 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 June 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

To summarise the impacts on the Adopted *20 Year Strategic Financial Plan (SFP)* of reports approved by Council for the period April 2016 to June 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 final quarterly report for 2015-16.

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

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 four reports from April to June 2016 that were above the minimum threshold and there is also one item which relates to a previous decision that has not come to pass (sale of Lot 23 Gibson Avenue, Padbury) – the total impact for the items listed April to June 2016 is a cost of (\$4.7 million) up to 2033-34. There were eight reports approved by Council between July 2015 and March 2016 with an improvement in cash of \$53.8 million up to 2033-34. The net cumulative effect of decisions in the 2015-16 financial year of a total improvement in cash of \$49.1 million up to 2033-34.

It is therefore recommended that the Finance Committee NOTES:

- 1 *four reports from April to June 2016 and one item which relates to a previous decision that has not come to pass (sale of Lot 23 Gibson Avenue, Padbury) – the total impact for the items listed April to June 2016 is a cost of (\$4.7 million);*
- 2 *the net cumulative effect of decisions by Council to June 2016 in the current financial year is a total improvement in cash of \$49.1 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 final quarterly report for 2015-16.

The previous report covered October 2015 to March 2016. This report covers the period April to June 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 April and June 2016 there were four reports that have an impact on the SFP, and there is also a previous decision that has not come to pass (sale of Lot 23 Gibson Avenue, Padbury). The total estimated impact up to 2033-34 of those items is (\$4.7 million) and these are listed in Attachment 1.

There were eight reports approved by Council between July 2015 and March 2016 with an improvement in cash of \$53.8 million up to 2033-34. The net cumulative effect of decisions in the 2015-16 financial year of a total improvement in cash of \$49.1 million up to 2033-34 and these are all listed in Attachment 1. With regards the tables, please note:

The impacts have been categorised into:

- \$49.1 million commitments made by Council.
- \$0.0 million other impacts.

The SFP Impact is based on:

- 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, except the Item CJ094-06/16 (Expressions of Interest Farmers Market) have been included in the 20 Year SFP adopted by Council at its meeting held on 28 June 2016. The impacts of the Farmers Market will be considered as part of the next update of the SFP in 2017.

Legislation / Strategic Community Plan / policy implications

Legislation 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 June 2016 is estimated to be a benefit of \$49.1 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 have been factored into the adopted *20 Year Strategic Financial Plan* except the last item (Farmers Market).

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 Logan that the Finance Committee **NOTES:**

- 1** four reports from April to June 2016 and one item which relates to a previous decision that has not come to pass (sale of Lot 23 Gibson Avenue, Padbury) – the total impact for the items listed April to June 2016 is a cost of (\$4.7 million);
- 2** the net cumulative effect of decisions by Council to June 2016 in the current financial year is a total improvement in cash of \$49.1 million up to 2033-34.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs McLean, Dwyer, Logan, Norman, Poliwka and Taylor.

The Senior Financial Analyst left the room at 7.11pm.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2agnFIN160810.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').

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 30 June 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 30 June 2016 forming Attachment 1 to this Report.

BACKGROUND

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

- “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 30 June 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 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 30 June 2016.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Dwyer SECONDED Cr Logan that the Finance Committee NOTES the report on the Capital Works Projects for 2015-16 as at 30 June 2016 forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs McLean, Dwyer, Logan, Norman, Poliwka and Taylor.

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3agnFIN160810.pdf](#)

- 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.
- Warwick Hockey Centre Project.

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

“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 held on 4 April 2016:

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

The following project which required bi-monthly project reports was completed and the final report was presented to the Finance Committee held on 8 June 2016:

- Bramston Park Facility.

DETAILS

A summary of the projects and their current status is detailed in the bi-monthly project reports forming Attachments 1-10 to this Report.

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

- James Cook Park Landscape Upgrade.
- Chichester Park Flood Lighting Upgrade.
- Whitfords Avenue – Northshore Drive to Belrose Entrance Dualling.

