

minutes

Major Projects and Finance Committee

MEETING HELD ON

MONDAY 12 JULY 2021

Acknowledgement of Traditional Custodians

The City of Joondalup acknowledges the traditional custodians of the land, the Whadjuk people of the Noongar nation, and recognises the culture of the Noongar people and the unique contribution they make to the Joondalup region and Australia. The City of Joondalup pays its respects to their Elders past and present and extends that respect to all Aboriginal and Torres Strait Islander peoples.

This document is available in alternate formats upon request

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CITY OF JOONDALUP

MINUTES OF THE MAJOR PROJECTS AND FINANCE COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY 12 JULY 2021.

ATTENDANCE

Committee Members

Cr John Logan	<i>Presiding Member</i>	
Mayor Hon. Albert Jacob, JP		<i>absent from 6.59pm to 7.01pm until 7.35pm</i>
Cr John Raftis	<i>Deputy Presiding Member</i>	
Cr Russell Poliwka		
Cr Tom McLean, JP		
Cr Nige Jones		
Cr Suzanne Thompson		

Observers

Cr Christine Hamilton-Prime, JP	<i>absent from 7.00pm to 7.02pm</i>
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Officers

Mr James Pearson	Chief Executive Officer	<i>absent from 7.01pm to 7.02pm</i>
Mr Nico Claassen	Director Infrastructure Services	
Mr Mike Smith	Acting Director Corporate Services	
Mr Blignault Olivier	Manager City Projects	<i>until 7.49pm</i>
Mr Brad Sillence	Manager Governance	
Mr Alan Ellingham	Senior Financial Analyst	
Mr Scott Collins	Senior Projects Officer	<i>until 7.48pm</i>
Mrs Natasha Mossman	Governance Officer	

ACKNOWLEDGEMENT OF TRADITIONAL CUSTODIANS

Prior to the opening of the Major Projects and Finance Committee meeting, the Presiding Member acknowledged the traditional custodians of the land.

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 5.45pm.

DECLARATIONS OF FINANCIAL INTEREST / PROXIMITY INTEREST / INTEREST THAT MAY AFFECT IMPARTIALITY

Disclosures of Financial Interest / Proximity Interest

Nil

Disclosures of interest affecting Impartiality

Elected Members (in accordance with clause 22 of Schedule 1 of the *Local Government [Model Code of Conduct] Regulations 2021*) 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 their interest.

Name / Position	Cr Russell Poliwka.
Item No. / Subject	Item 2 - Proposed Disposal of Lot 12223 (12) Blackwattle Parade, Padbury.
Nature of Interest	Interest that may affect impartiality.
Extent of Interest	Cr Poliwka knows the adjoining owner.

APOLOGIES AND LEAVE OF ABSENCE

Leave of Absence Previously Approved

Cr John Logan 22 July to 8 August 2021 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE MAJOR PROJECTS AND FINANCE COMMITTEE MEETING HELD ON 3 MAY 2021

MOVED Cr McLean, **SECONDED** Mayor Jacob that the Minutes of the Major Projects and Finance Committee Meeting held on 3 May 2021 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Jones, McLean, Poliwka, Raftis and Thompson.

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 **DRAFT 10 YEAR STRATEGIC FINANCIAL PLAN 2021 (2020-21 TO 2029-30)**

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBERS	108891, 101515
ATTACHMENTS	Attachment 1 Schedules Attachment 2 Draft 10 Year Strategic Financial Plan 2021 (2020-21 to 2029-30)
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 adopt the draft *10 Year Strategic Financial Plan 2021* (10 Year SFP) for the period 2020-21 to 2029-30 and *Guiding Principles 2021*.

EXECUTIVE SUMMARY

The new plan included in this document covers the years 2020-21 to 2029-30 and is referred to as the draft 10 Year SFP. The previous plan covered the years 2019-20 to 2028-29 and was noted by Council at its meeting held on 20 October 2020 (CJ147-10/20 refers).

In 2020 the City has experienced unprecedented economic and financial change as well as a revaluation of all rateable properties. The City prepared a budget for 2020-21 which responded positively to these circumstances providing relief to most households and businesses with a lower rates charge than in 2019-20. This resulted in an operating deficit instead of a planned operating surplus.

The budget for 2021-22 has again taken account of the ongoing economic uncertainty and has proposed a rate increase of 0.9% which is 0.85% lower than the projected increase in Perth CPI and is lower than the anticipated increase in most of its expenses. As a result, the budget for 2021-22 has also projected an operating deficit of \$9.7 million and this has an impact for future years of the SFP as well. It should be noted though that the operating deficit for 2021-22 includes one-off items of \$2.1 million bringing the underlying deficit is \$7.6 million.

From 2022-23 onwards the SFP has assumed that the rates base may increase in line with Perth CPI and in line with an increase in salaries/wages. As base income is only growing in line with expenses, the SFP does not provide a balanced operating budget in the short term. However, there is a steady improvement anticipated due to new rates income, new income from projects and increased earnings from cash reserves. By 2025-26 the operating deficit may have reduced to \$4.8 million and potentially by 2029-30 may almost be balanced.

The operating deficit is manageable because the City is in a strong cash position, but it is not sustainable in the long-term. The annual planning cycle provides the City with ongoing opportunities to evaluate existing expenditure, generate new income and further improve the financial projections - these will be explored in more detail in this Report.

It is therefore recommended that Council:

- 1 *ADOPTS the draft 10 Year Strategic Financial Plan 2021 (2020-21 to 2029-30) as at Attachment 2 to this Report;*
- 2 *ADOPTS the Guiding Principles 2021 as included in Appendix 1 of Attachment 2 to this Report.*

BACKGROUND

The new plan included in this document covers the years 2020-21 to 2029-30 and is referred to as the draft 10 Year SFP. The previous plan referred to throughout this document covered the years 2019-20 to 2028-29 and was noted by Council in October 2020. The draft 10 year SFP aligns with the adopted budget 2021-22.

Disclaimer

The following disclaimer is included within the 10 Year SFP to ensure readers understand where the 10 Year SFP is positioned within Council's decision-making process. Readers of the 10 Year SFP should understand that the document is used predominantly as a planning tool. As such it is based on many assumptions and includes several projects and proposals that in some cases:

- have been approved by Council and are in progress
- have been considered by Council, but are yet to receive final approval
- have only been considered by elected members at a strategic level
- have only been considered by officers
- are operational in nature and based on the continued provision of services and maintenance of City assets and infrastructure in accordance with management and other plans.

Any of the assumptions and any of the projects or proposals not already approved could prove to be inaccurate both as to likely requirement, timing and financial estimates or may not come to pass at all. They have, however, been included based on the best available information and knowledge to hand at this point in time in relation to likely requirement, timing and financial estimates. The adoption of the 10 Year SFP by Council does not constitute a commitment or agreement to any of the projects or proposals that have not already been approved or the financial estimates and projections.

At the time of presenting the 10 Year SFP for consideration, there may be projects and plans under review that have different assumptions to those included in the 10 Year SFP. The 10 Year SFP is updated annually, and therefore revised assumptions can be included in future updates of the 10 Year SFP. It is not considered best practice to delay the adoption of the 10 Year SFP in order to include updated projections for new projects because this results in the delayed 10 Year SFP encroaching into the next planning cycle for the next Strategic Financial Plan. In any case, the impacts of projects are not critical to the long-term projections.

Ten years is a long period for financial forecasting, and it needs to be emphasised that the outer years have a lot more uncertainty than the earlier years. The 10 Year SFP strives to achieve the following:

- Years one to five – Higher level of accuracy, albeit dependent on the key assumptions.
- Years six to 10 – Moderate/minor level of accuracy.

How the draft 10 Year SFP is produced

There are four sets of assumptions that the draft 10 Year SFP is based on, as summarised below. The following assumptions are explained in more detail in the plan itself (Attachment 2 refers):

1 External Environment:

- Demographics.
- Economic indicators.
- Housing Strategy.
- Business Growth.

2 Operating Income and Expenses:

- Each line item of income and expenses is split into two, the “base” and “growth”.
- “Base” income and expenses are based on the Budget for 2021-22. Escalation factors (percentage increases) are then applied to each individual service item.
- “Growth” changes then capture all other changes not currently included in the base, for example:
 - one-off issues within the base. If the baseline (such as the budget) has one-off issues that would not be repeated in future years, then these would need to be included in the forward projections
 - volume changes based on changes to services, approved projects and planned projects. Where information is available from a feasibility study or business case or a decision by Council, then this information is used
 - legislation or any other change not captured in the base such as proposed increase to the superannuation guarantee to 12%.

3 Capital Expenditure / Major Projects:

- *Five Year Capital Works Program 2021-22 to 2025-26* is embedded into the draft 10 Year SFP.
- Forecast for the outer years (2025-26 to 2029-30) for each of the programs have been made.
- Other ‘business as usual’ capital programs (Information technology, fleet and parking) have been forecast.
- Major Projects – based on feasibility studies or Council / Committee reports. Projects which have not been subject to any review by elected members are excluded, a list of excluded projects is provided later in the report.
- Escalation factors (such as percentage increases) are then applied to each individual project.

4 Funding:

- Each program or project has been separately assessed, to identify whether the project is funded by either:
 - municipal funds
 - specific reserves
 - strategic asset management reserve
 - disposal proceeds
 - borrowings.

The critical assumptions for the plan are the percentage increases to the base income and expenses as these percentage increases are recurring and have a bigger on-going impact than one-off capital expenditure. For example, a lower rate increase in one year will affect each year of the plan thereafter.

The plan is prepared in consultation with all Business Units within the City's administration. Additionally, external agencies are involved where necessary.

Attachment 1 - Schedules

Attachments 1.1 to 1.8 are the detailed schedules. Each of these attachments is explained in the table below.

Table 1 – Attachments 1.1 to 1.8 – Detailed Schedules

No	Report	Purpose
1.1	10 Year Plan - Rate Setting Projections	<ul style="list-style-type: none"> • Operating statement, capital expenditure, funding.
1.2	Key Ratios Summary	<ul style="list-style-type: none"> • Summary of the key ratios achieved versus previous plan. • Other key indicators are also summarised. • Graphs of key indicators.
1.3	Assumptions	<ul style="list-style-type: none"> • Economic indicators and external environment. • Escalation assumptions applied for operating income and operating expenditure. • Also includes other key assumptions, such as costs of borrowing.
1.4	Major Project Assumptions	<ul style="list-style-type: none"> • List of major projects. • Source of funds and estimated timescales for completion.
1.5	Capital Expenditure (Capex) by Year – excluding escalation	<ul style="list-style-type: none"> • Summary of all capital requirements, both for existing programs and new projects.
1.6	Capital Expenditure (Capex) by Year – including escalation	<ul style="list-style-type: none"> • Summary of all capital requirements, both for existing programs and new projects.
1.7	Project Funding Estimates	<ul style="list-style-type: none"> • Funding summary to explain how projects are funded.
1.8	Reserves	<ul style="list-style-type: none"> • Projected reserve balances and movements.

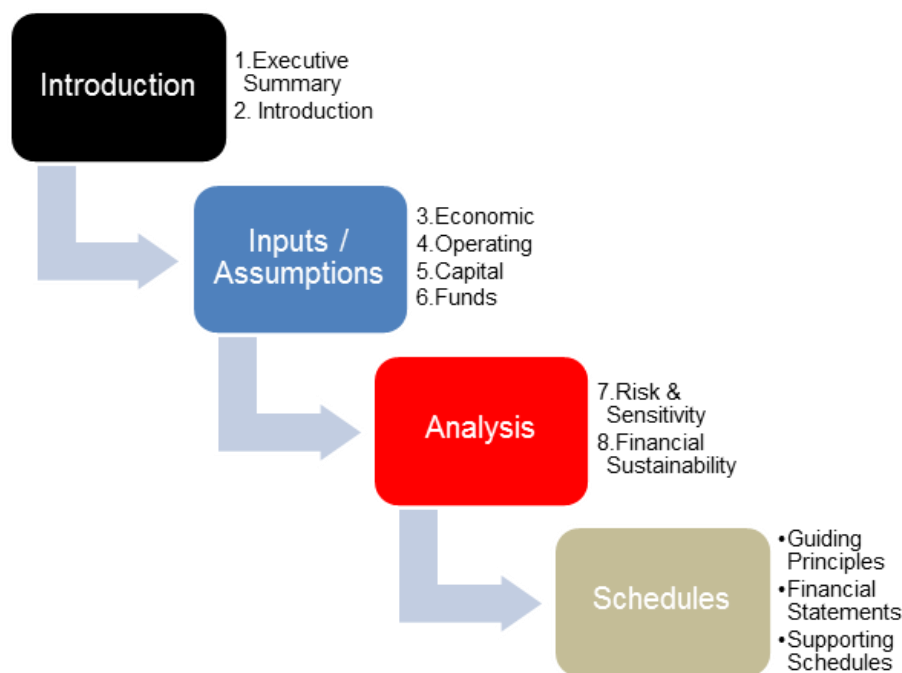
All attachments included in the schedules have forecast values for 10 years, including the following:

- Year one is the 2020-21 forecast.
- Year two is the adopted budget for 2021-22.
- Year three to 10 are the projections for future years.

