

minutes

Strategic Financial Management Committee

MEETING HELD ON **MONDAY, 9 JULY 2012**

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CITY OF JOONDALUP

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY, 9 JULY 2012

ATTENDANCE

Committee Members:

Cr Mike Norman	<i>Deputy Presiding Member</i>	
Mayor Troy Pickard		<i>Absent from 6.26pm to 6.27pm</i>
Cr Tom McLean, JP		
Cr Sam Thomas		
Cr Russ Fishwick, JP		
Cr John Chester		

Officers:

Mr Mike Tidy	Acting Chief Executive Officer	
Mr Jamie Parry	Director Governance and Strategy	
Mr Charlie Reynolds	Acting Director Infrastructure Services	<i>Absent from 6.24pm to 6.26pm</i>
Mr Brad Sillence	Manager Governance and Marketing	
Mr Alan Ellingham	Senior Financial Analyst	<i>to 6.49pm</i>
Mr John Byrne	Governance Coordinator	
Mrs Lesley Taylor	Governance Officer	

DECLARATION OF OPENING

The Deputy Presiding Member declared the meeting open at 6.02pm.

APOLOGIES/LEAVE OF ABSENCE

Apologies

Cr Geoff Amphlett, JP.
Mr Garry Hunt, Chief Executive Officer.

Leave of Absence previously approved

Cr Liam Gobbert	12 July – 29 July 2012 inclusive.
Cr Russ Fishwick, JP	23 July – 28 July 2012 inclusive.
Cr Kerry Hollywood	23 July – 28 July 2012 inclusive.

CONFIRMATION OF MINUTES

**MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING
HELD ON 14 MAY 2012**

MOVED Mayor Pickard, **SECONDED** Cr McLean that the minutes of the meeting of the Strategic Financial Management Committee held on 14 May 2012 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Chester, Fishwick, McLean and Thomas

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

DECLARATIONS OF INTEREST

Nil.

**IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND
CLOSED DOORS**

Nil.

PETITIONS AND DEPUTATIONS

Nil.

- Capital Plans and projects updated in line with Council decisions since the last Plan in 2009, and as proposed at the 16 April 2012 SFMC meeting.

It should be noted that Plan projections are using the draft 2012/13 Budget as the base which it is acknowledged has not yet been adopted.

It is recommended that Council:

- 1 *ENDORSES the projections and proposals of the draft 20 Year Strategic Financial Plan 2011/12 – 2030/31 as summarised in Attachments 2 to 6 to this Report;*
- 2 *REQUESTS that the draft 20 Year Strategic Financial Plan 2011/12 – 2030/31 be progressed to a final version, that meets the requirements of the Department of Local Government's Long Term Financial Planning Framework and Guidelines, for consideration and recommendation to Council for adoption;*
- 3 *ADOPTS the revised 20 Year Strategic Financial Plan - Guiding Principles Statement forming Attachment 1 to this Report.*

BACKGROUND

The City has previously adopted a 20 Year Strategic Financial Plan - Guiding Principles Statement (CJ103-06/10 refers) to support the preparation of the Plan. While the existing principles have been applied in the preparation of the Plan it has been necessary to review and consider additions to the Guiding Principles Statement to take account of issues raised by the DLG Advisory Standards as well as other issues faced when updating the Plan. At attachment 1 is the revised 20 Year Strategic Financial Plan - Guiding Principles Statement with proposed changes in red.

The changes promote the flexible approach to the use of reserves and loans, reinforce the objective to generate annual operating surpluses and include an annual review cycle for the Plan.

DETAILS

Before considering the detail of the Report, there is a disclaimer that needs to be made.

Disclaimer

The 20 Year Strategic Financial Plan is a planning tool. It is based on many assumptions. It also includes 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; and*
- *At request of previous review of the plan (16 April 2012), projects are now included for consideration.*

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 time in relation to likely requirement, timing and financial estimates. Adoption of the 20 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.

Attachments explained

- *Attachment 1 – 20 year Strategic Financial Plan – Guiding Principles Statement – this has been revised with track changes showing the change.*
- *Attachment 2 – 20 YEAR FINANCIAL PROJECTIONS - is the overall summary in a similar format to the currently endorsed (2009) Plan.*
- *Attachment 3 – CAPITAL EXPENDITURE SUMMARY - sets out the capital expenditure included in the Plan divided into the Capital Works Program, Minor One-Off Projects less than \$3,000,000 and Major and/or Significant Capital Expenditure. Estimates are broken down by project by year.*
- *Attachment 4 – PROJECT FUNDING & RESERVES SUMMARY - summarises the Minor and Major Capital with a breakdown of funding sources and summarises the Reserve Fund movements.*
- *Attachment 5 – RATIOS - shows the ratios, as defined by the DLG Advisory Standard, resulting from the Plan projections.*
- *Attachment 6 – GRAPHS - Graphs to summarise the key issues.*

Issues and options considered:

Changes – changes to the Plan since April SFMC

Changes to the Plan can be summarised into 5 categories:

- Changes (1) - Project changes as proposed by SFMC 16 April 2012 – (see Table 1 below).
- Changes (2) - Project changes – other changes and additional information requested by SFMC - (see Table 2 below).
- Changes (3) – Baseline changes, the draft 2012/13 Budget has now been used as the baseline, with future projections of day to day income and expenditure amended in line with the new baseline - (see Table 3 below).
- Changes (4) - Day to Day income and expenditure amended assumption – (see Table 4 below).
- Changes (5) - Funding changes - (see Table 5 below)

All changes made are in accordance with the Guiding Principles Statement as detailed in Attachment 1.

Changes (1) – Project changes as Proposed by SFMC 16 April 2012

The following table lists the specific project changes proposed at the last SFMC meeting, together with comments on whether the change was made, and if not an explanation is provided.