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 Norman SECONDED Cr Taylor that the Finance Committee NOTES the bi-monthly capital works project reports forming Attachments 1 to 10 to this Report.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs McLean, Dwyer, Logan, Norman, Poliwka and Taylor.

Appendix 4 refers

To access this attachment on electronic document, click here: [Attach4agnFIN160810.pdf](#)

ITEM 5 CAPITAL WORKS PROJECT REPORTING FOR 2016-17

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Infrastructure Services
FILE NUMBER	105564, 101515
ATTACHMENTS	Attachment 1 2016-17 Capital Works Program
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 determine which projects in the *2016-17 Capital Works Program* require separate reports to be submitted to the committee on a bi-monthly basis.

EXECUTIVE SUMMARY

At the 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 project reports related to works scheduled in the *2015-16 Capital Works Program*, several of which have now been completed.

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;”*

At its meeting held on 28 June 2016 Council adopted the *2016-17 Capital Works Program* (CJ080-06/16 refers). To assist the committee in determining which projects they may require project reports for, a copy of the *2016-17 Capital Works Program* is attached (Attachment 1 refers). In addition, this report proposes projects for which the Committee may require project reports.

BACKGROUND

At its meeting held on 26 June 2012 (CJ121-06/12 refers), Council resolved that:

“a report be submitted to the August meeting of the Capital Works Committee to determine which projects in the 2012-13 Capital Works Program require separate reports to be submitted to the Committee in more detail;”

DETAILS

At its meeting held on 28 June 2016 Council adopted the *2016-17 Capital Works Program* (CJ080-06/16 refers). To assist the committee in determining which projects it may require project reports for, a copy of the *2016-17 Capital Works Program* is provided at Attachment 1. This report also suggests projects which the committee may wish to consider for project reporting.

Based upon the high profile, impact on the community and the scale of the budget it is proposed that project reports be provided on a bi-monthly basis for the following projects:

Project Code	Project description
BCW2520	Timberlane Park Hall Upgrade.
BCW2524	Kingsley Clubrooms.
BCW2569	SES Winton Road.
PDP2256	MacDonald Park Landscape Master Plan.
RDC2015	Ocean Reef Road Dualling- Marmion Avenue to Swanson Way.
RDC2017	Ocean Reef Road/Joondalup Drive Intersection Upgrade.
SSE2057	Leafy City Program.
STL2003	Joondalup City Centre Lighting.
STL2049	Admiral Park Flood Lighting Upgrade.
MPP2047	Penistone Park Facility Refurbishment.
MPP2021	Grove Child Care/Dorchester Hall/Warwick Hall.
MPP2070	Sorrento Beach Enclosure.
MPP2054	Warwick Hockey Centre Project.
Various	Percy Doyle refurbishment Projects.

Issues and options considered:

The options available to Council are:

- accept the proposed projects for project reporting
- not accept the proposed projects for project reporting
or
- vary the proposed projects for project reporting.

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

An update on capital works activities will be submitted to the Finance Committee on a bi-monthly basis.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Poliwka SECONDED Cr Norman that the Finance Committee REQUESTS that detailed reports on the following Capital Works Projects are provided on a bi-monthly basis:

- 1 Timberlane Park Hall Upgrade;**
- 2 Kingsley Clubrooms;**
- 3 SES Winton Road;**
- 4 MacDonald Park Landscape Master Plan;**
- 5 Ocean Reef Road – Marmion Avenue to Oceanside Promenade Dualling;**
- 6 Ocean Reef Road/Joondalup Drive Intersection Upgrade;**
- 7 Leafy City Program;**
- 8 Joondalup City Centre Lighting;**
- 9 Admiral Park Flood Lighting Upgrade;**
- 10 Penistone Park Facility Refurbishment;**
- 11 Grove Child Care/Dorchester Hall/Warwick Hall;**
- 12 Sorrento Beach Enclosure;**
- 13 Warwick Hockey Centre Project;**
- 14 Percy Doyle Refurbishment Projects.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs McLean, Dwyer, Logan, Norman, Poliwka and Taylor.