Format and Content of the Plan (Attachment 2 refers)

The draft 10 Year SFP follows the same content and structure as the previous plan. The draft 10 Year SFP complies with the *Department of Local Government, Sport and Cultural Industries Integrated Planning and Framework*. The draft 10 Year SFP comprises of eight sections with financial statements and supporting schedules, the chart below summarises the contents of the plan:

Chart 1 – Contents of the Draft 10 Year SFP



Guiding Principles 2021

The draft 10 Year SFP has been developed using a set of guiding principles. These are reviewed annually and were last noted by Council at its meeting held on 20 October 2020 (Item CJ147-10/20 refers). The proposed *Guiding Principles 2021* are shown at Appendix 1 of Attachment 2. There are no changes proposed in 2021.

DETAILS

Continued economic uncertainty

In 2020 the City (and the world) has experienced unprecedented economic and financial change and the City was faced with implementing tri-annual revaluations which resulted in large reductions in Gross Rental Values. The City developed a unique budget that reduced rates income by \$5.9 million compared to the forecast 2020-21 income and provides a reduction to the majority of residents and businesses.

The economic uncertainty caused by the pandemic has continued in 2021 with lockdowns throughout Australia and significant restrictions on travel. Despite the ongoing uncertainty the state and national economy has rebounded and the economy is now larger than it was pre-pandemic, this has been driven by the resources sector and government stimulus. However, some sectors (for example, hospitality, travel) continue to be significantly affected by the pandemic. The City has levied a minimal increase in rates revenue of 0.9% for 2021-22, well below the projected increase in expenses and has provided some stimulus with rates rebates for businesses in 2021-22.

Due to the ongoing economic uncertainty the draft SFP 2021 has been prepared for a 10-year period only, instead of a forecast of 20 years as prepared prior to 2020.

Operating deficit and long-term renewal projections

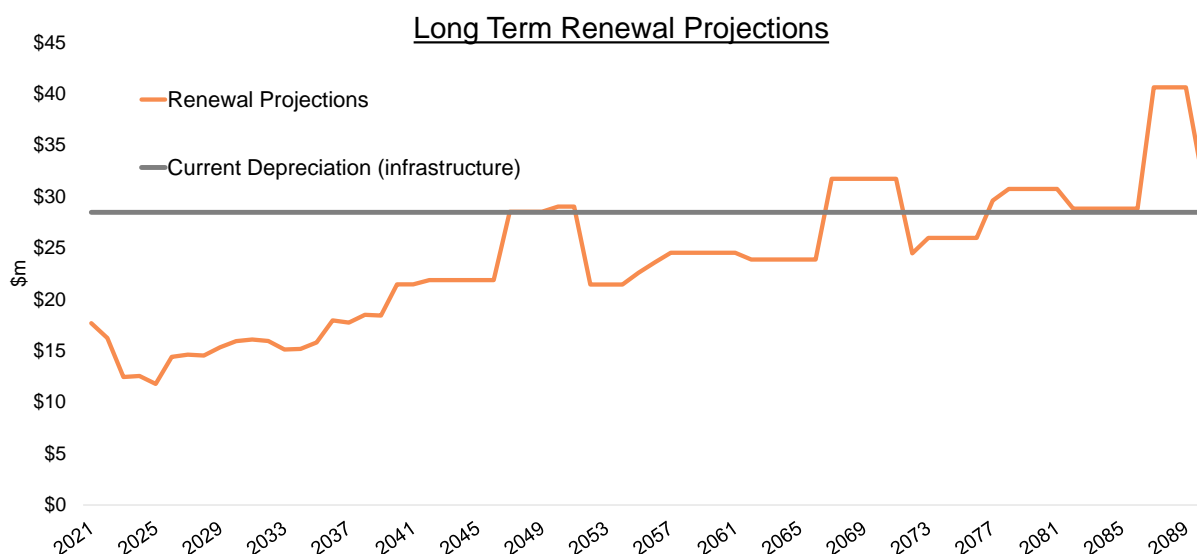
The draft budget 2021-22 is projecting an operating deficit of \$9.7 million (6.7%), but this includes one-off items of \$2.1 million so the underlying deficit is \$7.6 million. The City is able to withstand an operating deficit because the City's assets are still relatively young and therefore spends less on renewals than depreciation, as indicated on the early years of the chart below. The City is in a strong cash position and has developed a flexible budget that could withstand further shocks. However, the operating deficit is unsustainable in the long-term because as the age of the infrastructure gets older there will be a requirement to spend more on renewals to maintain service levels to the community and eventually renewal expenditure will be higher than depreciation (as indicated in the later years of the chart below).

The City would need to address this by either applying:

- rates growth – new income from business growth, housing growth or projects, for example Boas Place Development
- rates base – increases to base rates which are more than the increases in expenses
- reduction in services – as determined by Council
- new income – projects which provide new income streams and more income than expenses.

The guiding principles state the intent to have a balanced operating budget, or preferably a surplus. The guiding principles also state that this should be considered in the context of the economy, new projects, existing assets/services and applying rate increases that keep pace with increase in expenses.

The draft SFP 2021 includes a prudent set of assumptions which show moderate improvements in the operating deficit. While a balanced operating budget is not projected to be achieved in any of the next 10 years this is not considered a major financial concern as is explained within the plan (Attachment 1 refers). Meanwhile there are several improvement opportunities as part of the annual review of the budget, SFP and capital works program that can provide benefits.

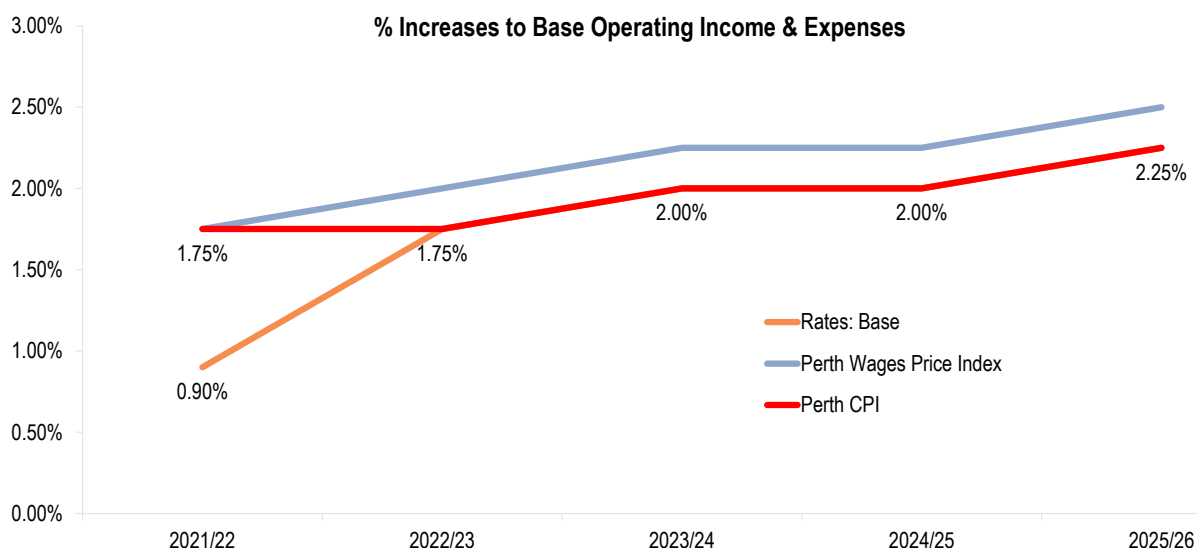


Critical Assumptions - Base Income and Expenses Percentage Increases (Attachment 1.3 refers)

The most critical assumptions in the operating projections are the percentage changes to existing income and expenses, these assumptions have the biggest impact because of the recurring impact, for example, a 1% increase or decrease to rates equates to approximately \$1 million income that forms part of the base revenue in future years. Note that the critical assumptions are applied to the existing base income and expenses and assume no change in services. If the City reduced/removed some services and reduced its costs permanently then this would alleviate the need to apply rates increases that are higher than increases in expenses or higher than CPI to achieve a balanced operating budget.

The chart below shows the summary assumptions assumed from 2021-22 to 2025-26. The economic projections are from WA Treasury as included in the State pre-election projections (February 2021). The key issues are as follows:

- Perth CPI – projected to be 1.75% for next two years, then rising to 2% for two years then 2.25%.
- Rates increases – 0.9% for 2021-22 and then match Perth CPI thereafter (and hence the orange line for rates increase is not visible from 2022-23).
- Perth Wages Price Index – estimated to be 1.75% in 2021-22 then be 0.25% higher than the increases in Perth CPI.
- Salaries and Wages – the City has referred to Perth Wages Price Index in the first instance. However, analysis of the past six years shows that the forecast for Perth Wages Price Index is normally at least 0.3% above the actual. The City has therefore reduced it's increase for salaries and wages by 0.25% less than the forecast for Perth Wages Price Index.
- Materials and Contracts – An increase in line with Perth CPI is assumed.



It is vital to emphasise that it is not the absolute number for each assumption that is critical to the financial projections but the difference between the assumptions, that is, if rates are increased less than the increase in expenses then the operating deficit will worsen, notwithstanding other factors.

The assumptions are not fixed, the rate increases for example are approved as part of the annual budget each year.

Attachment 1.3 provides more details of other assumptions, including the different assumptions for 'Fees and Charges', each of which has been reviewed separately, some of the items may increase at the discretion of the City (for example, sports/recreation fees), but other fee revenue can be volatile and outside of the City's control (such as dog/cat registration income).

Operating Projections (Section 4 of Attachment 2 refers) Summary

Section 4.3 and 4.4 (Attachment 2 refers) explain how the operating projections could improve from a deficit of \$9.7 million in 2021-22 to a deficit of \$4.8 million by 2025-26. The table below summarises the following estimated changes in operating results between 2021-22 and 2025-26:

- 1 One-offs \$2.1 million benefit – the 2021-22 budget has several one-off items that are not assumed to be repeated in future years, for example \$300,000 in one-off rates rebate and \$400,000 for review of planning framework.
- 2 Rates Growth \$2.6 million benefit – additional rates revenue from new dwellings and commercial growth. The assumptions are based on the most up-to-date assumptions (such as development applications) at the time the plan is prepared.
- 3 Projects (\$900,000) cost – the net impact from new depreciation, new expenses and new income, summarised as follows:
 - \$1 million benefit of Craigie Leisure Centre refurbishments.
 - (\$900,000) cost with new depreciation caused by the Capital Works Program.
 - (\$1.4 million) cost with Ocean Reef Marina, of this (\$1.2 million) is depreciation.
 - \$400,000 benefit with other projects.

- 4 Investment Earnings \$2.8 million benefit – the City may earn \$3.5 million in 2025-26 which is \$2.8 million more than the \$700,000 within the 2021-22 budget.
- 5 Interest on Borrowings \$200,000 benefit – this will reduce as existing borrowings are repaid.
- 6 Other (legislation) (\$800,000) – Superannuation Guarantee increase to 12%.
- 7 Critical Assumptions (\$1.2 million) – as explained earlier the percentage increases to base income are assumed to mostly keep pace with increases in expenses (except for 2021-22). However, the reason for a \$1.2 million worsening by 2025-26 is that the base expenses are already \$9.7 million more than the base income and some fees are not increased every year for example building and development fees.