Table 1 – Changes Proposed by SFMC 16 April 2012

	Standard	Requirements	Comment
1	Craigie Bushland Visitor Centre	2013/14 to 2014/15	Complete
2	Delamere Park	2012/13 to 2014/15	The Plan has been aligned to the draft 2012/13 Budget and Delamere Park is budgeted in 2012/13.
3	Bramston Park Clubrooms	2013/14 to 2014/15	Complete
4	Administration Building entry statement and building cladding	2017/18 to 2016/17	Complete
5	Sorrento Community Hall	Delete from plan	Complete
6	Penistone Park Clubroom	Delete from plan	Complete
7	Chichester Park Clubroom	2025/26 to 2023/24	Complete
8	Charonia Park Clubroom	To read Beldon Park Clubroom	Complete
9	Other Leisure Centre Refurbishments	To read Heathridge Leisure Centre Refurbishment \$1.0m – 2018/19	Complete
10	Ocean Reef Marina	2011/12 to 2012/13	Complete
11	Café Kiosks & Restaurants	Delete from Significant Projects and provide for in consultancy budget	Complete
12	CBD Office Development	Delete from Significant Projects and provide for in consultancy budget	Complete
13	Multi Storey Parking Facility	2015/16 to 2013/14	Amended to show project commencing in 2013/14
14	Multi Storey Parking Facility	2021/22 to 2019/20	Amended to show project commencing in 2018/19
15	Burns Beach Surf Life Savings Club	Delete from plan	Complete
16	Whitfords Library	To read Whitfords Library and Senior Citizens Centre	Complete
17	New Item	Turf Facility - \$3.0m – 2017/18	Complete. Project is called Synthetic Hockey Project

Changes (2) – Project changes – other changes and additional information requested by SFMC

Taking account of various updates to cashflows for specific projects, and through consultation with project teams, there have been other changes to the projects in the plan. In addition the SFMC had requested additional information regarding the Edgewater Quarry, Administration Building and Joondalup Library – Major Refurbishment projects. Details of these projects are in the following table.

Table 2 – Additional information requested by SFMC and further Project changes

Change		Reason
Additional information requested by SFMC		
1	Joondalup Library – Major Refurbishment	Project remains at \$1.25m overall. Previously this was split between 2016/17 and 2017/18, now all in 2017/18. Library will be over 20 years old. Minor maintenance has been undertaken but has not addressed access and inclusion issues. Refurbishment to address internal lifts, street entry and toilet, flooring and painting and children and youth areas.
2	Edgewater Quarry	Cashflows included in the plan are consistent with most recent cashflows being used by project and as presented to the Strategy Session 3 July 2012 based on the least expensive option 4b with the additional residential component. Cashflows reflect one-off capital expenditure, one-off income (eg. land sales), as well as the recurring income and expenditure.
3	Joondalup Administration Building - Refurbishment	The previous \$10.0m estimate has been reduced to \$5.0m, after review of project scope. This facility was built in 1978. Major refurbishment will include universal access to the administration building, building façade, mechanical services, lighting, floor coverings, customer service area improvements, toilet and kitchen improvements, painting, elevators and furniture.
Further Project changes		
4	Administration Building entry statement & building cladding	The previous \$1.0m in 2016/17 has been deleted and incorporated in the Joondalup Administration Building - Refurbishment project above.
5	Percy Doyle, inc Duncraig Library	Percy Doyle project advanced by one year to be completed by 2022/23, not 2023/24, after consultation with project team.
6	Asset Rationalisation	Timeframe for income from proceeds of asset rationalisation adjusted to 2013/14 to 2016/17, rather than 2012/13 to 2015/16 to reflect draft 2012/13 Budget. No change to assumed proceeds of \$17,760,000.

Further Project changes		
7	Grove Child Care / Dorchester Hall / Warwick Community Centre	The previous net cost of \$5.8m has been amended to reflect that the project has a net cash flow of nil. Assumed proceeds have been revised up to \$4.3m to reflect current asset book value.

Changes (3) – Baseline changes to reflect draft 2012/13 Budget

Table 3 – Day to Day income & expenditure – amended baseline

Change		Reason
1	Rates	No change
2	Other Fees & Charges	The draft 2012/13 Budget is higher than the previous estimate included for 2012/13 in the Plan. The draft 2012/13 Budget is \$30.2m, \$0.4m more than previously included in the Plan. Plan has been adjusted for 2012/13 and subsequent years.
3	Employee Costs	The draft 2012/13 Budget is higher than the previous estimate included for 2012/13 in the Plan. The draft 2012/13 Budget is \$52.1m, \$1.2m more than previously included in the Plan. Plan has been adjusted for 2012/13 and subsequent years. Actual 2011/12 expenditure is lower than estimated due to staff vacancies and the draft 2012/13 Budget has a higher level of staff numbers included as vacancies are filled.
4	Other Operating Expense such as Materials & Contracts	The draft 2012/13 Budget is higher than the previous estimate included for 2012/13 in the Plan. The draft 2012/13 Budget is \$52.6m, \$1.7m more than previously included in the Plan. Plan has been adjusted for 2012/13 and subsequent years.

Changes (4) - Day to Day income & expenditure – amended assumptions

The assumptions applied to day to day income and expenditure in each year have been reviewed with the changes set out in the table below.

Table 4 – Day to Day income & expenditure – amended assumptions

Change		Reason
1	Rates % increases	The previous rate increases included some high increases in the early years, up to 6.9% to accommodate the proposed funding scenarios. Rates increases from Year 3 (2013/14) to Year 20 (2030/31) are now set at between 4% and 5%.
2	Rates volume increase	A review of interim rates and rate growth, over and above the % annual increase, has resulted in the following assumptions being included: a) Standard increase in number of dwellings each year:- \$250,000 per year from 2013/14 to 2016/17, then \$300,000 from 2017/18 to 2020/21, then \$350,000 per year from 2021/22 to 24/25, then \$400,000 per year 2025/26 to 28/29, and finally \$450,000 from 2029/30 onwards to reflect normal interim rate growth. b) One off developments (eg. Bunnings, hospital extension) – assumed \$500,000 increase from 2013/14, then further large additional increases every fourth year.
3	Other Operating Expenditure % increases reduced	The % increases for Other Opex have been reduced slightly:- <ul style="list-style-type: none"> • 1% reduction from 2013/14 to 2019/20 • 0.5% reduction from 2020/21 to 2022/23 • 0.25% reduction from 2023/24

Changes (5) - Funding changes

In line with the updated Guiding Principles, and still adhering to the Borrowing Strategy, a more flexible approach has been taken with the funding of projects. The key objectives of this approach are to firstly ensure that projects are funded, secondly that the books are balanced and finally to ensure that this is achieved in a prudent, transparent, consistent and sustainable manner. The changes are summarised in the table below.