Appendix 5 refers

To access this attachment on electronic document, click here: [Attach5agnFIN160810.pdf](#)

ITEM 6 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 Lot 900 (57) Marri Road, Duncraig Attachment 6 Lot 12223 (12) Blackwattle Parade, Padbury
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 note the progress towards the disposal of a number of City owned freehold land sites and the proposed 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).

At its meeting held on 19 April 2016 (CJ062-04/16 refers), Council authorised a public tender process for the disposal of three sites, in addition to noting that Lots 642/643 (57/59) Marri Road, Duncraig (now Lot 900) had previously received Council’s authorisation for disposal.

Concerning the order of disposal, Lot 803 (15) Burlos Court, Joondalup is proposed to go to tender during August 2016 and Lot 1001 (14) Camberwarra Drive, Craigie in October 2016. The amalgamation of the three lots in Kanangra Crescent, Greenwood has progressed to the point where the land surveyor is preparing the documentation to seek condition clearance, therefore this property may also be available for disposal during October 2016. Lot 900 (57) Marri Road, Duncraig will not be available for disposal until early 2017.

Five sites remain to be sold as recently the proposal to purchase Lot 23 (77) Gibson Avenue, Padbury by private treaty was withdrawn by the developers. A public tender process to dispose of this site can be implemented immediately due to Council authorising its disposal by public tender or private treaty at its meeting held on 18 November 2014 (CJ223-11/14 refers). Tenders will be called for the purchase of Lot 23 (77) Gibson Avenue, Padbury during August 2016.

Advice from the Department of Lands (DoL) on the City's proposed acquisition of Lot 12223 (12) Blackwattle Parade, Padbury has had the Minister for Land's approval. Two queries raised by the DoL have received the City's response and therefore a contract of sale is awaited.

Table 2 of this Report provides a summarised account of the progress towards the disposal of the remaining freehold sites and the acquisition of Lot 12223 (12) Blackwattle Parade, Padbury.

It is therefore recommended that Council NOTES:

- 1 *the status report on the progress of the City's proposed disposal of five freehold land sites;*
- 2 *that the Chief Executive Officer will report back to Council on the results of each public tender to enable Council to decide which offers are the most acceptable;*
- 3 *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 5 October 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. The value of the two sites was in the vicinity of \$4.5 million.

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
	TOTAL	\$7,197,000

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>At its meeting held on 31 March 2015 (CJ046-03/15 refers), Council supported the amalgamation of Lot 200 (24), Lot 201 (22) and 202 (20) Kanangra Crescent, Greenwood. The WAPC has conditionally approved the amalgamation with the clearance to conditions being applied for by the City's land surveyor.</p> <p>Documents concerning Council's support for Amendment No. 78 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' were forwarded to the WAPC on 9 March 2016. The most recent advice from the WAPC received on 22 July 2016, is that a report on the amendment has been submitted to the Minister for Planning and a decision is awaited.</p> <p>At its meeting held on 19 April 2016 (CJ062-04/16 refers), Council authorised the Chief Executive Officer to conduct a public tender to dispose of the lots in Kanangra Crescent, Greenwood once they are amalgamated and Amendment No. 78 is approved by the Minister.</p> <p>Contract of sale documents and Request for Tender documents will be prepared for this property to potentially go out to tender in October 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 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 (77) Gibson Avenue, Padbury 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. A condition in the Option to Purchase allowed a period of time for The Stephens Group to undertake its due diligence and site evaluations.</p> <p>The Stephens Group lodged for development approval which resulted in amended plans being requested to take account of planning concerns raised. The retention of a large tuart tree on the site was one of the concerns raised by planners.</p>