Improvements in Operating Results	21/22 \$ms	25/26 \$ms	Difference \$ms
1 One-off items 2021/22 budget removed from future years		2.1	2.1
2 Rates Growth (Commercial & Residential)	0.3	2.9	2.6
3 Projects - additional operating expenses, depreciation and income		(0.9)	(0.9)
4 Investment Earnings	0.7	3.5	2.8
5 Interest on Borrowings	(0.3)	(0.1)	0.2
6 Other		(0.8)	(0.8)
7 Critical Assumptions			
- Rates Income & Fees/Charges	151.0	162.6	11.6
- Expenses (Employment Expenses, Materials/Contracts, Utilities, Depreciation)	(161.3)	(174.0)	(12.8)
Operating Surplus / (Deficit) after Depreciation	(9.7)	(4.8)	4.9

Further opportunities to address the operating deficit

The projected improvement in operating results of \$4.9 million indicated above is useful, and the plan indicates further improvements that may arise in the following five years due to rates growth predominately. The annual update of the budget, the *Five Year Capital Works Program* and SFP provides ongoing opportunities for the City to improve the financial outlook for the City. Some of the key activities that are, or can be developed, are as follows:

- Service reviews – additional information will continue to be provided to elected members to help review service levels.
- Waste management – this area provides several opportunities in the years ahead to reduce operating expenses, and potentially reduce the refuse charge per household, for example, the future of the Resource Recovery Facility; Waste to Energy; regional collaborations.
- Reserves – prior to the 2022 SFP a review will be undertaken of each reserve, and most notably some of the reserves that are growing but with no designated use within the next five years, this includes Tamala Park Reserve and Joondalup Performing Arts Cultural Facility. These reserves are invested by the City in line with the City's *Investment Policy*, it will be worth evaluating whether the reserves could be used to help support some key projects or generate new income streams. For example, the City could use the Tamala Park Reserve to take a lead on Boas Place Development rather than relying on a proponent for all of the financial investment, or the City could

use the Tamala Park Reserve to finance the installation of LED street lights in place of the existing Western Power lights and achieve a recurring saving.

- Prioritisation – as part of the annual budget review a simplified approach to prioritising major projects was prepared. This was based on two key factors, the recurring financial impact (to the City) and the incremental social/economic benefit to the wider region/economy. This framework has allowed major projects to be prioritised and provides opportunities to align resources to projects that will provide the highest benefits.
- *Five Year Capital Works Program* – consider re-evaluating the drivers that have resulted in the annual program of upgrade and new infrastructure, reviewing the objectives and options for achieving the objectives.

Issues and Scenarios considered

Scenarios

Three scenarios for improving the operating projections have been evaluated in the draft 10 Year SFP (Section 7.2). The draft 10 Year SFP has been prepared using the 'base' scenario.

Options

Council's options are as follows:

- adopt the 2021 draft 10 Year SFP, without any further changes
- adopt the 2021 draft 10 Year SFP with changes
or
- do not adopt the 2021 draft 10 Year SFP at this stage, pending further changes.

Legislation / Strategic Community Plan / Policy Implications

Legislation

Section 5.56(i) of the *Local Government Act 1995* provides that:

"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

Strategic Financial Plan – Guiding Principles.

Risk management considerations

The plan is based on many assumptions. There is a risk that those assumptions may not come to pass, however, the draft 10 Year SFP is a planning tool and the City is not committed to anything in the plan by virtue of endorsing the document. Periodic reviews and updates of the plan will ensure that it remains a relevant and useful document to manage the City's financial affairs into the future.

Projects not included in the 10 Year Strategic Financial Plan

There are several projects which have been subject to some investigation but are not included or only partially included as they do not have finalised plans adopted by Council.

Projects discussed but not yet included include the following:

- 1 Sorrento Surf Life Saving Club Redevelopment – a business case has been submitted by the Club, reviewed by the City and presented to elected members. In April 2021 Council requested that the City prepare a business case which is currently being prepared. The project is subject to an \$8 million state election commitment but the City is unable to include the project yet in the SFP because there are revised concept plans and costings being prepared so the capital cost and recurring impacts are unknown – the project can be included in the 2022 SFP subject to Council endorsing one of the redevelopment options/costs.
- 2 Joondalup City Centre Development – the project costs are included, but no other capital costs or financial impacts are included at this stage until the project is developed further. A draft Order of Magnitude Business Case was presented to the Major Projects and Finance Committee in 2019.
- 3 Percy Doyle Skate Park – a business case is currently being prepared to evaluate three concepts for a new facility at Percy Doyle Reserve, this will be presented within the next year. If Council resolves to proceed, the 2022 update of the *Five Year Capital Works Program* and SFP will include the recommended option.
- 4 Urban Bike Trails – a separate business case is being prepared and once this is presented and an option agreed this can also be included in future updates.
- 5 Underground Power and Streetlighting Strategy – the City has prepared a preliminary financial evaluation and project philosophy and parameters so that it is business-case ready for any proposals from Western Power, and to also assist with an advocacy position. Once there are any business cases approved for this strategy they can be included.
- 6 Housing Opportunity Areas and Infrastructure – the increased density and new dwellings may result in requirements for new or upgrade infrastructure at some future stage, for example community facilities, parks. This may be identified as part of the annual update of the *Five Year Capital Works Program* (such as the *Park Amenity Improvement Program*) or potentially as a project but before any other expenditure is included in the 10 Year SFP scoping and options evaluation is required to be undertaken.
- 7 Works Operations Centre (WOC) Tenure Review – at the request of Council, the City is currently reviewing options for changing the tenure for the WOC. This may involve a buy-out of the current lease arrangement, but this would provide ongoing annual savings. This can only be included in the SFP once there is some further certainty on the potential impacts and timing.
- 8 Woodvale Community Facilities – a community needs and facility study was prepared by external consultants in 2020 which evaluated the proposals from adjacent landowner. Whilst this project has the potential to provide some limited financial benefits there are significant community impacts that need considered and as the City has commenced an overall review of community facilities as part of a Social Needs and Feasibility Study, this project is paused.

- 9 Heathridge Park – a community needs and facility study has been prepared by external consultants engaged by the City and preliminary impacts reported to Major Projects and Finance Committee in 2020. Further options are being prepared, with an update to the financial evaluation and a business case. Once the business case has been adopted by Council the project can be included in the SFP.
- 10 Craigie Leisure Centre Refurbishments Phase Two – the 10 Year SFP includes the impacts of Phase One which were approved by Council in December 2019. Phase Two project plan has been prepared.
- 11 Core Systems Refresh – the SFP already includes an increase in the recurring expenses for upgrading its core I.T. systems. However, the one-off implementation costs are not yet included as they are subject to a business case which is currently being prepared.
- 12 Resource Recovery Facility (RRF) – given that the organic content of the input waste feedstock to the RRF is diminishing as a result of a number of factors, the Mindarie Regional Council (MRC), with the support of the seven member Councils, is currently considering options for how the RRF and the Neerabup land, might be best used into the future. This is the subject of a business plan for the major land transaction which is out for public comment. Depending on the outcome of that process, there may be recurring savings to process waste, although a one-off payment from the Waste Management Reserve would be required. The SFP has not yet included any of these related impacts as the outcome of these considerations is still uncertain. The Waste Management Reserve is indicating a balance by June 2030 of \$18.3 million but depending on the outcomes of the MRC's process, the projected balance in the reserve may be much lower. The SFP will be updated in 2022 to take account of the impacts, if approved.

As mentioned for several of the projects above, it is not intended to include the projects in the SFP until there is some greater certainty with the project, that is, a business case and a timeline. The City could attempt to include some indicative placeholders for these projects in the SFP so as to gauge the overall financial impacts if, or when, the projects are approved – however this approach will may unrealistic expectations and may undermine the credibility of the SFP. As the SFP is updated annually there is sufficient opportunity for projects to be included if not already.

It may appear to be a significant risk to the SFP to omit these projects if they are then subsequently included. However, seven of the projects would provide a recurring financial benefit and the eventual inclusion will improve the financial projections. In any case it is the critical assumptions explained earlier (changes to operating projections) that have the biggest impact on forward projections, not one-off projects. Furthermore, the SFP is updated annually and can take account of any projects that have matured and should be included.

Financial / budget implications

The draft 10 Year SFP represents projections and estimates, based on many assumptions and is a primary planning tool for the development of future budgets. Adoption or noting of the draft 10 Year SFP, however does not constitute a commitment or agreement by the City to the projects and proposals it contains, or the financial estimates and projections included in the draft 10 Year SFP.

The 10 Year SFP is used as a reference point to the annual Budget for the following year.

Regional significance

Not applicable.

Sustainability implications

The draft 10 Year SFP represents the primary and key strategic financial planning document for the City and has a direct bearing on planning for the financial sustainability of the City.

Consultation

The draft 10 Year SFP has been prepared after extensive consultation with City Business Units, the Executive Leadership Team and elected members.

COMMENT

The draft *10 Year Strategic Financial Plan 2020-21 to 2029-30* (Attachment 2 refers), sets out a significant program of works and projects for the City of Joondalup over the next 10 years. These are in keeping with the Joondalup 2022 vision for the City: “*A global City: bold, creative and prosperous*”.

Although the program is ambitious, it is achievable with financial discipline and the draft 10 Year SFP maps out how this can be done.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mayor Jacob, SECONDED Cr McLean that Council:

- 1** **ADOPTS** the draft *10 Year Strategic Financial Plan* for the period 2020-21 to 2029-30 as at Attachment 2 to this Report;
- 2** **ADOPTS** the *Guiding Principles 2021* as included at Appendix 1 of Attachment 2 to this Report.

The Motion was Put and

CARRIED (4/3)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Jones and McLean.

Against the Motion: Crs Poliwka, Raftis and Thompson.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnMPFC210712.pdf](#)

Disclosures of interest affecting Impartiality

Name / Position	Cr Russell Poliwka.
Item No. / Subject	Item 2 - Proposed Disposal of Lot 12223 (12) Blackwattle Parade, Padbury.
Nature of Interest	Interest that may affect impartiality.
Extent of Interest	Cr Poliwka knows the adjoining owner.

ITEM 2 PROPOSED DISPOSAL OF LOT 12223 (12) BLACKWATTLE PARADE, PADBURY

WARD	South-West
RESPONSIBLE DIRECTOR	Mr James Pearson Office of the Chief Executive Officer
FILE NUMBERS	55022, 63627, 101515
ATTACHMENT	Attachment 1 Location Plan
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 approve a proposed two-stage land disposal process regarding Lot 12223 (12) Blackwattle Parade, Padbury (Lot 12223).

EXECUTIVE SUMMARY

Lot 12223 was acquired from State Government by the City in June 2019. The site is zoned 'Commercial.'

A location plan is provided as Attachment 1 to this Report.

At its meeting held on 19 March 2019 (CJ031-03/19 refers) Council resolved to authorise the Chief Executive Officer to dispose of the site by public auction. If this method proved unsuccessful, disposal by private treaty was also authorised.

In the interim, due to the site's location, the City has been investigating potential alternative sales models in its effort to influence the site's future land use and development intensity.

Investigations have resulted in recommending to Council to support a two-stage land disposal process commencing with calling for EOI from developers where, besides a purchase price or land lease rental being offered, respondents are also to provide their intended future development proposals. A panel will judge and rank the submissions received, and a report will be submitted to Council. Should Council provide its in-principle support for a proposal received via the EOI process, stage two will commence with the City following negotiations with the preferred respondents via the private treaty land disposal regulations under the *Local Government Act 1995* (the Act).

As Council has previously provided its support to the disposal of the site by public auction in the first place and if unsuccessful by private treaty, part of Council's decision of 19 March 2019 (CJ031-03/19 refers) is required to be revoked should Council support calling for EOI.

It is therefore recommended that Council:

- 1 *BY AN ABSOLUTE MAJORITY REVOKES Parts 1 and 2 of its decision of 19 March 2019 (CJ031-03/19 refers) as follows:*
 - "1 AUTHORISES the Chief Executive Officer to dispose of Lot 12223 (12) Blackwattle Parade, Padbury by public auction on the property being owned by the City;*
 - 2 AUTHORISES the Chief Executive Officer to dispose of Lot 12223 (12) Blackwattle Parade, Padbury by private treaty should the public auction process be unsuccessful;"*
- 2 *AUTHORISES the Chief Executive Officer to conduct a two-stage land disposal process for the disposal of Lot 12223 (12) Blackwattle Parade, Padbury, with Stage 1 calling for Expressions of Interest with submissions to include the purchase price or land lease arrangements in addition to respondents' intended development proposals;*
- 3 *At the conclusion of Stage 1, REQUESTS a report be submitted to Council in order for it to be advised of the outcome of the Expression of Interest process.*

BACKGROUND

The City's acquisition of the former community purpose site is related to petitions tabled during 2011. Residents' local to the site in "Hepburn Heights" raised concerns about parking, traffic and pedestrian issues occurring since the opening of St. Stephen's School's Early Learning Centre (Attachment 1 refers).