Table 5 – Funding changes

	Change	Reason
1	Strategic Asset Management Reserve (“SAMR”)	<p>The previous version of the Plan presented in April included a proposal for projects to use funds from the SAMR with the municipal fund then being required to repay those funds. The use of the SAMR has now been added to the Guiding Principles Statement (Attachment 1) however, where the municipal fund is unable to pay back to SAMR because this would place the financial position in deficit then this is not required. The result is a more flexible funding arrangement for the municipal fund but a much lower SAMR balance at the end of 20 years, \$9.6m compared to the previous \$65.6m.</p>
2	External Loans	<p>In line with the Guiding Principles Statement, the Plan considers where it is an optimum time to take advantage of loan finance ie. where the cost of fixed interest loans is cheaper than the earnings from cash reserves. The plan has assumed that such conditions apply now and until 2015/16. This is based on the cost of finance for a 10 year fixed loan at just 4% (current cost), whereas the City cash reserves are earning circa 4.5%-5%.</p> <p>The Plan should strive to take advantage of such conditions, even where reserves may exist for specific projects. Loans in other years, where the conditions are not forecast to be as advantageous, may still be used but not as attractive as the earlier years.</p> <p>Nevertheless, when trying to apply the above principles to the Plan, and taking account of the enormous pressure on new capital project funding in the earlier years, the City is unable to take advantage of the favourable conditions in the early years. There is only \$22m of loans taken out from 2012/13 to 2015/16, and these \$22m loans are just short term loans for Edgewater Quarry (interest only loans until proceeds are realised 2 to 4 years later, then the loans are paid back). A further \$65m in loans is required to fund projects, paid back over a 10 year period.</p>

	Change	Reason
		<p>The \$87m in new borrowings in the updated Plan is \$45m higher than the previous version considered by the SFMC in April 2012 which had new borrowings assumed of \$42m. The previous version made greater use of the SAMR. The additional \$45m in loans is mostly attributable to Percy Doyle previously no loans now \$14m and Edgewater Quarry previously loans of \$8.2m now \$31.9m.</p>
3	<p>Tamala Park Proceeds</p>	<p>The \$56m estimated proceeds from Tamala Park land sales were previously proposed to be placed into the Tamala Park Reserve as soon as received and used where necessary for projects as and when required.</p> <p>It is now proposed to use some Tamala Park land sale proceeds as soon as the funds are available to assist the municipal fund cover short term funding deficits. All funds used in this fashion will be returned to the Tamala Park Reserve when the municipal fund is in a position to do so. This is a more flexible approach to using available funds. An example is in 2013/14, there is a high demand for new capital expenditure (for example Multi Storey Car Park), which is funded by reserves, but the municipal fund is still left with a deficit of circa \$900k. Therefore \$870k of the \$1M Tamala proceeds are diverted to the municipal fund in 2013/14, with the remaining \$130k placed in the Tamala Park Reserve. At a later point in the Plan, when the municipal fund can afford it, this \$870k is put back into the Tamala Park Reserve.</p>

Comments on the Plan – Key Surplus/(Deficit) Variances by Year

The table below summarises the key variances on a year by year basis. This table considers the net variance on municipal funds each specific year, summarised against three key areas:-

1. Day to Day surplus / (deficit).
2. New Projects – recurring income/expenditure surplus/deficit.
3. New Capital Expenditure projects and disposals – surplus/deficit. This variance includes the expenditure on new capital expenditure, as well as the proceeds to fund the project from either reserves or loans.

Table 6 – Surplus/(Deficit) variances year by year

Key Variances Year on Year (\$000s_	Surplus / (Deficit)		Reasons for Surplus / Deficit #3			Commentary Details
	Closing Balance #1	In-Year #2	Day to Day Surplus / (Deficit)	New Projects Income & Opex - Surplus / (Deficit)	New Projects Funding - Surplus / (Deficit)	
Yr 1 2011/12	2,650	(369)	2,100		(2,469)	Forecast position for 2011/12.
Yr 2 2012/13	99	(2,551)	(1,222)		(1,328)	Large opening balance for 2012/13 of \$2,649, and therefore a deficit of \$2,551 to balance the books overall for 2012/13 (minor surplus of \$99).
Yr 3 2013/14	9	(90)	(853)	(87)	850	Day to Day cashflows result in a deficit of \$853k, providing no headroom to support any new loan repayments for new capex. Day to Day income & expenditure struggles due to the changes in baseline for 2012/13 (ie. employee costs increasing by over 7% compared to 2011/12) New Projects have to offset the day to day surplus by contributing \$850k, by temporarily diverting some of the initial Tamala proceeds to municipal.
Yr 4 2014/15	12	3	(118)	(408)	529	A similar story for 2014/15 as 2013/14 where there is no surplus from Day to Day to support new loan repayments, and new capex projects have to fund municipal deficit by diverting Tamala proceeds.
Yr 5 2015/16	9	(4)	1,675	(388)	(1,291)	This is the first year where the standard trend emerges, that is prevalent for most other years. Day to Day income & expenditure is generating a surplus now, and this is able to absorb the cost of financing new projects.
Yr 6 2016/17	5	(4)	2,774	225	(3,003)	Greater day to day surplus helps to absorb the increasing loan repayments.
Yr 7 2017/18	1	(3)	1,925	1	(1,930)	
Yr 8 2018/19	2	0	7,434	114	(7,548)	An overall surplus for the year is generated due to the surplus from day to day activities. This is helping to offset the large cost of financing the new projects.
Yr 9 2019/20	2	1	7,897	267	(8,164)	As above.
Yr10 2020/21	6	3	8,627	1,319	(9,942)	As above.
Yr11 2021/22	1	(4)	8,390	636	(9,030)	As above.
Yr12 2022/23	4	2	7,718	814	(8,529)	As above.
Yr13 2023/24	5	2	10,979	821	(11,799)	Major projects begin to be funded from municipal funds, rather than loans.
Yr14 2024/25	3	(2)	8,546	828	(9,376)	Benefits of cost reduction providing sufficient surplus.
Yr15 2025/26	8	5	9,675	1,888	(11,558)	Benefits of cost reduction providing sufficient surplus.
Yr16 2026/27	346	338	10,228	839	(10,729)	Benefits of cost reduction providing sufficient surplus.
Yr17 2027/28	3,583	3,237	9,759	843	(7,365)	Day to Day surplus is now greater than the cost of financing new projects. This tells us that we have insufficient new capital expense in this year and later years.
Yr18 2028/29	1,042	(2,541)	3,744	956	(7,240)	As above.
Yr19 2029/30	4,255	3,212	9,530	858	(7,176)	As above.
Yr20 2030/31	10,897	6,642	11,313	2,065	(6,736)	As above.