	Property Address	Land Disposals – Current Status
		<p>Advice from The Stephens Group received on 17 June 2016 was that it would not be taking up the Option to Purchase and the offer was withdrawn. The reason provided was that the restrictions imposed to retain the large tuart tree as part of the development design had made a difficult site even more difficult to develop. Lot 23 is constrained by water, drainage and sewer easements.</p> <p>Tender documents are being prepared for August 2016.</p>
3	<p>Lot 803 (15) Burlos Court, Joondalup.</p> <p>Land Area: 4,410m².</p> <p>Attachment 3 refers.</p>	<p>Council provided its authorisation to conduct a public tender on this site at its meeting held on 19 April 2016 (CJ062-04/16 refers). Contract of Sale and Request for Tender documents have been prepared for the tender process to commence during August 2016.</p> <p>The site is zoned Residential with a restricted use to 'Aged or Dependent Persons' Dwellings' and it has a density code of R60.</p>
4	<p>Lot 1001 (14) Camberwarra Drive, Craigie.</p> <p>Land Area: 2,055m².</p> <p>Attachment 4 refers.</p>	<p>Council provided its authorisation to conduct a public tender on this site at its meeting held on 19 April 2016 (CJ062-04/16 refers).</p> <p>It is proposed that the Contract of Sale and Request for Tender documents will be prepared for the tender process to commence during October 2016.</p> <p>The site is zoned Residential with a restricted use to 'Aged or Dependent Persons' Dwellings' and has a density code of R40.</p>
5	<p>Lot 900 (57) Marri Road, Duncraig.</p> <p>Land Area: 1,366m² when amalgamated.</p> <p>Attachment 5 refers.</p>	<p>Documents for Council's support of Amendment No. 82 which restricts the use of the site's 'Residential' zone to 'Aged or Dependent Persons' Dwellings' and amended the code from R20 to R40 were forwarded to the WAPC on 17 March 2016. The most recent advice from the WAPC received on 22 July 2016, is that a report on the amendment has been submitted to the Minister for Planning and a decision is awaited.</p> <p>At its meeting held on 19 April 2016 (CJ062-04/16 refers) Council noted its previous authorisation to dispose of this site. Disposal has been contingent on the vacation of the two tenants operating from the facility on Lot 900 (57) Marri Road, Duncraig. The Department of Education has now vacated the premises, leaving the Department of Health's Duncraig Child Health Centre (CHC) service still in operation.</p> <p>It is proposed that the Duncraig CHC service will be relocated to the Carine CHC at Lot 159 (487L) Beach Road, Duncraig once the Beach Road facility has been refurbished at the City's cost. Refurbishment will commence during November 2016 with the Carine CHC service being temporarily relocated to an alternative City facility during this upgrade. Once these works have been completed, both the Carine and Duncraig CHC services will be incorporated in this facility.</p>

	Property Address	Land Disposals – Current Status
		<p>Council has authorised the disposal of this property which will be by public tender early in 2017.</p> <p>A Council request is that on disposal of this site, the purchaser is encouraged to retain existing significant trees as part of the development.</p>

		Acquisition – Current Status
1	<p>Lot 12223 (12) Blackwattle Parade, Padbury.</p> <p>Land Area: 3,332m².</p> <p>Attachment 6 refers.</p> <p>.</p>	<p>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. The DoL advised the City on 13 May 2016 was that the Minister for Lands had approved this acquisition. Since this advice, two queries were raised which have been responded to and therefore a contract of sale is expected in due course.</p> <p>During this acquisition process, the DoL advised that the Department of Planning's (DoP) support was required and the DoP's conditional support was provided. One of the DoP's conditions is that the future sale proceeds from this site are spent on community projects in line with the definition of "Community Purposes" under DPS2.</p> <p>The City's community consultation regarding this matter not only dealt with the proposed acquisition of the site but the consideration of three capital improvement projects for the area. One of these options was Council's preferred project of the installation of traffic lights at the intersection of Walter Padbury Boulevard and Hepburn Avenue, Padbury.</p> <p>Advice from the DoP is that projects connected with parking, traffic and pedestrian issues were not considered to fall within the definition of "Community Purposes" under DPS2.</p> <p>In accordance with Council's resolution of 24 June 2014 (CJ104-06/14 refers), the City will now seek clarification from the Minister for Planning and the Minister for Lands regarding the conditions provided to the City on how the proceeds on the proposed disposal of the site should be utilised.</p> <p>At its meeting held on 19 May 2015 (CJ082-05/15 refers), Council requested that an advocacy plan be developed to gain support from the relevant State Government departments to enable the future sale proceeds for this site be utilised on the community's and Council's preferred project which is to install traffic lights at the intersection of Walter Padbury Boulevard and Hepburn Avenue, Padbury. This plan has now been drafted.</p> <p>As the City's ownership of Lot 12223 progresses, Council can be requested to consider a rezoning amendment.</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 *Asset Management Policy.*
Sustainability Policy.