Petitioners stated that a long-term strategy to alleviate the traffic issues would be the City's concessional acquisition of the vacant community purpose site, Lot 12223. Petitions detailed that once Lot 12223 was owned in freehold by the City, rezoning and disposal of the site would provide the proceeds to install traffic lights at the intersection of Walter Padbury Boulevard and Hepburn Avenue, Padbury.

Main Roads WA (MRWA) has advised the City on several occasions that it does not support the installation of traffic lights at this location. MRWA support would be necessary for the installation of traffic lights, as they are the authority over Hepburn Avenue.

The Department of Planning, Lands and Heritage (DPLH) has also advised that the future sales proceeds from the disposal of Lot 12223 cannot be spent on installing traffic lights as it does not qualify under the definition of "Community Purpose". The proceeds are to be placed in a reserve and used for community purposes as detailed under the City's former *District Planning Scheme No. 2* – now *Local Planning Scheme No.3* (LPS3) as follows:

Community Purpose: *means the use of premises designed or adapted primarily for the provision of education, social, cultural, and recreational facilities and services by organisations involved in activities for community benefit.*

Ministerial approval was provided to Amendment No. 87 on 21 December 2017 to rezone Lot 12223 from 'Civic and Cultural' to 'Commercial.' The gazettal date was 12 January 2018.

An easement in favour of the Water Corporation and a public access easement encumbers the property and are shown on Attachment 1 to this Report.

At its meeting held on 19 March 2019 (CJ031-03/19 refers) Council resolved that it:

- “1 *AUTHORISES the Chief Executive Officer to dispose of Lot 12223 (12) Blackwattle Parade, Padbury by public auction on the property being owned by the City;*
- 2 *AUTHORISES the Chief Executive Officer to dispose of Lot 12223 (12) Blackwattle Parade, Padbury by private treaty should the public auction process be unsuccessful;*
- 3 *NOTES that it has previously SUPPORTED the creation of a reserve account in the City's Trust Fund for community projects in the vicinity of Lot 12223 (12) Blackwattle Parade, Padbury in line with the definition of 'Community Purpose' under the City's former District Planning Scheme No. 2 in which the sale proceeds of Lot 12223 (12) Blackwattle Parade, Padbury are to be allocated to;*
- 4 *NOTES a further status report on the progress of the City's proposed acquisition and disposal of Lot 12223 (12) Blackwattle Parade, Padbury will be submitted to the Major Projects and Finance Committee meeting to be held on 6 May 2019.”*

Since this resolution, it has been reported to the Major Projects and Finance Committee (the Committee) that the City has been investigating an alternative sales approach to the originally planned public auction.

The premise for these investigations was that selling the site by auction could result in a land use and development intensity for the site that is not necessarily suitable for its location.

After investigations that included the engagement of a consultant that has project management experience with 'phased' local government land disposals, the resultant recommended approach is a two-stage land disposal method.

DETAILS

The City will engage a real estate agent that has experience in the successful marketing of commercial property. The proposed marketing campaign and the EOI release date will be decided on by taking advice from the real estate agent regarding market conditions and other influencing factors.

Stage One will be the City calling for Expression of Interest submissions from respondents that includes the purchase price or land lease arrangements for the site and also provides their development proposals. Weighted and non-weighted criteria will be included in the EOI that respondents will be required to address. The proposals will be assessed and ranked and a report with the recommendations based on the results will be provided to the Major Projects and Finance Committee. If supported, discussions/negotiations with the preferred respondent will take place.

Should the panel conclude that successful negotiations with the preferred respondent are unreachable, negotiations will be discontinued, and the same negotiation process will commence with the second highest ranked preferred respondent and so forth. This process will continue until a recommendation to Council on the outcome of the EOI process.

Should Council provide its in-principle support to the recommended respondent/proposal, it will be subject to the outcome of a public notice period for the City to meet the private treaty provisions under the Act which is Stage Two. Council will consider any submissions received during the public notice period before it decides on the disposal of Lot 12223.

Issues and options considered

The rationale for re-examining the land disposal options for Lot 12223 and recommending an EOI process is the City's endeavour to guide the 'best fit' commercial development for the site due to its location. Matters to be addressed in the EOI will include proposed land use and development intensity. The EOI selection criteria will endeavour to ensure that a balanced approach is used that does not limit the commercial market's interest in the site to a disproportionate degree.

Respondents to the EOI will be required to provide their intended purchase price or proposed land lease details. The City will be seeking experienced developers of high-quality designed development projects, and examples of other matters to be addressed in submissions are details of internal and external traffic flow, proposed car-parking, noise emissions, proposed interface with the adjoining commercial centre, and the proposed development's relationship to the City's *Local Commercial Strategy* for the centre.

The City has used the services of an experienced consultant in local government land disposal models and considers an external probity check on the City's EOI document and intended process as the next action.

The City will retain its absolute discretion to terminate the EOI process at any time it sees fit without an agreement being reached.

An alternative option for Council is to reconsider selling the site at this time, retaining it for disposal at a future date.

Notwithstanding the recommended approach, Council can authorise the Chief Executive Officer to dispose of the site by any of the methods detailed under the relevant section of the Act, being public auction, public tender, or private treaty.

Legislation / Strategic Community Plan / Policy Implications

Legislation	Sections 3.58 and 3.59 of the <i>Local Government Act 1995</i> and 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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Policy	Not applicable.
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Risk management considerations

A due diligence review will take place regarding the recommended two-stage land disposal process that includes legal advice. A risk register holds the identified risks with management strategies which will continue to be monitored and updated. The City will engage the necessary experts to provide their advice on various aspects of the end-to-end process.

A panel will judge the submissions received, and the EOI document will state that the City reserves its right to discontinue the process at any time.

Financial / budget implications

The Strategic Asset Management Reserve funded the purchase price for the acquisition of the site. The funds from the sale of Lot 12223 will be allocated to a specific reserve account for community projects in the vicinity of Lot 12223 (12) Blackwattle Parade, Padbury in line with the definition of “Community Purposes” under *Local Planning Scheme No.3*.

Regional significance

Not applicable.

Sustainability implications

The City’s proposed EOI document highlights the requirements that building design should integrate sustainable design principles into its siting, design, and construction. Respondents will be directed to the *Environmentally Sustainable Design Policy*.

Consultation

Community consultation was conducted from 24 February 2015 to 26 March 2015. The City sought the local community’s feedback on the proposed acquisition of Lot 12223. The related survey detailed a number of selected projects that the future disposal proceeds could be used for, including a Council preferred project.

A scheme amendment proposal was advertised for public comment for 42 days closing on 20 July 2017. Amendment 87 rezoned the site from ‘Civic and Cultural’ to ‘Commercial’ and removed the residential density code.

As part of the EOI process, the City proposes using the services of a real estate agent for the site’s marketing. Should Council provide its in-principle support for a negotiated outcome with a preferred respondent, a public notice will be served for a minimum of 14 days on the intent to dispose of the site by private treaty with the outcome being reported back to Council.

COMMENT

Under *Local Planning Scheme No.3*, permitted uses under ‘Commercial’ are, for example, medical centre, consulting rooms, offices, and shops. Examples of uses that can be approved at Council’s discretion are child-care centres, multiple dwellings, residential aged care facilities and veterinary centres. The land use options under the commercial zone are broad and can result in very different development/traffic/parking outcomes.

Calling for Expressions of Interest to assess potential commercial development proposals for Lot 12223 (12) Blackwattle Parade, Padbury is the City’s attempt to manage ‘best fit’ for the location.

VOTING REQUIREMENTS

Absolute Majority.

OFFICER'S RECOMMENDATION

That Council:

- 1 BY AN ABSOLUTE MAJORITY REVOKES Parts 1 and 2 of its decision of 19 March 2019 (CJ031-03/19) as follows:
 - "1 AUTHORISES the Chief Executive Officer to dispose of Lot 12223 (12) Blackwattle Parade, Padbury by public auction on the property being owned by the City;*
 - 2 AUTHORISES the Chief Executive Officer to dispose of Lot 12223 (12) Blackwattle Parade, Padbury by private treaty should the public auction process be unsuccessful;"*
- 2 AUTHORISES the Chief Executive Officer to conduct a two-stage land disposal process for the disposal of Lot 12223 (12) Blackwattle Parade, Padbury, with Stage 1 calling for Expressions of Interest with submissions to include the purchase price or land lease arrangements in addition to respondents' intended development proposals;
- 3 At the conclusion of Stage 1, REQUESTS a report be submitted to Council in order for Council to be advised of the outcome of the Expression of Interest process.

MOVED Cr Poliwka, SECONDED Cr Jones that Council:

- 1 **BY AN ABSOLUTE MAJORITY REVOKES Parts 1 and 2 of its decision of 19 March 2019 (CJ031-03/19) as follows:**
 - "1 AUTHORISES the Chief Executive Officer to dispose of Lot 12223 (12) Blackwattle Parade, Padbury by public auction on the property being owned by the City;***
 - 2 AUTHORISES the Chief Executive Officer to dispose of Lot 12223 (12) Blackwattle Parade, Padbury by private treaty should the public auction process be unsuccessful;"***
- 2 **AUTHORISES the Chief Executive Officer to conduct a two-stage land disposal process for the disposal of Lot 12223 (12) Blackwattle Parade, Padbury, with Stage 1 calling for Expressions of Interest with submissions to include the purchase price or land lease arrangements in addition to respondents' intended development proposals;**
- 3 **At the conclusion of Stage 1, REQUESTS a report be submitted to Council in order for Council to be advised of the outcome of the Expression of Interest process;**
- 4 **REQUESTS the Chief Executive Officer seek clarity from the Department of Planning, Lands and Heritage on the use of the proceeds of the sale of Lot 12223 (12) Blackwattle Parade, Padbury and the scope of the proximity in which those proceeds can be spent.**

The Motion was Put and

CARRIED (6/1)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Jones, McLean, Poliwka and Thompson.

Against the Motion: Cr Raftis.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2agnMPFC210712.pdf](#)

ITEM 3

BURNS BEACH CAFE / RESTAURANT AND COASTAL NODE CONCEPT PLAN - PROJECT STATUS

WARD	North
RESPONSIBLE DIRECTOR	Mr James Pearson Office of the Chief Executive Officer
FILE NUMBERS	108335, 101515
ATTACHMENTS	Attachment 1 Community Consultation Outcomes Report Attachment 2 Coastal Node Concept Plan Attachment 3 Burns Beach Café / Restaurant and Coastal Node Redevelopment Business Case
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 results of the community consultation on the Burns Beach Coastal Node Concept Plan and to approve the project business case for the purpose of progressing the project.

EXECUTIVE SUMMARY

At its meeting held on 15 September 2020 (CJ137-09/20 refers) Council in-part resolved to request the Chief Executive Officer to commence community consultation on a concept plan for the Burns Beach coastal node, which includes plans for a two storey café / restaurant to be built by the City and leased to commercial food and beverage operators.

The results of the community consultation are summarised in this report and detailed in Attachment 1 to this Report. The community was invited to provide feedback on the Coastal Node Concept Plan (Attachment 2 refers) from 13 May 2021 to 2 June 2021. The City collected a total of 464 valid responses throughout the 21 day advertised consultation period. Overall, feedback on the Burns Beach Coastal Node Concept Plan was mostly positive, with over 70% of respondents indicating that they “support” or “strongly support” all of the key features.

The Burns Beach Café / Restaurant and Coastal Node Redevelopment Business Case (Attachment 3 refers) evaluates options, whole-of-life costs, and a critique of options against the project objectives. The Business Case demonstrates that the project addresses the philosophies, parameters and project objectives, and that the café / restaurant component will provide a recurring income stream that would pay back the cost of the overall coastal node redevelopment.