The key variances above are also summarised in graph 5 of Attachment 6. Meanwhile Graphs 1, 2 and 3 provide further illustrations to the issues.

Comments on the Plan – Overall Observations

The table below summarises some of the key features of the amended Plan. Reference has been provided to the relevant Attachment.

Table 7 – Commentary on the amended Plan

Issue	Reference	Comment
1 Balance The Books	Attachment 2, Row H	<p>The early years of the Plan (2013/14 and 2014/15) benefit from the flexible funding principles summarised earlier. This has allowed those years to use some of the Tamala Park land sale proceeds earlier than expected.</p> <p>The majority of the Plan (2015/16 to 2026/27) is much more sustainable, with demands for financing new capital projects offset by surplus day to day income. However, those middle years use up reserves also (see below for more comment).</p> <p>In the later years of the Plan (2027/28 onwards), there is a significant day to day surplus.</p> <p>In summary all years of the plan have been balanced, except for the last five years.</p>
2 New Capital Projects	Attachment 2, Row 21	<p>Of the \$203m total for new capital projects, 79% is included in the first 10 years. Although the \$203m is funded by reserves and/or external financing, there are still strains on the municipal funds due to the loan repayments and interest.</p>
3 Reserves Balance	Attachment 2, Row 32	<p>Total \$52.5m reserve funds balance at end of 2011/12 is used during earlier years of the Plan on project funding. The reserves reduce significantly down to \$13.8m by 2016/17. At the end of year 20, the reserves balance increases to \$84.2m.</p> <p>However the significant use of the reserves in the early years of the Plan is a key consideration. This places emphasis on the City to make the best use of limited funds. There are several high-profile projects not included in the Plan (see risk section), therefore there is great pressure on the reserves balance to make the right investment choices.</p>

Issue	Reference	Comment
4 Funding Of New Capital Expenditure	Attachment 6, Graph 4	The graph shows how projects are funded year by year. Loans were desired in the early years, but not taken on fully until 2016/17. Reserves are relied upon heavily in the earlier years, but then loans become more prevalent in the middle years.
5 Total Cashflow	Attachment 6, Graph 6	This follows on from the comments above about reserves. Total cash for the City is low in the early years, before increasing in the later years.

Legislation/Strategic 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.*”

The Plan is a long term planning tool that informs and supports the Strategic Community Plan and Corporate Business Plan which are currently being developed.

DLG Long Term Planning Guidelines & Advisory Standard

The Department of Local Government has issued a series of planning guidelines for local government covering:

1. Long Term Financial Planning – Framework & Guidelines.
2. Asset Management – Framework and Guidelines.
3. Integrated Planning and Reporting – Advisory Standard.

The Advisory Standard has listed seven standards, which are described in more detail in the table below. Each of the seven standards will be assessed by June 2013 with a determination as to whether they have been met as:

1. Advanced Standard.
2. Intermediate or Basic.
3. Not met.

The Plan currently does not meet the advanced standard in all of these standards.

In terms of whether the City should aspire for advanced status it is highly unlikely that this could be achieved by the first assessment of June 2013. In discussions with DLG they advise there is no expectation that any local government should meet advanced standards at the first assessment. The only legislative requirement is that basic standards be met. The intermediate and advanced standards demonstrate the higher levels to which local governments should aspire as they strive towards achieving best practice.

The following table sets out the seven standards together with the current assessment of where the City of Joondalup is, or is forecast to be, regarding each standard.

Table 8 – Seven Standards

Standard		Requirements	City of Joondalup Status and expectation by June 2013
1	Strategic Community Plan (SCP)	<p>10 year SCP adopted by Council by June 2013, which includes:</p> <ul style="list-style-type: none"> ○ Community aspirations, vision and objectives. ○ Developed with community engagement. ○ Takes account of demographics, resource capacity and strategic measurements. 	<p>Currently being prepared for consideration by Council.</p> <p>City is forecast to achieve advanced standard in this area.</p>
2	Corporate Business Plan (CBP)	<p>4 year CBP adopted by Council by June 2013:</p> <ul style="list-style-type: none"> ○ Identifies and prioritises activities in line with above. ○ Services delivered, methods and cost needed to deliver. ○ References asset management plan, finance and workforce plans. 	<p>Whilst the Corporate Business Plan is expected to achieve full integration with all resourcing strategies, the standards for this Plan are also linked to asset and financial KPIs. As described below, the City will be unable to achieve the advanced standards for these ratios in 2013, due to the current unavailability of information.</p>
3	Financial Management	Four Key Performance Indicators	<p>Current projections would achieve basic standard, but not advanced standard. (See table 9 for further details below).</p>

	Standard	Requirements	City of Joondalup Status and expectation by June 2013
4	Asset Management	<p>Three Key Performance Indicators used to measure effectiveness of Local Government in Asset management.</p> <p>Framework and guidelines for development of Asset Management Plan have been released.</p>	<p>Do not currently have information to calculate 2 of the 3 ratios.</p> <p>The Asset Management Plan will be updated by June 2013, and will ensure that data is available to calculate all 3 ratios. (See Table 10 for further details below)</p>
5	Workforce Planning	<p>Council to have a current workforce plan, that identifies:</p> <ul style="list-style-type: none"> o current workforce profile and structure. o gaps between profile and requirements. o activities to foster and develop workforce. o consistent with long term financial plan. <p>DLG had intended to issue guidelines by now (May 2012), including an evaluation criteria. The guidelines are now expected to be released during July 2012.</p>	<p>City already has an existing workforce plan however until the DLG Framework and evaluation criteria can be reviewed, it is not possible to state what further action is required in this area.</p>
6	Annual Report	<p>From 2013/14 onwards, the Local Government Annual Report is to contain:</p> <ul style="list-style-type: none"> o Overview of items SCP and CBP. o Major initiatives to commence / continue in the next year. o Modifications made to the SCP and CBP during the previous year. 	<p>The City will amend the Annual Report to comply with the requirements and achieve advanced standard.</p>
7	Plan for the Future	<ul style="list-style-type: none"> o Local Government must have a Plan for the Future in operation between 26 August 2011 and 30 June 2013. 	<p>City currently has a plan for the future and therefore the standard will be achieved.</p>

Performance criteria for Ref 3 of Table 8 Financial Management Standard

As described in Table 8, there are four Financial Management ratios that are prescribed by the Advisory Standard. These ratios are now incorporated into the updated Local Government (Financial Management) Regulations 1996, and will now be required to be produced as part of the Annual Financial Report.

