

minutes

Major Projects and Finance Committee

MEETING HELD ON

TUESDAY 27 SEPTEMBER 2022

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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Note:

Clause 15.10 of the City's *Meeting Procedures Local Law 2013* states:

This local law applies generally to committee meetings except for clause 7.1 in respect of members seating and clause 7.8 in respect of limitation on members speaking.

CITY OF JOONDALUP

MINUTES OF THE MAJOR PROJECTS AND FINANCE COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY 27 SEPTEMBER 2022.

ATTENDANCE

Committee Members

Cr John Logan	<i>Presiding Member</i>	
Mayor Hon. Albert Jacob, JP		
Cr Adrian Hill	<i>Deputy Presiding Member</i>	
Cr Nige Jones		
Cr Christopher May		<i>from 6.01pm</i>
Cr Russ Fishwick, JP		
Cr Christine Hamilton-Prime, JP		

Observers:

Cr John McLean		
Cr Russell Poliwka		
Cr John Raftis		<i>from 6.14pm</i>
Cr Suzanne Thompson		<i>from 6.01pm</i>

Officers:

Mr Chris Leigh	Acting Chief Executive Officer
Mr Matthew MacPherson	Acting Director Infrastructure Services
Mr Mike Smith	Acting Director Corporate Services
Mr Roney Oommen	Manager Financial Services
Mrs Vivienne Stampalija	Acting Manager Governance
Mr Alan Ellingham	Senior Financial Analyst
Mrs Deborah Gouges	Governance Officer

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 6.00pm.

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

Nil.

APOLOGIES AND LEAVE OF ABSENCE

Nil.

CONFIRMATION OF MINUTES

MINUTES OF THE MAJOR PROJECTS AND FINANCE COMMITTEE HELD ON 26 JULY 2022

MOVED Cr Jones, **SECONDED** Cr Fishwick that the minutes of the meeting of the Major Projects and Finance Committee held on 26 July 2022 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hamilton-Prime, Hill and Jones.

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 is not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS

ITEM 1 2022-23 CAPITAL WORKS PROGRAM UPDATE

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Infrastructure Services
FILE NUMBER	107023, 101515
ATTACHMENTS	Attachment 1 Capital Works Project Report 2022-23 Attachment 2 Capital Project Status Reports 2022-23
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 *2021-22 Capital Works Program* and the project status reports for identified capital works projects.

EXECUTIVE SUMMARY

The Capital Works Project Report for the 2022-23 program as at 31 August 2022 is attached (Attachment 1 refers).

At its meeting held on 26 July 2022 (Item 6 refers), the Major Projects and Finance Committee determined which capital works projects had been identified for additional milestone reporting, which are attached (Attachments 2 refers).

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

- 1 *the report on the Capital Works Projects for 2022-23 as at 31 August 2022 forming Attachment 1 to this Report;*
- 2 *the Capital Project Status Reports for 2022-23 forming Attachments 2 as at 31 August 2022 to this Report.*

BACKGROUND

At its meeting held on 1 November 2021 (JSC02-11/21 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 28 June 2022 (CJ104-06/22 refers), Council adopted the 2022-23 Capital Works Program as part of its 2022-23 Budget, along with the City's Five Year Corporate Business Plan (CJ093-06/22 refers).

At its meeting held on 26 July 2022 (Item 6 refers), the Major Projects and Finance Committee considered several projects that had been identified from the 2022-23 Capital Works Program for additional milestone reporting as listed in the table below:

Project Code	Project Description
RDC2027	Joondalup Drive/Hodges Drive Intersection Upgrade
FPN2299	Hillarys Cycle Network Expansion
BCW2595	Christchurch Park Changeroom Refurbishment
BCW2625	Ocean Reef Park Toilets and Changerooms
BCW2640	Percy Doyle Football/Teeball Clubrooms
BCW2650	Sorrento Football Club Changeroom Upgrade
BCW2669	Greenwood Scout Hall Refurbishment
MPP2050	Craigie Leisure Centre Refurbishment
MPP2058	Chichester Park Clubroom Redevelopment
MPP2074	Multi-Storey Car Park – 104 McLarty Avenue
MPP2076	Sorrento Surf Life Saving Club Redevelopment
MPP2077	Café/Kiosk/Restaurant Burns Beach
MPP2080	Burns Beach Coastal Node Redevelopment
PEP2791	Ocean Reef Park Playspace Renewal
PDP2222	Ocean Reef Park LMP
PDP2354	Killen/Sycamore Amenity Upgrades
PDP2355	Padbury N/E Cluster Pk Revitalise

The Committee requested that additional milestone reporting on the Capital Works Projects identified above be provided to the Committee.