It is therefore recommended that Council:

- 1 *NOTES the Community Consultation Outcomes report (Attachment 1 refers) on the Burns Beach Coastal Node Concept Plan (Attachment 2 refers);*
- 2 *APPROVES the Burns Beach Café / Restaurant and Coastal Node Redevelopment Business Case (Attachment 3 refers) as the basis for continuing to progress the project;*
- 3 *REQUESTS the Chief Executive Officer to continue to progress the Burns Beach Café / Restaurant and Burns Beach Coastal Node Redevelopment projects in line with the actions outlined in this Report and the indicative project schedule outlined in Attachment 3 to this Report;*
- 4 *REQUESTS the Chief Executive Officer to initiate an Expression of Interest process to identify potential commercial operators for the proposed café / restaurant facility;*
- 5 *NOTES that the project will not commence to construction until the relevant land tenure arrangements and required approvals have been secured and a commercial operator for the café / restaurant identified for consideration by Council;*
- 6 *NOTES a further status report will be presented to the Major Projects and Finance Committee detailing the outcomes of Parts 2 through 5 above, to inform Council in making a final decision on whether to proceed with the development.*

BACKGROUND

The City owns and manages several strategically located land parcels that in terms of accommodating cafés, kiosks and restaurants have the potential to increase the enjoyment of popular recreational locations, provide food and beverage options to the community 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 philosophy and parameters for the cafés / kiosks / restaurants project to articulate, for historical purposes, its intent to progress the project and to address the project objectives. 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 aims 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.

A report was presented to the former Finance Committee at its meeting held on 7 August 2017 (Item 11 refers), outlining various options for the City to deliver a café / restaurant development at Burns Beach. After due consideration it was decided in part that the former Finance Committee NOTES:

“2 the Chief Executive Officer will further investigate options for the City to build a café / restaurant facility at Burns Beach, with a view of leasing the facility to a commercial operator and to present options and opportunities to Council for consideration”.

At its meeting held on 12 March 2018 (Item 8 refers), the Major Projects and Finance Committee considered a status report on options for the implementation of the project, and noted in part that the Chief Executive Officer will engage an architect to design a facility.

Several confidential reports were provided to the Major Projects and Finance Committee during 2018 and 2019, and at its meeting held on 9 March 2020 (Item 5 refers), the Major Projects and Finance Committee considered progress of the design development phase of the project, as well as an update on the City's request to the Department of Planning, Lands and Heritage (DPLH) to purchase Crown Land for the development - the DPLH indicating that a Crown Land purchase would not be considered and that a Crown Land lease was the preferred land tenure arrangement. The report also noted that the City was in the process of identifying a consultant landscape architect to review the 2016 *Burns Beach Master Plan – Coastal Node Concept Plan*.

At its meeting held on 15 September 2020 (CJ137-09/20 refers) Council considered a report on options to progress the project and resolved as follows that it:

- 1 *ENDORSES the refined Burns Beach Coastal Node Concept Plan forming Attachment 2 to this Report for the purpose of community consultation;*
- 2 *REQUESTS the Chief Executive Officer to commence community consultation on the refined Burns Beach Coastal Node Concept Plan as shown in Attachment 2 to this Report;*
- 3 *NOTES the proposed artist impressions for the City's Burns Beach café / restaurant Project forming Attachment 3 to this Report.*

DETAILS

Community Consultation

The community was invited to provide feedback on the Coastal Node Concept Plan (Attachment 2 refers) from 13 May 2021 to 2 June 2021. The City collected a total of 464 valid responses throughout the 21 day advertised consultation period. Responses that were considered valid include all those which contained contact details enabling identification and were submitted within the advertised timeframe.

Of the 1,686 residents and ratepayers from Burns Beach and properties in Iluka within 500 metres of the Burns Beach Coastal Node, 240 submitted feedback. A total of 70 Community Engagement Network members submitted feedback, as well as 24 Burns Beach Sunsets Village residents.

The City also received formal submissions from the following stakeholders:

- Burns Beach Residents Association.
- Burns Beach Sunsets Village.
- Burns Beach Twilights Markets.
- Department of Planning, Lands and Heritage.

The overall response rate is 16.2% from stakeholders who were engaged directly by the City. An additional 185 responses were also received from stakeholders who were engaged indirectly. This data is shown in Table 1 below:

Table 1 – Responses received by Stakeholder type

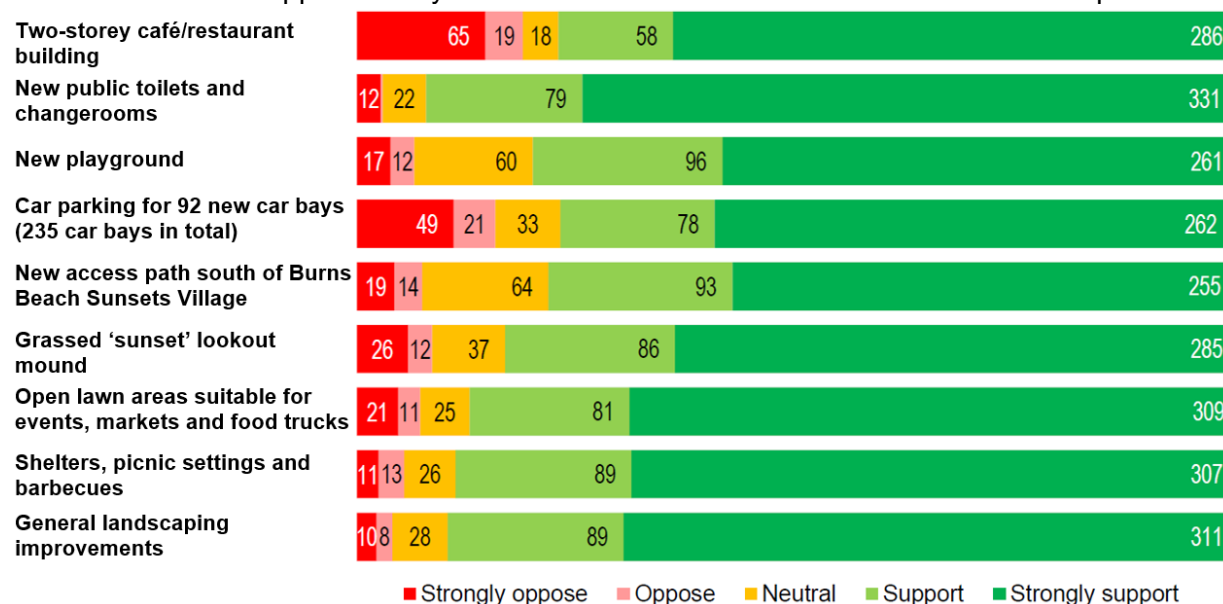
	Feedback sought	Feedback received	Response rate
Responses received by stakeholder type:	N	N*	%
Residents/ratepayers in Burns Beach and properties in Iluka within 500 metres of the Burns Beach Coastal Node	1,686	240	14.2%
Residents within Burns Beach Sunsets Village	61	24	39.3%
Community Engagement Network members (Burns Beach and Iluka)	322	70	21.7%
Environmental/friends' groups	1	0	0.0%
Friends of North Ocean Reef/Iluka Foreshore	1	0	0.0%
Resident/ratepayer groups	2	1	50.0%
Burns Beach Residents Association Inc	1	1	100.0%
Iluka Home Owners Association	1	0	0.0%
Local businesses	5	2	40.0%
AGEM Property Group (Iluka Plaza)	1	0	0.0%
Burns Beach Sunsets Village	1	1	100.0%
Burns Beach Twilight Markets	1	1	100.0%
Mums on a Mission	1	0	0.0%
Sistas Burns Beach Café	1	0	0.0%
Industry groups/peak bodies/government departments	4	1	25.0%
Department of Planning, Lands and Heritage	1	1	100.0%
Peet	1	0	0.0%
Satterley	1	0	0.0%
Surf Life Saving WA	1	0	0.0%
Parliamentarians/politicians	2	0	0.0%
Mr Mark Folkard MLA	1	0	0.0%
Mr Ian Goodenough MP	1	0	0.0%
Other community members (engaged indirectly)	—	185	—
Total response rate (engaged directly)	2,083	338	16.2%
Total responses	—	464	—

*Numbers may not add up to total, as respondents can represent multiple stakeholder types.

Overall, feedback on the Burns Beach Coastal Node Concept Plan was mostly positive, with over 70% of respondents indicating that they “support” or “strongly support” all of the key features. The most popular features include the new public toilets and changerooms, the shelters, picnic settings and barbecues, and the open lawn areas suitable for events, markets and food trucks. Nearly 75% of respondents indicated they “support” or “strongly support” the café / restaurant component of the concept plan.

The level of support for the key features of the Burns Beach Coastal Node Concept Plan is shown in Table 2 below:

Table 2 – Level of support for key features of the Burns Beach Coastal Node Concept Plan:



Respondents were also asked if they had any comments about the Burns Beach Coastal Node Concept Plan. A total of 343 respondents provided comments and common themes include the view that the project is long overdue/greatly wanted/needed, the view that the project is well-planned/fits in the area/adds to the suburb, general support for the concept plan, and suggestions for a range of additional/alternative infrastructure that could be included.

The full results of the community consultation process are detailed in Attachment 1 to this Report.

Business Case

The Business Case (Attachment 3 refers) evaluates options, whole-of-life costs, and a critique of options against the project objectives. The Business Case is the culmination of work on the project over a number of years and demonstrates that the project addresses the project philosophies, parameters and project objectives, and that the café / restaurant component will provide a recurring income stream for the City that would eventually pay back the cost of the overall coastal node redevelopment. The projections in the Business Case are best estimates at this point in time but there is a level of risk and uncertainty in the assumptions. The financial projections will continue to be updated at each stage of the project.

The DPLH has indicated that the likely land tenure arrangement will be a land lease term of 21 years with an option for a further term of 21 years, subject to a new *Coastal Hazard Risk Management and Adaptation Plan* (CHRMAP) in line with *State Planning Policy 2.6: Coastal Planning* being undertaken. The Business Case shows that the costs of the café / restaurant component of the development would be paid back to the City within about 15 years of construction. When the total costs of the overall coastal node redevelopment (including the café / restaurant component) are considered the payback period extends into the second 21 year lease term, providing a reasonable surplus after 42 years.

Land Tenure

The DPLH submitted a response to the community consultation (page 59 of Attachment 1 refers) which addresses the likely land tenure arrangements for the commercial component of the coastal node redevelopment. The City will continue to liaise with the DPLH to investigate the potential terms surrounding a Crown Land lease arrangement and what implications and concessions may be involved for the project.

As requested, a business case for the Crown Land lease will be provided to the DPLH. Based on the City's negotiated Crown Land lease arrangement for the Pinnaroo Point Café Project it is plausible that the DPLH may consider providing a discounted Crown Land lease rent or rent free period to reflect some costs of the proposed improvements and value added to the Crown Land.

Approvals

The café / restaurant component of the coastal node concept plan will require the approval of a development application (DA) and building permit before it can proceed to construction. The DA requires approval by the Western Australian Planning Commission (WAPC) due to its location within a Metropolitan Region Scheme Reserve. The City's Planning Services will receive the DA from the project architect and undertake an assessment which may include further community consultation, before making a recommendation on the proposal to the WAPC. The WAPC will make the ultimate decision on approving the DA.

Some elements of the proposed coastal node concept plan will require the clearing of some existing vegetation therefore a clearing permit may be required under the *Environmental Protection Act 1986* (EP Act). A targeted flora and vegetation survey has been undertaken for the proposed café / restaurant site which showed that the impact of the proposed clearing on conservation significant species and communities will be relatively low. The City will liaise with the Department of Water and Environmental Regulation (DWER) to address any legislative requirements relating to the proposal.

Commercial Operators

It is proposed that an expression of interest (EOI) process to identify potential commercial operators for the proposed café / restaurant building will soon be undertaken. The City would offer a long-term lease for the premises in response for the right leasing arrangements. A competitive EOI process advertised nationally would ensure the City attracts the best operators with appropriate financial and operational experience. With the proposed two storey design there is an opportunity for two separate operators to occupy two separate tenancies, or one operator to operate over the two levels - potentially with unique food and beverage offerings on each floor.

Updates on the EOI process will be provided to the Major Projects and Finance Committee at future meetings.

Indicative timeframes for the EOI and other actions mentioned above are provided in Attachment 3 to this Report.

Issues and options considered

Two options have been identified:

- Option 1 Council notes the community consultation outcomes report and approves the Café / Restaurant and Coastal Node Concept Plan Business Case, for the purpose of progressing the project (this is the recommended option).
- Option 2 Council notes the community consultation outcomes report but does not approve the Café / Restaurant and Coastal Node Concept Plan Business Case. (this is not the recommended option).