Table 9 – Estimated Projection of Financial Key Indicators

	Issue DLG	Requirement City	Projection	Comment
1	Operating Surplus Ratio	<p>Calculation is Operating Surplus divided by own source revenue.</p> <ol style="list-style-type: none"> 1. Standard is not met if surplus ratio is less than 0%. 2. Basic standard is met if between 0% and 15%. 3. Advanced standard is met if greater than 15%. 	<p>None of the 20 years achieve greater than 15%, and therefore no years achieve advanced standard.</p> <p>All years are between 0% and 15% and achieve basic standard, this ranges from 4% in some years to 11% in other years.</p> <p>The overall average over 20 year period is 7%.</p>	<p>The City of Joondalup already has a clear strategy for operating surpluses (see Attachment 1).</p> <p>The sentiment of what the ratio is trying to demonstrate is consistent with the City's existing approach, that is to generate adequate surpluses to fund new projects. However, 15% is excessive and if the City aspired to achieve this, then it would require significant change in the Plan projections such as rate increases of 6% every year or significant expenditure and project reductions.</p>

Issue DLG	Requirement City	Projection	Comment
2	<p>Own Source Revenue Coverage Ratio</p> <p>Calculation is Own Source Revenue as a Percentage of Operating Expenditure.</p> <p>Not included in the Advisory Standard, but has now been included in the Financial Management Regulations. No formal guidelines has been provided yet on evaluation criteria, however initial view from DLG is that criteria to be achieved is 90%.</p>	<p>Projections range from 92% to 104%, with an overall average of 99%.</p>	<p>Based on the initial notification of the performance criteria, the City achieves this standard. However, the evaluation criteria is yet to be formally distributed.</p>
3	<p>Current Ratio</p> <p>Calculation is Current Assets (excluding Reserves) divided by Current Liabilities.</p> <p>The Standard is simply to have a ratio of greater than 100%.</p>	<p>Projections range from 123% to 213%, with an overall average of 164%.</p>	<p>Standard achieved.</p>
4	<p>Debt Service Cover Ratio</p> <p>Calculated as annual surplus (before interest and depreciation) divided by annual debt service payments.</p> <p>The evaluation criteria is:</p> <ol style="list-style-type: none"> 1. Standard is NOT met if ratio is less than 2. 2. Basic Standard if ratio is between 2 and 5. 3. Advanced standard if greater than 5. 	<p>3 of the years (2017/18, 2018/19 and 2019/20) achieve basic standard with a ratio of 3.5, 3.1 and 3.1.</p> <p>All other years achieve the advanced standard, the overall average is 6.6.</p>	<p>Despite the increase in the use of loans in the majority of the years, the advanced standard is still achieved.</p> <p>However, those years where the advanced standard is not achieved, is primarily caused by the Edgewater Quarry project.</p>

Performance criteria for Ref 4 of Table 8 Asset Management Standard

There are three Asset Management ratios that are prescribed by the Advisory Standard. These ratios are also now incorporated into the updated Local Government (Financial Management) Regulations 1996, and will now be required to be produced as part of the annual accounts.

Table 10 – Comments on Asset Management key indicators

	Issue DLG	Requirement City	Projection	Comment
1	Asset Consumption Ratio (ACR)	<p>Calculated as depreciated replacement cost of assets divided by current replacement costs.</p> <ol style="list-style-type: none"> Standard is not met if ratio cannot be identified or if less than 50%. Basic standard is met if ratio can be calculated and over 50%. Advanced standard is met if between 60% and 75%. 	Insufficient information at this stage to calculate.	<p>The City has the replacement cost of the majority of its assets, but not for land and buildings.</p> <p>The information required will be sought to allow this ratio to be calculated for the annual report due at end of July 2013.</p>
2	Asset Sustainability Ratio (ASR)	<p>Calculation is Capital Expenditure on replacement/renewal of assets divided by depreciation expense.</p> <ol style="list-style-type: none"> Standard is not met if less than 90%. Basic if greater than 90%. Advanced if between 90% and 110%. 	<p>Advanced standard estimated for 2012/13 and basic standard for 2013/14.</p> <p>All other years there is no standard achieved.</p>	<p>Based on projected expenditure within the 5yrCWP, 54% of the Capital expense for the next five years is based on existing assets, the other 46% is on new projects. This is a low ratio.</p> <p>Therefore, the rate at which assets are depreciating is greater than the replacement expenditure.</p>

	Issue DLG	Requirement City	Projection	Comment
3	Asset renewal funding ratio	<p>Net Present Value (NPV) of planned capital expenditure over 10 years, divided by the NPV of the required capital expenditure.</p> <ol style="list-style-type: none"> Standard is not met if ratio cannot be identified, or if less than 75%. Basic standard if between 75% and 95%. Advanced standard if between 95% & 105%, and ASR falls within 90% to 110% & ACR falls within range of 50% to 75%. 	Insufficient information at this stage to calculate.	The information required will be sought to allow this ratio to be calculated for the annual report due at end of July 2013.

Strategic Plan

Key Focus Area: Leadership and Governance

Objective: 1.3.2 The City maintains a long-term Strategic Financial Plan which is reviewed regularly

Policy

Not Applicable.

Risk Management Considerations:

The Plan is based on many assumptions. There is a risk that those assumptions could be wrong or may not come to pass, however, it is a planning tool and the City is not committed to anything in the plan by virtue of endorsing it. Periodic review and update 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 Plan.