DETAILS

The Capital Works Project Report for the 2022-23 program as at 31 August 2022 is attached (Attachment 1 refers).

A summary of the projects and their current status is detailed in the Capital Project Status 2022-23 as at 31 August 2022 forming Attachment 2 to this Report.

Projects listed in the 2022-23 Capital Works Program are recommended to be withdrawn and it is proposed to make the necessary budget changes formally as apart of Mid-Year Budget Review. The projects include the following:

- FPN2298 Eddystone Avenue Shared Path was jointly funded by Municipal, and The Department of Transport. The project was unsuccessful in receiving the grant funding and it is recommended to withdraw the project and reapply for future funding.

- PFP2099 Poseidon Primary – Roderick Court - The scope of the Poseidon Primary project included the construction of parking bays to manage the informal school parking occurring on the verge of Roderick Court and the school recently completed construction works to resolve this issue. It is therefore recommended to withdraw the projects as the City's proposed works are no longer required.
- SSE2058 Whitfords Avenue Streetscape Upgrades - is recommended to be relisted in the *Five Year Capital Works Program* due to current market pricing to ensure the City is receiving value for money.

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.

10-Year Strategic Community Plan

Key theme Leadership.

Outcome Accountable and financially-sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

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 reports provide an update on the activities undertaken.

VOTING REQUIREMENTS

Simple Majority.

OFFICER'S RECOMMENDATION

That the Major Projects and Finance Committee NOTES:

- 1 the report on the Capital Works Projects for 2022-23 as at 31 August 2022 forming Attachment 1 to this Report;
- 2 the Capital Project Status Report 2022-23 as at 31 August 2022 forming Attachments 2 to this Report.

Cr May entered the room at 6.01pm.

MOVED Cr Fishwick, SECONDED Mayor Jacob that the Major Projects and Finance Committee NOTES:

- 1 the report on the Capital Works Projects for 2022-23 as at 31 August 2022 forming Attachment 1 to this Report;
- 2 the Capital Project Status Report 2022-23 as at 31 August 2022 forming Attachments 2 to this Report;
- 3 the Capital Works Projects being:
 - FPN2298 Eddystone Avenue - Shared Path (\$830,000);
 - PFP2099 Poseidon Primary - Roderick Court (\$100,000);
 - SSE2058 Whitfords Avenue - Streetscape Upgrades (\$259,203);

are proposed to be withdrawn from the 2022-23 Capital Works Programme and the necessary budget amendments considered by Council in the 2022-23 Mid-Year Budget Review.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hamilton-Prime, Hill, Jones and May.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1MPFC220927.pdf](#)

ITEM 2 DRAFT 10 YEAR STRATEGIC FINANCIAL PLAN 2022 (2021-22 TO 2030-31)

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	109884
ATTACHMENTS	Attachment 1 Schedules Attachment 2 Draft 10 Year Strategic Financial Plan 2022 (2021-22 to 2030-31)
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 draft *10 Year Strategic Financial Plan 2022* (10 Year SFP) for the period 2021-22 to 2030-31 and *Guiding Principles 2021*.

EXECUTIVE SUMMARY

The new plan included in this document covers the years 2021-22 to 2030-31 and is referred to as the draft 10 Year SFP. The previous plan covered the years 2020-21 to 2029-30 and was noted by Council at its meeting held on 20 July 2021 (*CJ106-07/21 refers*).

The draft 10 Year SFP has been updated with the adopted budget for 2022-23 and has referred to the most up-to-date economic projections. A simplistic assumption that rates will increase in line with Perth CPI has been made, but this is subject to review as part of the annual budget process.

Australia and the rest of the world are currently in economic turmoil, with rising escalation, rising interest rates and geo-political tensions. The Federal government have recently (28 July 2022) issued updated projections which are more volatile than the pre-election forecasts by the previous government in March 2022. Escalation is assumed to peak at 7.75% by December 2022 and may take a couple of years before returning to “normal” levels.

The rising escalation and interest rates will bring pressure to households and businesses alike so the City will have to take this account as part of the next budget deliberation.

The draft 10 Year SFP as presented in Attachment 2 only includes major projects that are approved. There are 18 major projects in the pipeline that are not yet approved and not included in the SFP. It has therefore been necessary to evaluate the projections both with the full list and also excluding those projects not yet approved. This analysis has also re-evaluated the affordability of the Capital Works program and recommends expenditure of \$20.5 million per year, which is \$6.5 million less than indicated on existing spending levels.