Legislation / Strategic Community Plan / Policy Implications

Legislation Besides the legislation that covers the planning, environmental and building requirements, with regard to the land related matters the *Land Administration Act 1997* and the Department of Planning, Lands and Heritage 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' dealings with property, which includes purchase and 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

The DPLH's *State Planning Policy No. 2.6: Coastal Planning* applies to development along the City's coastline, particularly with regard to potential long-term risks from severe storm erosion and sea level rise. In accordance with this legislation the City has undertaken the required *Coastal Hazard Risk Management and Adaptation Plan* (CHRMAP) for the proposed development site. The CHRMAP will be assessed as part of the development application process.

The DPLH's *State Planning Policy No. 3.7: Planning in Bushfire Prone Areas* also applies to this site. In accordance with the legislation the City has undertaken a *Bushfire Attack Level* (BAL) assessment and a *Bushfire Management Plan* for the project.

Other potential risks to the successful progression of the project include:

- inability to obtain support and approvals from the statutory approval authorities
- negative community reaction to the project
- lack of suitable respondents to the City's EOI to identify commercial business operators
- failure of negotiations on lease agreements with commercial operators
- a proponent, or the City, may opt not to proceed with the development.

Financial / budget implications

An amount of \$7.1 million is currently listed in the *Five-Year Capital Works Program* to cover the costs of the overall coastal node redevelopment – including the café / restaurant. A majority of the construction works are proposed to occur in 2023-24. A breakdown of the financial assumptions for the project are included in Attachment 3 to this Report.

It is envisaged that the café / restaurant project will provide an additional long-term income stream, as per the City's financial diversity objectives contained within *Joondalup 2022 – Strategic Community Plan 2012-2022*.

Current financial year impact

Account no.	1-220-C1060.
Budget Item	Cafés/Kiosks/Restaurants (Burns Beach).
Budget amount	\$ 207,401
Amount spent to date	\$ 0
Proposed cost	\$ 32,000
Balance	\$ 207,401

All figures in this report are exclusive of GST.

Future financial year impact

Annual operating cost	In the event the City is successful in leasing the Crown Land required for the facility and the City constructs its own building, it will be responsible for paying Crown Land rent and the cost of structural maintenance, depreciation and insurance of the building. All other annual operating costs including rates and consumption of services would be borne by the commercial operator. There will also be a level of operating costs associated with the other improvements to the coastal node. These costs are included in the business case (Attachment 3 refers).
Estimated annual income	The City will receive the market rent negotiated with an operator of the café / restaurant building. Rates will also be payable by the operator to the City. These assumptions are included in the attached business case (Attachment 3 refers).
Capital replacement	A capital replacement component has been included in the financial evaluations in the business case and will be further developed through the detailed design process.
20 Year Strategic Financial Plan impact	The capital costs / funding for the coastal node redevelopment (including the café / restaurant) is currently included in the City's <i>Five Year Capital Works Program</i> .
Impact year	2021-22.

All amounts quoted in this report are exclusive of GST.

Regional significance

The redevelopment of the Burns Beach coastal node including the provision of the café / restaurant 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 results of the community consultation on the Burns Beach Coastal Node Concept Plan are presented in the Details section of this report.

The City may be required to further advertise the proposed café / restaurant development in accordance with the *Local Government Act 1995* (public notice to dispose of property), pending final decisions on land tenure arrangements.

The café / restaurant will require approval of a development application, building permit and a clearing permit prior to being constructed. Further community consultation may be required as part of these approvals processes.

COMMENT

The Burns Beach Coastal Node Concept Plan has received mostly positive support from the community, with over 70% of respondents indicating that they “support” or “strongly support” all of the key features. These results will assist Council in determining the future direction of the project.

The Business Case demonstrates that the project meets the philosophies, parameters and key objectives, and that the café / restaurant component will provide an additional long-term income stream for the City.

It is therefore recommended that the project continues to the next stages as outlined in this report and that further status reports are provided to the Major Projects and Finance Committee as it progresses.

VOTING REQUIREMENTS

Simple Majority.

Mayor Jacob left the meeting at 6.59pm.

Cr Hamilton-Prime left the meeting at 7.00pm.

Mayor Jacob entered the meeting at 7.01pm.

The Chief Executive Officer left the meeting at 7.01pm and returned at 7.02pm.

Cr Hamilton-Prime entered the meeting at 7.02pm.

MOVED Cr McLean, SECONDED Cr Jones that Council:

- 1 NOTES the Community Consultation Outcomes Report (Attachment 1 refers) on the Burns Beach Coastal Node Concept Plan (Attachment 2 refers);**
- 2 APPROVES the Burns Beach Café / Restaurant and Coastal Node Redevelopment Business Case (Attachment 3 refers) as the basis for continuing to progress the project;**
- 3 REQUESTS the Chief Executive Officer to continue to progress the Burns Beach Café / Restaurant and Burns Beach Coastal Node Redevelopment projects in line with the actions outlined in this report and the indicative project schedule outlined in Attachment 3 to this Report;**
- 4 REQUESTS the Chief Executive Officer to initiate an Expression of Interest process to identify potential commercial operators for the proposed café / restaurant facility;**
- 5 NOTES that the project will not commence to construction until the relevant land tenure arrangements and applicable approvals have been secured and a commercial operator for the café/restaurant identified by for consideration by Council;**
- 6 NOTES a further status report will be presented to the Major Projects and Finance Committee detailing the outcomes of Parts 2 through 5 above, to inform Council in making a final decision on whether to proceed with the development.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Jones, McLean, Poliwka, Raftis and Thompson.

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3agnMPFC210712.pdf](#)

ITEM 4 STATUS REPORT ON CITY FREEHOLD PROPERTIES PROPOSED FOR DISPOSAL AND POTENTIAL CROWN LAND ACQUISITIONS

WARD	All	
RESPONSIBLE DIRECTOR	Mr James Pearson Office of the Chief Executive Officer	
FILE NUMBERS	63627, 101515	
ATTACHMENTS	Attachment 1	Lot 2277 (15) Selkirk Drive, Kinross
	Attachment 2	Lot 14564 (5) Ascot Way, Currambine
	Attachment 3	Lot 14077 (40) Warwick Road, Duncraig
	Attachment 4	City's Works Operation Centre Location Plan
	Attachment 5	Lot 792 (59) Gradient Way, Beldon
	Attachment 6	Lot 810 (109) Poseidon Road, Heathridge
	Attachment 7	Lot 12277 (4) Mossdale Pass, Kinross
	Attachment 8	Lot 14981 (16) Gilbank Crescent, Kinross
	Attachment 9	Lot 12427 (28) Broadmoor Green, Currambine
	Attachment 10	Estimated Rates Revenue Information
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 Major Projects and Finance Committee (the Committee) to note the progress towards disposal of City-owned freehold properties, investigations into potential Crown Land acquisitions, and alternative tenure arrangements concerning the City's Works Operation Centre.

EXECUTIVE SUMMARY

The City's Land Rationalisation Project commenced with preparing for disposal of 14 City-owned properties considered surplus to requirements. Two sites were withdrawn from the project, with the remaining 12 sites having now been disposed of.

Table 1 below provides the income derived from the disposal of the 12 sites. Additionally, the outcome of an overall financial evaluation is included in this Report.

Lot 12223 (12) Blackwattle Parade, Padbury (Lot 12223) is a site that the City acquired from State Government and is being prepared for disposal. A separate report is on the Committee's agenda detailing a recommended disposal process for Lot 12223.

At its meeting held on 9 March 2020 (Item 2 refers), the Major Projects and Finance Committee supported investigations into the potential concessional acquisition of three Crown Land sites with the Department of Planning, Lands and Heritage (DPLH). These sites being Lot 2277 (15) Selkirk Drive, Kinross (Attachment 1 refers), Lot 14564 (5) Ascot Way, Currambine (Attachment 2 refers), and an area on the northern boundary of Lot 14077 (40) Warwick Road, Duncraig (Attachment 3 refers).

The DPLH has responded to the City's application concerning the potential acquisition of Lot 2277 (15) Selkirk Drive, Kinross, and this response will guide the City's acquisition application process for Lot 14564 (5) Ascot Way, Currambine. Based on community concerns, the investigations involving Lot 14077 (40) Warwick Road, Duncraig have ceased.

At the same meeting, the Committee also supported (Item 16 refers) investigations with the Water Corporation into potential alternative tenure arrangements concerning its lease for part of Reserve 28971, Lot 8278, (922L) Ocean Reef Road, Craigie. The Water Corporation has management of this reserve, and the City leases an area within it for its Works Operation Centre (Attachment 4 refers).

Table 2 below provides information concerning the above four Crown Land matters.

Table 3 and Table 4 in this report deals with drainage sites, both Crown Land and City freehold land identified for potential redevelopment opportunities. Conversion of the drainage function of each sump needs to be feasible technically and financially.

It is therefore recommended that the Major Projects and Finance Committee NOTES:

- 1 *Lot 12223 (12) Blackwattle Parade, Padbury is the subject of a separate report to the Major Projects and Finance Committee;*
- 2 *the investigations into the potential acquisition of part of Lot 14077 (40) Warwick Road, Duncraig on its northern boundary have discontinued;*
- 3 *the continued investigations into the City's concessional acquisition from the Department of Planning Lands and Heritage of Lot 2277 (15) Selkirk Drive, Kinross and Lot 14564 (5) Ascot Way, Currambine;*
- 4 *investigations will continue into seeking alternative tenure arrangements for the land the City leases from the Water Corporation within Reserve 28971, Lot 8278, (922L) Ocean Reef Road, Craigie;*
- 5 *the investigations into potential redevelopment opportunities for the Crown land and freehold land drainage sites identified in Table 3 and Table 4 of this Report will only be reported on if progress has occurred;*
- 6 *a further status report on the progress towards disposal of City-owned Lot 12223 (12) Blackwattle Parade, Padbury, two City-owned drainage sites, and proposed Crown land acquisitions identified in this report will be submitted to the Major Projects and Finance Committee as significant developments occur.*

BACKGROUND

In 2010, investigations commenced into the potential disposal of City-owned freehold sites considered surplus to requirements. Fourteen properties were identified, and Council determined that their future land use should be unit developments for people over age 55. A restricted local planning scheme zoning reinforced this land use, and the inclusion of conditions in the related contracts of sale prevented future rezoning amendments. Council considered the new land use offered residents the option to 'age in place.'

Lot 181 (4) Rowan Place, Mullaloo (CJ096-05/12 refers) and Lot 971 (52) Creaney Drive, Kingsley (CJ103-06/14 refers) were two sites withdrawn from the project. Valuation evidence at the time (2013) indicated their combined value as being in the vicinity of \$4.5 million.

Lot 803 (15) Burlos Court, Joondalup (Lot 803) was the remaining property of 12 available for disposal, with settlement taking place on 5 October 2020. The City is currently assessing a planning application for the development of 16 'over 55' units.

Table 1 below provides the month sold and the sale price for each property, and Attachment 10 to this Report details the City's estimated rates revenue.

Table 1

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 702 (11) Moolanda Boulevard, Kingsley	August 2015	\$ 1,050,000
Lot 745 (103) Caridean Street, Heathridge	December 2015	\$ 874,000
Lot 23 (77) Gibson Avenue, Padbury	December 2016	\$ 1,800,000
Lot 900 (57) Marri Road, Duncraig	July 2017	\$ 1,030,000
Lot 1001 (14) Camberwarra Drive, Craigie	December 2017	\$ 990,000
Lot 2 (20) Kanangra Crescent, Greenwood	May 2019	\$ 1,225,000
Lot 803 (15) Burlos Court, Joondalup	October 2020	\$ 1,675,000
	TOTAL	\$13,917,000

Lot 12223 (12) Blackwattle Parade, Padbury

A separate report is on the Committee's agenda regarding the above property where it requests that a two-stage approach towards disposal of the site is supported. Stage One would be calling for Expressions of Interest from developers to include their purchase price or land lease arrangements for Lot 12223 in addition to their proposed development intentions. Stage Two would be the City meeting its obligations under the *Local Government Act 1995* (the Act) for a private treaty land disposal.