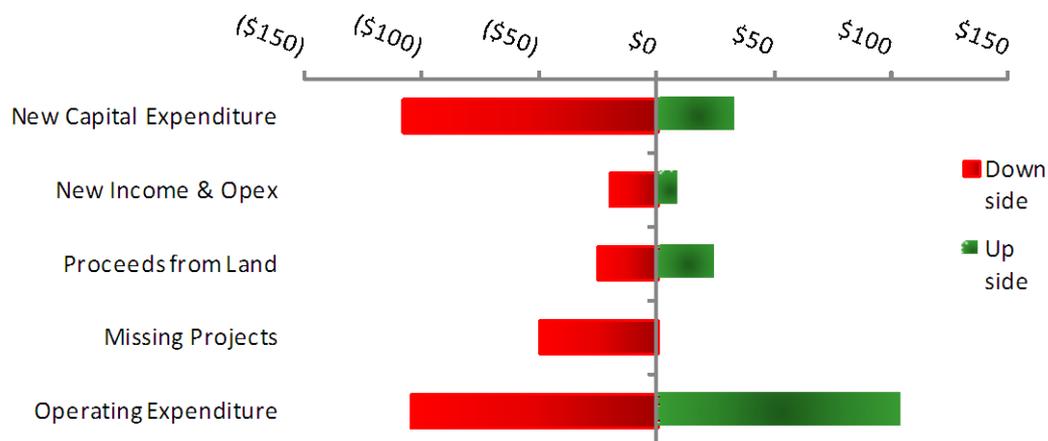
There are a number of projects which have been subject to some discussion, but not included in the Plan as they have not yet sufficiently been clarified. This could be due to a requirement for a Council decision, the need to determine some financial basis for how it may happen, unresolved external factors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

The list of projects discussed but NOT included are as follows:

1. Wanneroo Basketball Association relocation.
2. Lotteries House extension.
3. Ocean Reef Marina – further development/investment by the City.
4. Cafés and Kiosks – further development/investment by the City.
5. CBD Office development – further development/investment by the City.
6. Arena transfer to the City.

High level analysis has been prepared against some of the key assumptions, so that we can understand the potential downside and upside to the plan over a 20 year period. The table and graph below show that there is significantly more risk (\$308 million) than opportunity of \$173 million.

20 Year Plan Risk Analysis \$m	CashFlow	%age Low & High		Impact	
	Total 20 Yr	Down side	Up side	Down side	Up side
New Capital Expenditure	(\$204)	53.0%	-16.3%	(\$108)	\$33
New Income & Opex	\$12	-172.5%	86.3%	(\$20)	\$10
Proceeds from Land	\$102	-24.5%	24.5%	(\$25)	\$25
Missing Projects				(\$50)	
Operating Expenditure	(\$3,488)	3.0%	-3.0%	(\$105)	\$105
Total	(\$3,578)	8.6%	-4.8%	(\$308)	\$173



Further comments about the table and graph are:

1. New Capital Expenditure – high level review of each project, to understand the range (low, medium, high) for the estimated expense. For example, the Plan currently has \$50million included for Joondalup Performing Arts and Culture Facility (JPACF). The low estimate for this project is \$50million, whereas the high estimate is \$90million. By adding all the project estimates together produces an overall potential downside (increase in costs) of \$108million, and a potential upside (decrease in costs) of \$33million.
2. New Income and Opex. For those new projects, such as the JPACF or Edgewater Quarry, there remains some uncertainty on the estimated recurring expenses required to maintain and operate the facility and uncertainty on the income streams.
3. Proceeds from Land, comprise different projects (Sale of Tamala Park, Asset Rationalisation, Edgewater Quarry, for example). These estimates have the potential to increase or decrease.
4. Missing Projects (\$50million). This is a crude estimate relating to the potential cost to the City of the six missing projects listed in the page above. There is no detailed breakdown of the \$50million, this is merely intended to demonstrate that there is a potentially high cost not yet included in the 20 Year Plan.
5. Operating Expenditure. The day to day expenses and income make up the vast majority of the cashflows in the Plan, over and above the new capital projects. The overall cost over 20 years (excluding 2011/12) is \$3.488 billion. Although the projections are based on sound principles, there are risks and opportunities in the future projections, and the table shows the extent of a 3% upside or downside.

Financial/Budget Implications:

The Plan represents projections and estimates, based on many assumptions and is a planning tool. Endorsement of the Plan does not constitute a commitment or agreement by the City to the projects and proposals or the projections included in the Plan.

Regional Significance:

Not Applicable.

Sustainability Implications:

The Plan represents the primary and key financial planning document for the City and has a direct bearing on planning for the financial sustainability of the City.