It is therefore recommended that Council:

- 1 *NOTES the draft 10 Year Strategic Financial Plan 2022 (2021-22 to 2030-31) as at Attachment 2 to this Report;*
- 2 *NOTES the Guiding Principles 2022 as included in Appendix 1 Attachment 2 to this Report.*

BACKGROUND

The new plan included in this document covers the years 2021-22 to 2030-31 and is referred to as the draft 10 Year SFP. The previous plan referred to throughout this document covered the years 2020-21 to 2029-30 and was presented to Council in July 2021 (*CJ106-07/21 refers*). The draft 10 Year SFP aligns with the adopted budget 2022-23.

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 strategy 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 Strategic Financial Plan 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.

The table summarises what the SFP is and is not:

✔	GUIDE	SFP is a guiding plan only
✔	NOTED	Plan only needs to be updated each year or noted
✘	MANDATORY	There is no legislative requirement to adopt it
✘	BUDGET	Assumptions in SFP do not automatically set the budget
✘	RATES	Rates increases in SFP are only a guide
✘	PROJECTS	SFP does not commit the City to projects
✘	PRECISE	The SFP is not expected to be a precise forecast, it's a guide
✘	ASSET PLAN	SFP will evaluate affordability which may not align with Asset Plan

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 2022-23. 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:

- Major Projects – only those projects that are approved by Council are included. Major Projects which have not been approved by elected members are excluded, a list of excluded projects is provided later in the report.
- *Capital Works Program (CWP)* – an assessment of the affordability of the CWP is made with reference to the operating cashflow and full pipeline of major projects. Note that the values for the CWP shown in the SFP may be different to the desired requirements of the *Asset Management Plans* or discretionary programs currently applied within the CWP.

- Other 'business as usual' capital programs (Information technology, fleet and parking) have been forecast.
- Escalation factors (such as percentage increases) are then applied to each individual project or program

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. Additionally, external agencies are involved where necessary.

Guiding Principles 2022

The draft 10 Year SFP has been developed using a set of guiding principles. These are reviewed annually and were last presented to Council at its meeting held on 20 July 2021. The proposed *Guiding Principles 2022* are shown at Appendix 1 Attachment 2. There are no changes proposed in 2022.

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.

No	Report	Purpose
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.

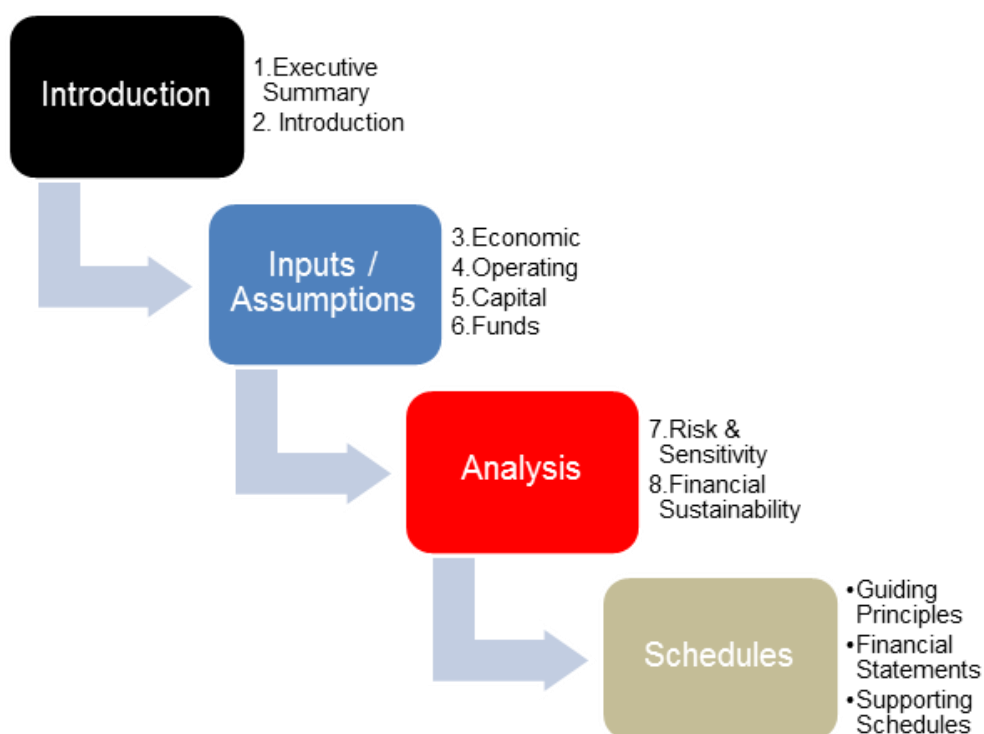
All attachments included in the schedules have forecast values for 10 years, including the following:

- year one is the 2021-22 forecast
- year two is the adopted budget for 2022-23
- 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



DETAILS

Assumptions

The key assumptions of the draft 10 Year SFP are summarised below, with reference to the relevant section of the plan itself:

- **Economy** – there are volatile economic conditions and rising cost of living increases. Meanwhile there are very low levels of unemployment and high numbers of job vacancies. Section 3 of Attachment 2 summarises the key economic projections that are used as reference points for the draft 10 Year SFP.
- **City financial health** – the City has a positive operating cashflow and reserves. However, the City has an operating deficit including depreciation. This is not a major concern at this point because the City does not need to spend as much on renewals as the depreciation expense. Financial Statement 1 of Appendix 2 provides details of the existing operating position. The City has established an Asset Renewal Reserve to help fund the expense of higher renewals in later years.
- **Rate increases** – an assumption has been made that these will increase in line with Perth CPI. Supporting Schedule 1 of Appendix 2 provides details of the increases for rates and other items below.
- **Materials and Contracts** – each item is reviewed separately, the default for most of them is Perth CPI
- **Refuse charges and Waste Expenditure** – a separate long-term financial model has been prepared that evaluates potential increases required in refuse charges to keep pace with expenditure. This analysis indicates that increases to Refuse Charge are not required every year.
- **Salaries and Wages** – from 2025-26 onwards these are assumed to increase in line with Perth Wages Price Index but for 2023-24 and 2024-25 a lower increase of 2.75% is assumed.
- **Fees and Charges** – each of the items are separately evaluated, some increase with Perth CPI but 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).
- **Major projects** – 13 projects are included as listed in Supporting Schedule 3. The operating impacts of the projects are included where relevant. There are 18 major projects not yet advanced enough to be included, these are listed later in this report.
- **Rates growth** – an assessment of new income from new dwellings and business growth is prepared and included in the model. Attachment 1 summarises this.

Outcomes

The key outcomes of the updated SFP are as follows:

- **Operating projections** – steady improvements with a deficit of just over \$2 million at 2030-31. Attachment 1.1 provides more details. Section 4 of Attachment 2 provides more details of the operating projections and an explanation of the improvements assumed within the next five years.
- **Reserves** – these would potentially grow to over \$171 million by 2030-31 due to the surplus operating cash. However, this is based only on the projects included in the draft 10 Year SFP. If the full pipeline of major projects was included the reserves would reduce to circa \$40 million. This is explained further in section 7 of Attachment 2. The depletion of the reserves may initially be perceived as a negative outcome for the City but would in overall terms would be a better outcome for the Community with social and economic benefits, and many of the major projects would provide recurring financial benefits providing opportunity for the reserves to build up again thereafter.

- **Capital Works Program** – the analysis has indicated that \$20.5 million (excluding escalation) is affordable. This is based on the full pipeline of major projects being approved and all other assumptions above. The \$20.5 million is adequate to cover required renewals and some upgrade, this level would return the City to pre-covid expenditure but is much lower than is indicated in the *Five Year Capital Works Program 2022-23 to 2026-27*.

Issues and Scenarios considered

Scenarios

The draft 10 Year SFP has been prepared with numerous scenarios, including but not limited to, the following:

- **Major projects** – the draft 10 Year SFP only includes projects approved, but separate analysis has continually been undertaken to consider the potential impact of projects not yet approved.
- **Capital Works Program** – a scenario was prepared with \$27 million per year and the full pipeline of major projects. This failed to provide a balanced cash budget and as a result the recommendation for expenditure of \$20.5 million per year to ensure a balanced cash budget can be achieved.

Options

Council's options are as follows:

- note the 2022 draft 10 Year SFP, without any further changes
- note the 2022 draft 10 Year SFP with changes
or
- do not note the 2022 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."

10-Year Strategic Community Plan

Key theme Leadership.

Outcome Accountable and financially-sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

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.

Economic volatility

Australia and the rest of the world are currently in economic turmoil, with rising escalation, rising interest rates and geo-political tensions. The Federal government have recently (28 July 2022) issued updated projections which are more volatile than the pre-election forecasts by the previous government in March 2022. Escalation is assumed to peak at 7.75% by December 2022 and may take a couple of years before returning to “normal” levels.

The rising escalation and interest rates will bring pressure to households and businesses alike so the City will have to take this account as part of the next budget deliberation.