Potential Crown Land Acquisitions

At the Major Projects and Finance Committee meeting held on 9 March 2020 (Item 2 refers), concerning the three proposed Crown Land acquisitions shown in Attachments 3 to 5 respectively, the Committee resolved in part that it:

- "3 *SUPPORTS investigations with the Department of Planning Lands and Heritage into the City's concessional acquisition of Lot 2277 (15) Selkirk Drive, Kinross, Lot 14564 (5) Ascot Way, Currambine and an area yet to be defined on the northern boundary of Lot 15074 (46) Warwick Road, Duncraig.*

Works Operation Centre

At the same meeting held on 9 March 2020 (Item 16 refers) concerning the current arrangements for the leased land area of land from the Water Corporation that accommodates the City's Works Operation Centre, the Committee resolved, in part, that it:

- "1 *SUPPORTS the commencement of investigations with the Department of Planning Lands and Heritage on alternative land tenure options to the City's current lease agreement with the Water Corporation for the Works Operation Centre site.*

Drainage Sites

At the Major Projects and Finance Committee meeting held on 7 September 2020 (Item 2 refers), the Committee noted the commencement of investigations into potential redevelopment opportunities of two freehold drainage sites and three Crown Land drainage sites.

Details of any progress made are shown in Tables 3 and 4 below.

DETAILS

Table 2 – Crown Land Investigations

Property Address	Current Status
Attachment 1 Reserve 48922, Lot 2277 (15) Selkirk Drive, Kinross	<p>The City has management of Lot 2277 (15) Selkirk Drive, Kinross (Lot 2277), a vacant 5,000m² Crown land community purpose site.</p> <p>Concessional acquisition of the site from State Government could optimise its benefits to the City and the local community. The City successfully implemented this process for a Crown land site in Padbury, where the purchase price was 5% of the unimproved market value.</p> <p>In applying to the DPLHs, the City indicated that a 'Mixed Use' zoning was an appropriate alternative zoning. It was acknowledged in the application that the future land disposal proceeds would be expended on 'community purposes' in accordance with the definition of this use under the City's LPS3, and community consultation was a requirement.</p> <p>Feedback from the DPLH has indicated that local governments achieving Crown land at a concessional rate is under review, resulting in the DPLH applying more stringent conditions than previously.</p> <p>Should the community and Council support the acquisition, the DPLH has advised that any alternative land use needs to meet State Government objectives. The use of the funds achieved from the land disposal also needs to take State Government objectives into account. An example of State Government objectives has been given as aged care development. Based on this example, there may be little or no disparity between State Government, the City, and the community's overall desired outcome concerning Lot 2277. An internal assessment of the DPLH's feedback is recommended, and the continued investigations and negotiations with the DPLH.</p>

Property Address	Current Status
Attachment 2 Reserve 46865, Lot 14564 (5) Ascot Way, Currumbine	<p>The City has management of Lot 14564 (5) Ascot Way, Currumbine, a vacant 5,106m² community purpose site.</p> <p>Prior to developing an application to the DPLH for the concessional acquisition of this site, the feedback received from the DPLH concerning Lot 2277 will be considered.</p>
Attachment 3 Reserve 33894, Lot 14077 (40) Warwick Road, Duncraig (Percy Doyle Reserve)	<p>It was reported to the Committee at its meeting held on 9 March 2020 (Item 2 refers) that two major retail operators had shown an interest in the northern section of Percy Doyle Reserve. The Committee unanimously supported the City investigating the possible acquisition of land in this location with the DPLH.</p> <p>The City has not contacted the DPLH regarding this matter. Due to community opposition, the investigations were discontinued into the acquisition of Crown Land.</p>
Attachment 4 Works Operation Centre Reserve 28971, Lot 8278, (922L) Ocean Reef Road, Craigie (Lot 8278) Leased Area: 2.72 hectares	<p>At its meeting held on 9 March 2020 (Item 16 refers), the Committee supported investigations with the DPLH on alternative land tenure options to the City's current lease agreement with the Water Corporation for the Works Operation Centre on part of Lot 8278.</p>

Table 3 – Drainage Sites on City Freehold Land

Property Address	Current Status
Attachment 5 Lot 792 (59) Gradient Way, Beldon	<p>Lot 792 (59) Gradient Way, Beldon is a freehold drainage site owned by the City. The adjoining commercial property owners have indicated their interest in purchasing the site.</p> <p>Representatives from the City and the adjoining property owners met on site for discussions resulting in concept plans being provided to the City for comment.</p> <p>An additional positive outcome to the potential disposal of this drainage site is a review of the overall traffic flow for the shopping centre and the City's car park within Beldon Park.</p> <p>The concept plans are currently being reviewed. Community consultation would be part of any proposed change for the drainage site.</p> <p>Should the purchase of the site be the outcome, a rezoning amendment will be required.</p>

Property Address	Current Status
Attachment 6 Lot 810 (109) Poseidon Road, Heathridge	<p>The feasibility of transferring the drainage function from Lot 810 (109) Poseidon Road, Heathridge, into the adjacent Larkspur Park is being investigated. The successful transfer of the drainage function would allow the site to be considered for residential development.</p> <p>Lot 810 (109) Poseidon Road, Heathridge, is within Housing Opportunity Area 9, which has a density code of R20/R30.</p> <p>Rainfall data will be collected over the winter period to assist with the design process of the new drainage site.</p>

Table 4 – Drainage sites on Crown Land

Property Address	Current Status
Attachment 7 refers Reserve 43975 Lot 12277 (4) Mossdale Pass, Kinross	These sites may have the potential for their function to be converted, enabling each site to be filled in. If this was the case, the sites might be available for residential development once they have the appropriate zoning.
Attachment 8 refers Reserve 47631 Lot 14981 (16) Gilbank Crescent, Kinross	As these are Crown Land drainage sites, the City would need to apply to acquire them from the DPLH. A concessional purchase price would be required for the project to be viable. Each site's conversion cost/purchase price needs to be assessed against the potential land disposal valuations.
Attachment 9 refers Reserve 44160, Lot 12427 (28) Broadmoor Green, Currambine	No further action has taken place regarding the investigations into these sites.

Issues and options considered

See Tables 2, 3, 4, and 5 above.

The City's freehold land disposal project commenced in 2010, with 14 properties being examined for disposal. Fourteen sites were reduced to 12 due to two sites being withdrawn from the properties considered for disposal.

A summary of the financial analysis conducted on the disposal of the 12 sites is as follows:

Financial Summary

Assumptions

- 1 The model uses a 20-year period from 2012-13 to 2031-32.
- 2 A figure of \$702,000 has been used as the City's land disposal expenditure. Internal costs have not been included as they are not incrementally affected by the sales.
- 3 Sales proceeds used are those indicated in Table 1 - \$13,917,000.

- 4 The estimated rates information detailed in Attachment 10 to this Report have been used, which is \$92,000 per year from 2020-21 to 2031-32. Rates received before 2020-21 have been factored into the model based on rates applied in 2020-21.
- 5 Baseline costs of existing properties are factored in where possible as follows:
 - Community centres existed on two of the twelve sites sold; therefore, an assumed average annual cost of \$4,000 per year has been used.
 - All other vacant land is assumed to attract a minimal cost of \$200 per year.
 - The total baseline costs for all lots if there were no sales is, therefore, \$11,000 per year.

Key Outcomes

1 Operating Results

The land disposal proceeds have made a positive contribution to the City's operating results due to the rates revenue being more than the baseline operating costs:

- \$300,000 – the cumulative benefit to the end of 2020-21
- \$1.6 million – the 20-year benefit to the end of 2031-32 (excluding escalation).

2 Cashflow

The net cashflow benefit over the 20-year period is estimated to be approximately \$14.8 million.

Tables 5 and 6 below summarise the outcome further.

Table 5 – Overall Cash Surplus/(Deficit) – Cumulative

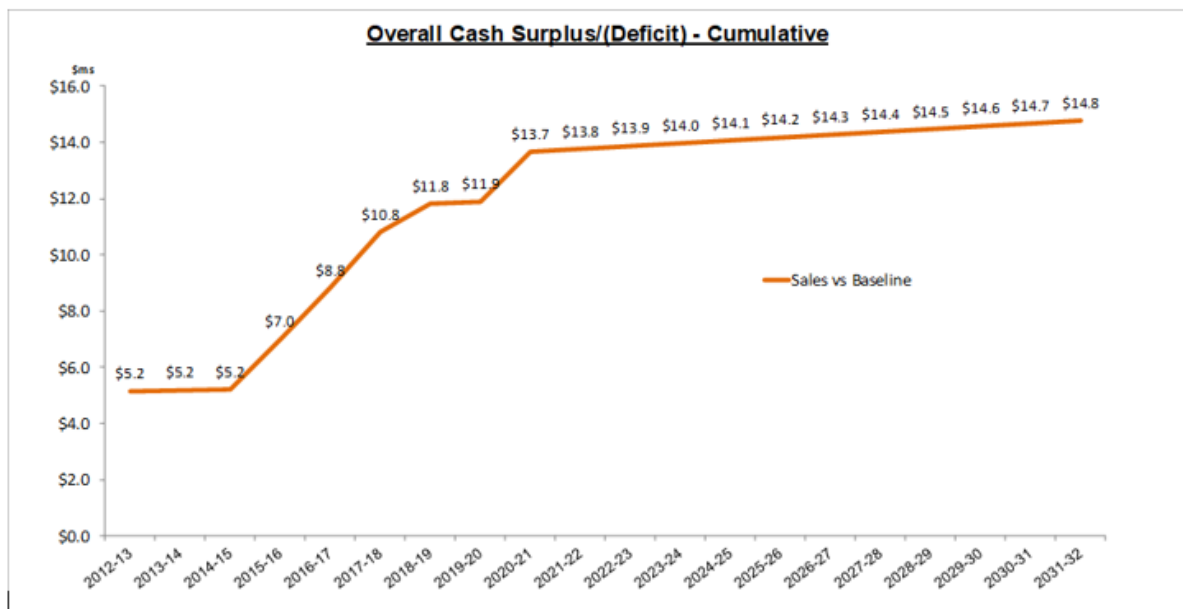
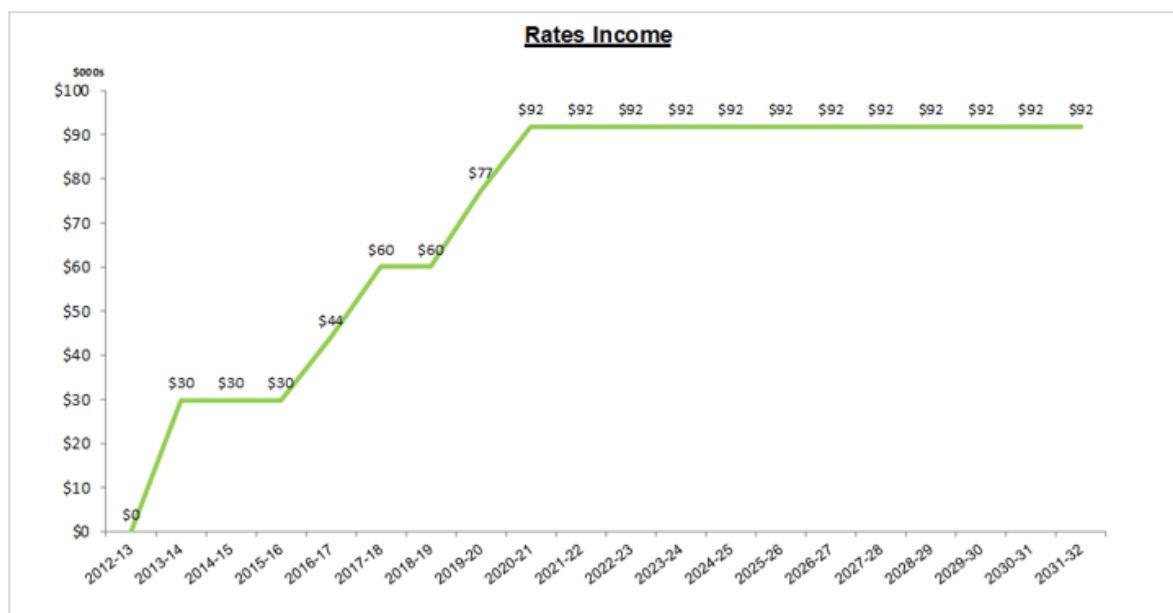


Table 6 – New Rates Income Per Year from Land Disposals



Legislation / Strategic Community Plan / Policy Implications

Legislation Sections 3.58 and 3.59 of the *Local Government Act 1995* and 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.