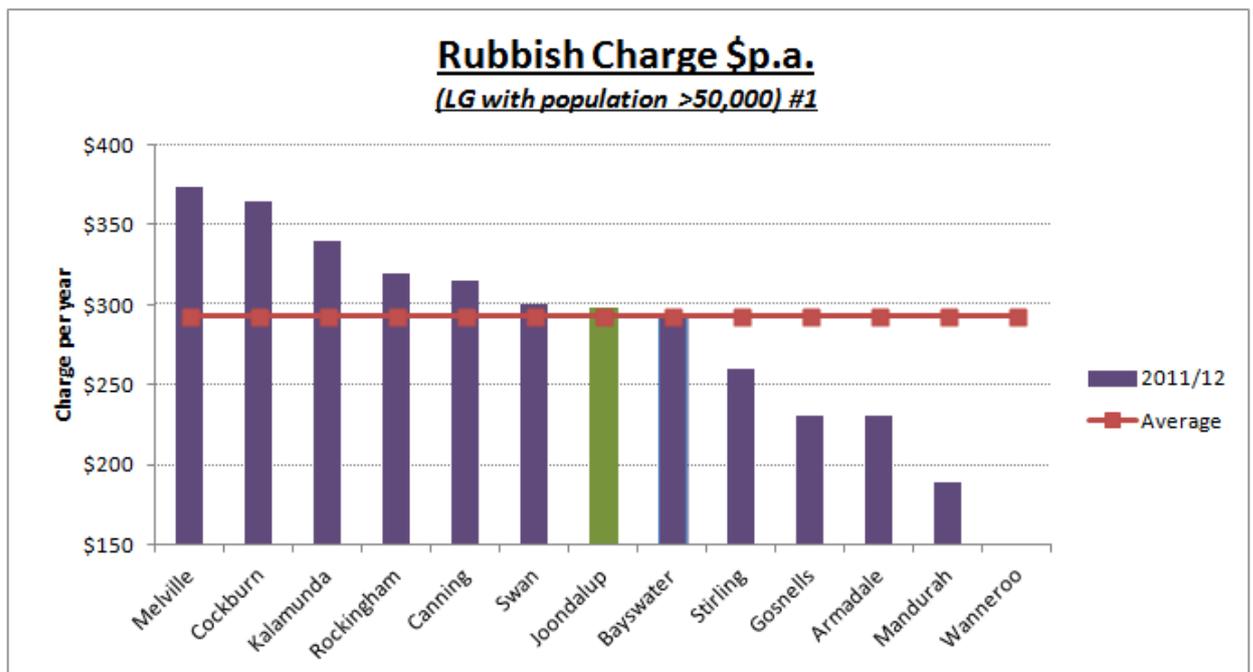
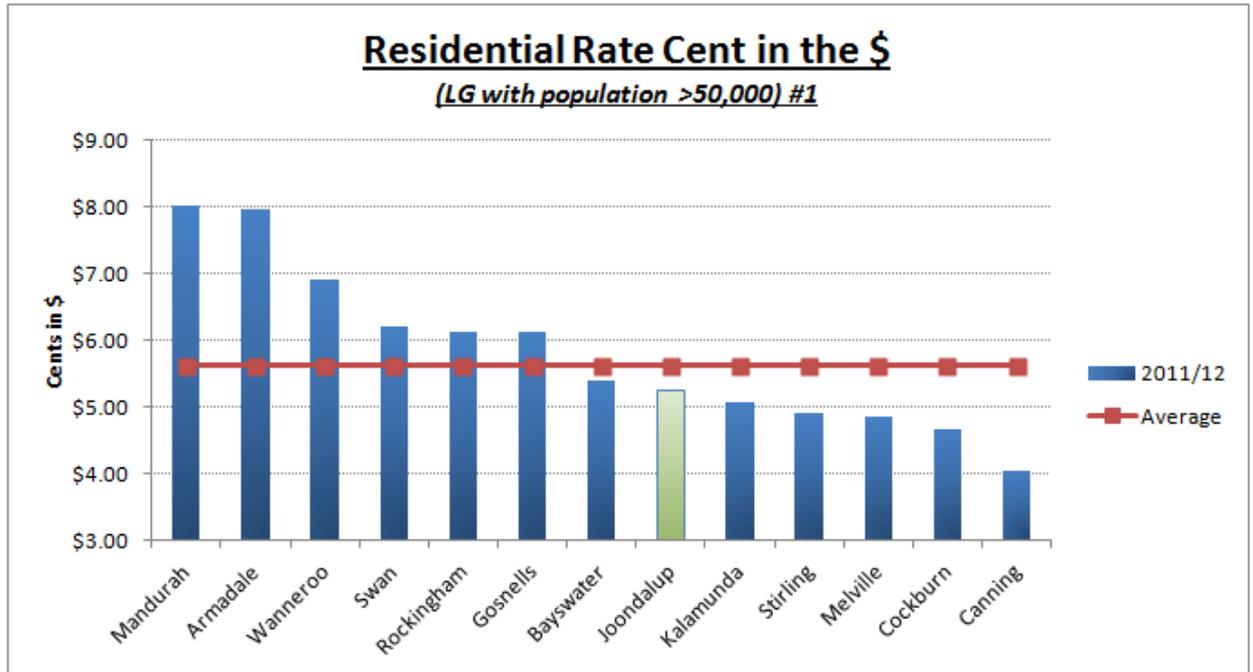
Consultation:

The Plan has been prepared after consulting with a range of City Business Units and previous reports to SFMC. Further feedback on the projections and proposals for the Plan is now sought from the SFMC before the Plan is progressed further.

COMMENT

How do we compare to other Local Governments?

Please find below two charts which compare the City’s rates and rubbish charges, in comparison to other authorities that have a population greater than 50,000.



#1 Report published by Haines Norton (Feb 2012), “WA Local Government Rates Comparison”.

The tables above inform us that:

1. Rates in the \$ - The City of Joondalup for 2011/12 was 6.4% below the average of those local governments included in the graph.
2. Rubbish Charges 2011/12 - At a charge of \$298, the City of Joondalup was slightly above (2%) the average.

The comparisons between local governments must be taken with some care. The rates charges do not necessarily mean that the City is more efficient, or providing better value, than those who are charging a greater amount. There are many differences between each local government in terms of the services provided, the geography, the demographics, the facilities currently available, the developments required or not required.

VOTING REQUIREMENTS

Simple Majority.

OFFICER'S RECOMMENDATION

That Council:

- 1 ENDORSES the projections and proposals of the draft 20 Year Strategic Financial Plan 2011/12 – 2030/31 as summarised in Attachments 2 to 6 to this Report;
- 2 REQUESTS that the draft 20 Year Strategic Financial Plan 2011/12 – 2030/31 be progressed to a final version, that meets the requirements of the Department of Local Government's Long Term Financial Planning Framework and Guidelines, for consideration and recommendation to Council for adoption; and
- 3 ADOPTS the revised 20 Year Strategic Financial Plan - Guiding Principles Statement, forming Attachment 1 to this Report.

MOVED Cr Norman, SECONDED Cr Chester that Council:

- 1 **ENDORSES the projections and proposals of the draft 20 Year Strategic Financial Plan 2011/12 – 2030/31 as summarised in Attachments 2 to 6 to this Report;**
- 2 **REQUESTS that the draft 20 Year Strategic Financial Plan 2011/12 – 2030/31 be progressed to a final version, that meets the requirements of the Department of Local Government's Long Term Financial Planning Framework and Guidelines, for consideration and recommendation to Council for adoption; and**

- 3 **ADOPTS the revised 20 Year Strategic Financial Plan - Guiding Principles Statement, forming Attachment 1 to this Report, modified as follows:**

Key Elements/Assumptions

Annual Process – The 20 Year Strategic Financial Plan will be prepared and reviewed during the first quarter of each financial year by the Administration for submission to the Strategic Financial Management Committee in the second quarter for consideration. This will enable the 20 Year Strategic Financial Plan to be used as an enabler to the Budget setting process for the following year.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Chester, Fishwick, McLean and Thomas

Senior Financial Analyst left the meeting at 6.49pm and did not return.

Appendix 1 refers

To access this attachment on electronic document, click here:
[Attach1agnSFMC090712.pdf](#)

**ITEM 2 PROPOSED DISPOSAL OF LOT 202 (20)
KANANGRA CRESCENT, GREENWOOD – PUBLIC
ADVERTISING OF BUSINESS PLAN**

WARD:	South-East	
RESPONSIBLE A/DIRECTOR:	Mr Charlie Reynolds Infrastructure Services	
FILE NUMBER:	63627, 101515	
ATTACHMENTS:	Attachment 1	Schedule of Submissions
	Attachment 2	Map of Site
	Attachment 3	Business Plan

PURPOSE

For Council to consider submissions received during the public advertising of the Business Plan of the proposed disposal of Lot 202 (20) Kanangra Crescent, Greenwood in accordance with Section 3.59 of the *Local Government Act 1995* and as part of a review and rationalisation of land holdings owned by the City.