Employment Costs

One of the most significant risks for the City, and indeed many organisations at present, is the uncertainty of Wages Growth and Enterprise Agreements. The City has four Enterprise Agreements with the workforce, all of which have now expired, and are subject to negotiation. There is a risk that the outcomes of the negotiation are higher increases to salaries and wages than included in the draft 10 Year SFP.

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.

The following projects are not yet included in the SFP:

- 1 **Joondalup Performing Arts and Cultural Facility** – Council resolved in 2017 not to proceed with the proposals at that time. As requested by Council, the City will be re-evaluating this project in 2023-24, and until such time the project cannot be included in the draft 10 Year SFP due to the uncertainty of approval, cost or time.
- 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. This project is paused due to lack of resource.
- 3 **Percy Doyle Skate Park** – a business case has been presented to Council and the adopted budget for 2022-23 has approved \$200,000 to develop concept plans for new facilities at Percy Doyle Reserve. The outcomes of this will be presented back to Council and if approved the costs will be included.
- 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** – Council resolved in December 2021 to adopt the project philosophy and parameters and advocacy position and to note the preliminary financial evaluation. The City is currently preparing two business cases to test the process, one project to convert an area from Western-Power owned street lights to City-owned street lights, and a separate business case to convert an area from overhead power to underground power. Once the business cases are presented, and if approved the SFP can be updated.

- 6 **Waste Regional Infrastructure** – the City continues to work with Mindarie Regional Council on evaluating changes to waste management in accordance with the State directives. This includes FOGO (Food Organics and Garden Organics) and Waste to Energy. These initiatives may result in requirement for investment, but this can only be determined once business cases are developed.
- 7 **Works Operations Centre (WOC) Tenure Review** –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. This project is paused due to lack of resource.
- 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 due to lack of resource.
- 9 **Warwick Community Facilities** – a community needs and facility study was prepared in 2020 which evaluated the potential opportunity for consolidating the existing three buildings into one building which would provide recurring financial benefits and release surplus land. This project is paused due to lack of resource.
- 10 **Libraries and Community Development** – the City will be undertaking a review of library needs and community development, this may result in proposals that need to be included in the SFP at some future stage.
- 11 **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, 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.
- 12 **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.
- 13 **Edgewater Quarry Masterplan** – Council noted the draft concept plans but did not progress it further.
- 14 **Coastal Hazard Risk Management and Adaption planning** – analysis currently being prepared.
- 15 **Ocean Reef Marina Commercial Development** – the City is currently preparing a business case for the development of commercial facilities, and potential public facilities, on the area referred to as the Club-site. This is dependent on the area being transferred to the City.
- 16 **Percy Doyle Master Plan** – values were included in previous versions of the SFP but these are considered mostly obsolete and were not adopted by Council.

- 17 Duffy house** – City has taken responsibility for the maintenance of the building and has already undertaken some initial improvement of the site. A feasibility study has been prepared for potential uses of the site but no decision to proceed has been approved.
- 18 Neil Hawkins Park redevelopment** – some of the infrastructure at the site is due for renewal within the next few years so this presents an opportunity to re-evaluate the opportunities for enhancing the park such as café / kiosk. Preliminary work has commenced on the options evaluation and business case, however this has been suspended until the land tenure options at the park are resolved.

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 but this approach will create unrealistic expectations of project delivery, and therefore a project should only be included when there is a clear timeline and scope. As the SFP is updated annually there is sufficient opportunity each year for projects to be included as they progress.

It may appear to be a significant risk to the SFP to omit these projects if they are then subsequently included. However, the financial model has assessed the overall impacts to the City if the full pipeline was eventually included, albeit with indicative impacts for some projects. Ten of the 18 projects not yet included would provide a recurring financial benefit anyway so the eventual inclusion will improve the overall recurring financial projections. It is the critical assumptions (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

Not applicable.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr May, SECONDED Cr Jones that Council:

- 1 NOTES the draft 10 Year Strategic Financial Plan 2022 (2021-22 to 2030-31) as at Attachment 2 to this Report;**
- 2 NOTES the Guiding Principles 2022 as included in Appendix 1 of Attachment 2 to this Report.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hamilton-Prime, Hill, Jones and May.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2MPFC220927.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 6.19pm the following Committee Members being present at that time:

CR JOHN LOGAN
MAYOR HON. ALBERT JACOB, JP
CR ADRIAN HILL
CR NIGE JONES
CR CHRISTOPHER MAY
CR RUSS FISHWICK, JP
CR CHRISTINE HAMILTON-PRIME, JP