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.
Community Consultation Policy.

Risk management considerations

Property disposal needs to comply with Sections 3.58 and 3.59 of the *Local Government Act 1995*, which are designed to ensure openness and accountability in the land disposal process.

There is always the potential that the reserve price or latest market valuation on a City property will not be realised. Valuations are obtained from a licensed valuer. The sale of freehold land below current market valuations should not take place without the approval of Council.

Recommendations for the acquisition and disposal of land are based on a combination of the best financial return, planning outcomes, and community benefit.

Financial / budget implications

Recent advice from the DPLH is that for successful concessional Crown land acquisitions, the City must provide details to indicate that both the selected alternative land use for the site and the future expenditure of the sales proceeds meet State Government objectives.

The associated main expenditure costs related to freehold land disposals are real estate commissions, legal and settlement fees, advertising costs, valuation costs, land surveying, and costs related to subdivision / amalgamations.

Regional significance

Not applicable.

Sustainability implications

City freehold land and acquired Crown land set aside for community use should not be disposed of without a nominated purpose addressing a community need.

Concessional Crown land acquisitions can potentially facilitate additional and improved local amenity by creating community-supported land uses that may have not otherwise been an option. Possible benefits are the activation of vacant land, achieving significant sale proceeds to be focussed on local community capital improvements, services or projects that meet State Government objectives, and post-development of the land, generating a rates revenue stream.

Concerning the freehold land disposal project to date, Council has supported the restricted use of 'Aged or Dependent Persons' Dwellings' to provide alternative housing choices for the City's ageing population. Potentially, due to the diverse demographics of City residents, facilitating the development of units for other cohorts of the community could be considered.

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

Consultation

Public auction, public tender, and private treaty methods have been used regarding 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*.

A 42-day statutory advertising period associated with rezoning amendments to LPS3 provided an opportunity for the community to make submissions on the future land use of the properties sold.

The Crown land acquisition process requires community consultation to be conducted before any change in a reserve's purpose.

COMMENT

The City has one site currently available for disposal, Lot 12223 (12) Blackwattle Parade, Padbury, which is being dealt with in a separate report on the Committee's agenda. Lot 12223 is a former Crown land community purpose site successfully obtained from State Government at a concessional rate. The City being successful in the future with concessional Crown land acquisitions now needs to take account of State Government objectives. Many of these objectives may well accord with benefits to the local community and the City, indicating that continued investigations are worthwhile.

VOTING REQUIREMENTS

Simple Majority.

Mayor Jacob left the meeting at 7.35pm.

MOVED Cr Poliwka, SECONDED Cr Raftis that the Major Projects and Finance Committee NOTES:

- 1 Lot 12223 (12) Blackwattle Parade, Padbury is the subject of a separate report to the Major Projects and Finance Committee;**
- 2 investigations into the potential acquisition of part of Lot 14077 (40) Warwick Road, Duncraig on its northern boundary have discontinued;**
- 3 continued investigations into the City's concessional acquisition from the Department of Planning Lands and Heritage of Lot 2277 (15) Selkirk Drive, Kinross and Lot 14564 (5) Ascot Way, Currambine;**
- 4 investigations will continue into seeking alternative tenure arrangements for the land the City leases from the Water Corporation within Reserve 28971, Lot 8278, (922L) Ocean Reef Road, Craigie;**
- 5 the investigations into potential redevelopment opportunities for the Crown land and freehold land drainage sites identified in Table 3 and Table 4 of this Report will only be reported on if progress has occurred;**
- 6 a further status report on the progress towards disposal of City-owned Lot 12223 (12) Blackwattle Parade, Padbury, two City-owned drainage sites, and proposed Crown land acquisitions identified in this Report will be submitted to the Major Projects and Finance Committee as significant developments occur.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Logan, Jones, McLean, Poliwka, Raftis and Thompson.

Appendix 4 refers

To access this attachment on electronic document, click here: [Attach4agnMPFC210712.pdf](#)

ITEM 5

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Infrastructure Services
FILE NUMBERS	107023, 101515
ATTACHMENTS	<p>Attachment 1 Capital Works Project Report 2020-21</p> <p>Attachment 2 Ellersdale Park Clubrooms Refurbishment</p> <p>Attachment 3 Emerald Park Community Facility Upgrade</p> <p>Attachment 4 Craigie Leisure Centre Upgrades Stage 1</p> <p>Attachment 5 Chichester Park Clubrooms Redevelopment</p> <p>Attachment 6 Percy Doyle Floodlighting Upgrades</p> <p>Attachment 7 Leafy City Program</p> <p>Attachment 8 Joondalup City Centre Lighting</p> <p>Attachment 9 Emerald Park Floodlighting</p>
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 Major Projects and Finance Committee to note the update on the *2020-21 Capital Works Program* and the bi-monthly project status reports for capital works projects.

EXECUTIVE SUMMARY

The Capital Works Project Report for the 2020-21 program as at 31 May 2021 is attached (Attachment 1 refers).

At the Major Projects and Finance Committee meeting held on 13 July 2020 the committee determined which capital works project reports were required and the frequency of reporting. The Bi-monthly Project Status Reports are attached (Attachments 2 to 9 refer).

It is therefore recommended that the Major Projects and Finance Committee NOTES:

- 1 the report on the Capital Works Projects for 2020-21 as at 31 May 2021 forming
Attachment 1 to this Report;
- 2 the Bi-monthly Project Status Reports forming Attachments 2 to 9 to this Report.

BACKGROUND

At its meeting held on 4 November 2019 (JSC03-11/19 refers), Council resolved, in part as follows:

“That Council:

“1 BY AN ABSOLUTE MAJORITY ESTABLISHES a Major Projects and Finance Committee, with the role being to:

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

1.2 make recommendations to Council on modifications of capital works projects and major strategic capital projects;”

At its meeting held on 13 July 2020 the Major Projects and Finance Committee requested that the following project reports from the *2020-21 Capital Works Program* be provided on a bi-monthly basis:

Project Code	Project Description
BCW2562	Ellersdale Park Clubrooms Refurbishment
BCW2629	Emerald Park Community Facility Upgrade
FNM2054	Whitfords Nodes Park Health & Wellbeing Hub
FPN2240	Burns Beach to Mindarie Dual Use Path
PDP2118	Moolanda Park Landscape Master Plan
MPP2050	Craigie Leisure Centre Upgrades Stage 1
MPP2058	Chichester Park Clubrooms Redevelopment
MPP2069	Percy Doyle Floodlighting Upgrades
SSE2057	Leafy City Program
STL2003	Joondalup City Centre Lighting
STL2051	Emerald Park Floodlighting

The following projects which required a Bi-monthly Project Status Report have been completed and the final reports were presented to a former Major Projects and Finance Committee:

- Burns Beach to Mindarie Dual Use Path.
- Whitfords Nodes Park Health and Wellbeing Hub.
- Moolanda Park Landscape Master Plan.

Following a request at the Major Projects and Finance Committee meeting held on 8 March 2021, Attachment 1 has been updated to now also include the year to date budget and project actuals. Please note that although the construction status might be shown as completed (blue), the project financials might not reflect this as final payments might still be outstanding.

DETAILS

The Capital Works Project Report for the 2020-21 program as at 31 May 2021 is provided as Attachment 1 to this Report.

A summary of the projects and their current status is detailed in the Bi-monthly Project Status Reports forming Attachments 2 to 9 to this Report.

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

- Ellersdale Park Clubrooms Refurbishment.

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 Major Projects and 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 attached Bi-monthly Project Status Reports provide an update on the activities undertaken.

VOTING REQUIREMENTS

Simple Majority.

*The Senior Projects Officer left the meeting at 7.48pm.
The Manager City Projects left the meeting at 7.49pm.*

MOVED Cr Jones, SECONDED Cr McLean that the Major Projects and Finance Committee NOTES:

- 1 the report on the Capital Works Projects for 2020-21 as at 31 May 2021 forming Attachment 1 to this Report;**
- 2 the Bi-monthly Project Status Reports forming Attachments 2 to 9 to this Report.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Logan, Jones, McLean, Poliwka, Raftis and Thompson.

Appendix 5 refers

To access this attachment on electronic document, click here: [Attach5agnMPFC210712.pdf](#)

ITEM 6 IMPACT ON STRATEGIC FINANCIAL PLAN OF REPORTS TO COUNCIL – JULY 2020 TO JUNE 2021

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Director Corporate Services
FILE NUMBERS	108991, 101515
ATTACHMENT	Attachment 1 Impact on Strategic Financial Plan of Reports to Council - July 2020 to June 2021
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 Major Projects and Finance Committee to note the impacts to the *Strategic Financial Plan* (SFP) of reports approved by Council for the period July 2020 to June 2021.

EXECUTIVE SUMMARY

A new quarterly report was introduced in January 2014, as part of the Chief Executive Officer's (CEO) Key Performance Indicators. The intention is to provide progressive updates between annual reviews of the SFP by summarising the impacts on the SFP of reports presented to Council. In July 2020 the report proposed that the report will revert to an annual update only.

There are nine reports that have a total net benefit of \$26.9 million.

It is therefore recommended that the Major Projects and Finance Committee NOTES nine reports considered by Council for the period July 2020 to June 2021 that had an estimated net benefit over the life of the Strategic Financial Plan of \$26.9 million.

BACKGROUND

A new report was introduced in January 2014, as part of the CEO's Key Performance Indicators. The intention is to provide progressive updates between annual reviews of the SFP by summarising the impacts on the SFP of reports presented to Council. This report is for the whole of 2020-21.

The SFP is a long-term planning tool and evaluating impacts which are minor is of little relevance, therefore a minimum threshold has been applied where an impact of less than \$50,000 is not reported. 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, most of the reports presented to Council have no impact on the SFP.

DETAILS

Attachment 1 of this report provides details of nine reports between July 2020 and June 2021 that have an overall benefit of \$26.9 million as follows:

- Chichester Park, Woodvale – proposed community sporting facility. Lower grant than forecast, total cost of (\$1 million).
- Duncraig Leisure Centre leased to Churches of Christ Sporting and Recreation Association total benefit of \$5.5 million.
- Whitfords Avenue / Northshore Drive intersection upgrade – increase in budget of \$660,000, the total 20-year impacts are estimated to be (\$1.3 million).
- Petition requesting the installation of lighting at Mirror Skate Park overall cost of (\$1 million).
- Installation of a pedestrian refuge island at the intersection of Garfield Way and Sherrington Road, Greenwood, overall impact of (\$100,000).
- Request for additional subsidies and waivers of fees, total impact of (\$100,000).
- Adoption of the Major Land Transaction Business Plan for Ocean Reef Marina, total cashflow benefit of \$22 million.
- Bring forward a review of the housing component of the Local Housing Strategy. Additional cost for temporary resource and total impact of (\$200,000).
- Transfer of Marmion Avenue to Main Roads WA and Land Tenure adjustments to Ocean Reef Road, total benefit of \$2.2 million.

The table in Attachment 1 of this Report notes the impacts have been categorised as follows:

- \$26.9 million commitments made by Council.
- no other impacts are listed, 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.

The SFP impact is based on the following:

- Total estimated cash flows up to 2039-40.
- 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 2039-40 for total cash, the impact for each report is higher than the initial impact.

Issues and options considered

The impacts as listed in Attachment 1 to this Report have been used to update the draft SFP 2021.

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 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 2039-40 of the reports approved between July 2020 and June 2021 is estimated to be a benefit of \$26.9 million. This impact is the total change in cash at the end of 2038-39.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

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

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr McLean, SECONDED Cr Logan that the Major Projects and Finance Committee NOTES nine reports considered by Council for the period July 2020 to June 2021 that had an estimated net benefit over the life of the Strategic Financial Plan of \$26.9 million.

The Motion was put and

TIED (3/3)

In favour of the Motion: Crs Logan, Jones and McLean.

Against the Motion: Crs Poliwka, Raftis and Thompson.

There being an equal number of votes, Cr Logan exercised his casting vote and declared the Motion

CARRIED (4/3)

Appendix 6 refers

To access this attachment on electronic document, click here: [Attach6agnMPFC210712.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 8.19pm the following Committee Members being present at that time:

CR JOHN LOGAN
CR NIGE JONES
CR TOM McLEAN, JP
CR RUSSELL POLIWKA
CR JOHN RAFTIS
CR SUZANNE THOMPSON