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.

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.

Proceeds achieved from the future sale of Lot 12223 (12) Blackwattle Parade, Padbury are required to be spent on capital/community projects in line with the definition of “Community Purposes” under DPS2.

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. The sale proceeds from the eventual disposal of Lot 12223 (12) Blackwattle Parade, Padbury will be used for community projects.

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

Public tenders will be called for the disposal of Lot 803 (15) Burlos Court, Joondalup during August 2016 with Lot 1001 (14) Camberwarra Drive, Craigie planned to go to tender during October 2016. Should the amalgamation and amendment processes be finalised for the three sites in Kanangra Crescent, Greenwood by October 2016, this site can also go out to tender at that time.

The offer for Lot 23 (77) Gibson Avenue, Padbury has been withdrawn by The Stephens Group and as Council has provided its authorisation for the sale of this site by public tender or private treaty previously, this site is available for disposal. It has been intimated by a developer that a private treaty offer will be submitted to the City for this site; in the interim, public tender documents have been prepared for advertising during August 2016.

The Minister for Lands has approved the City’s acquisition of Lot 12223 (12) Blackwattle Parade, Padbury at the concessional rate of \$88,000 exclusive of GST. Once ownership by the City has been progressed, a report can be prepared for Council to consider the site being rezoned to a commercial related zone. In order to adhere to previous Council resolutions, actions concerning the City’s utilisation of the sales proceeds have also commenced and State Government agencies will be contacted shortly.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Logan SECONDED Cr Poliwka that Council NOTES:

- 1** the status report on the progress of the City's proposed disposal of five freehold land sites;
- 2** that the Chief Executive Officer will report back to Council on the results of each public tender to enable Council to decide which offers are the most acceptable;
- 3** 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 5 October 2016.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs McLean, Dwyer, Logan, Norman, Poliwka and Taylor.

Appendix 6 refers

To access this attachment on electronic document, click here: [Attach6agnFIN160810.pdf](#)

ITEM 7 CONFIDENTIAL - PINNAROO POINT CAFÉ PROJECT - PROGRESS REPORT

WARD	South-West
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	102656, 101515
ATTACHMENTS	Attachment 1 New site location plan Attachment 2 Development perspectives Attachment 3 Indicative project program
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 is confidential in accordance with Section 5.23(2)(c) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

- (c) *a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting.*

A full report was provided to Elected Members under separate cover. The report is not for publication.

MOVED Cr Norman SECONDED Cr Poliwka that Council:

- 1 NOTES the progress of the Pinnaroo Point Café/Kiosk Project;**
- 2 ENDORSES the new location proposed by Rock (WA) Pty Ltd T/as White Salt as shown in Attachment 1 to this Report and REQUESTS the Chief Executive Officer to give reasonable notice to the WA Sky Pirates Paramotor Club that their permit will not be renewed;**
- 3 NOTES the development perspectives as shown in Attachment 2 to this Report.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs McLean, Dwyer, Logan, Norman, Poliwka and Taylor.

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 7.45pm; the following Committee Members being present at that time:

Cr Tom McLean, JP
Cr Philippa Taylor
Cr Russell Poliwka
Cr Mike Norman
Cr John Logan
Cr Sophie Dwyer