EXECUTIVE SUMMARY

At its meeting held on 20 March 2012 (CJ034-03/12 refers), Council adopted the Business Plans to support the disposal of four freehold lots. These lots are:

- Lot 200 (18) Quilter Drive, Duncraig;
- Lot 766 (167) Dampier Avenue, Kallaroo;
- Lot 202 (20) Kanangra Crescent, Greenwood; and
- Lot 147 (25) Millport Drive, Warwick.

Council also requested a further report be presented at the conclusion of the public advertising period to consider any submissions received. The Business Plans were advertised for a period of six weeks, closing on 16 May 2012.

A letter was sent to landowners within a 200 metre radius of Lot 202. A total of eight submissions were received, which comprised of three submissions of support; two were from residents living outside of the 200 metre radius consultation area. There were three objecting submissions, one comment on the proposal and one submission indicating no objection.

The main theme of the objections received covered various aspects of the future development of the site, such as earthworks, traffic, parking and loss of trees. These matters will be dealt with as part of the subdivision and/or development of the property and there may be further opportunity for local residents to comment on these matters. Other concerns detailed were loss of privacy and devaluation of surrounding property values. Two of the three supporting submissions requested the trees to be retained.

Advertising of the Business Plan for Lot 202 was the first opportunity that the community had to comment on the future intent for this lot. There has been eight submissions received and the comments and concerns are detailed in Attachment 1 to this report. Council has in past resolutions determined that Lot 202 is surplus to the City's requirements and disposing of Lot 202 for the proposed use of aged persons housing is considered appropriate. The funds raised are to be included in the Joondalup Performing Arts and Cultural Facility reserve fund and will be of benefit to the City and its residents overall.

It is recommended that Council:

- 1 *NOTES that there were eight (8) submissions received as a result of advertising the City's Business Plan dated February 2012 in relation to the Major Land Transaction at Lot 202 (20) Kanangra Crescent, Greenwood;*
- 2 *in accordance with section 3.59(5) of the Local Government Act 1995, BY AN ABSOLUTE MAJORITY PROCEEDS with the Major Land Transaction at Lot 202 (20) Kanangra Crescent, Greenwood as described in the Business Plan detailed in Attachment 3 to this Report; and*
- 3 *NOTES that the proceeds from the sales of the lot will be transferred into the Joondalup Performing Arts and Cultural Facility Reserve Fund.*

BACKGROUND

Suburb/Location: Lot 202 (20) Kanangra Crescent, Greenwood
Owner: City of Joondalup
Zoning: **DPS:** Residential R20
MRS: Urban
Site Area: 1605m²

On 4 April 1977, Lot 202 (20) Kanangra Crescent, Greenwood was transferred to the City free of charge by FCA Finance Pty Ltd, the developer of the area. The recorded purpose for the land is detailed as being required for a kindergarten. The lot is currently vacant and is located in a residential area with residential development on its western boundary, vacant City freehold land on its southern boundary, a doctor's surgery and a two-group dwelling on its eastern boundary and a shopping complex on its northern boundary.

At its meeting held on 21 September 2010 (CJ163-09/10 refers), Council noted the unconfirmed minutes of the Strategic Financial Management Committee meeting held on 14 September 2010 and subject to consideration of Business Plans, supported the disposal of five City freehold land sites. Council also noted that the proceeds from the disposals were to be transferred to the Joondalup Performing Arts and Cultural Facility reserve fund.

At its meeting held on 20 March 2012 (CJ034-03/12 refers), Council confirmed that only four of the original five sites would be advertised for disposal, with Lot 181 (4) Rowan Place, Mullaloo being withdrawn.

DETAILS

A Business Plan was prepared for the purpose of advertising in accordance with Section 3.59 of the *Local Government Act 1995* for Lot 202 (20) Kanangra Crescent, Greenwood.

The process of advertising included:

- A sign on site;
- 158 letters sent to landowners within a radius of 200 metres of the site with a list of Frequently Asked Questions (FAQs);
- A notice placed in the Community News and West Australian newspapers;
- A notice, copies of the Business Plans and FAQs placed on the City's website;
- Business Plans available for inspection at the City's Customer Service Centres, Joondalup, Whitfords and Craigie Leisure Centre, and all City libraries.

The following table provides a breakdown of submissions received:

Type of Submission	Number Received
Support	3
No Objection	1
Objection	3
Comments	1
TOTAL	8

Support for the proposal

The submissions in support of the proposal to develop the lot as aged persons accommodation referred to matters such as it providing a better mix of housing types, though there would be a better financial return should the land have a density code of R40 or R60. Two requests for the trees to be retained were included in the supporting submissions. Council had resolved not to change the coding of Lot 202 to enable future development to remain in keeping with the surrounding residential area. Retaining the trees is a matter that would be considered as part of the subdivision and/or development application process.

Objection to the proposal

Two of the objections received related to the future development of the site, the details of which are currently unknown. The City using the land as a skate park was a comment as part of one objection, as was a comment on tree planting of the site rather than disposal. Privacy concerns, property value decreases and loss of trees were also detailed in objecting submissions. Development details are as yet unknown and as part of the future subdivision and/or development of Lot 202, a further opportunity may be provided for local residents to comment.

Comment on the proposal

One respondent requested a definition of the term 'aged persons,' which as defined by the Residential Design Codes (2010) is 55 years plus. A concern was detailed about the future development of the site and parking requirements. These matters would be examined as part of the future development application process, at which time local residents may have a further opportunity to comment.

Density Code

The lot is zoned 'Residential' with a density code of R20 and has been included in the Housing Opportunity Areas in the City's draft Local Housing Strategy. In the draft document it is proposed that the site will have a density increase from R20 to a dual coding of R20/30.

At the density of R20, the lots are an average of 500m² for freehold title and 450m² for strata lots. At the dual coding of R20/30, subject to compliance with development requirements, the lots may average 300m².

It should be noted the Local Housing Strategy is still a draft document and is pending endorsement from the Western Australian Planning Commission and inclusion in the City's new District Planning Scheme. It is envisaged that it will be approximately two to five years before landowners will be in a position to develop properties using the amended density code.

Legislation

Sections 3.58 and 3.59 of the *Local Government Act 1995*, together with the *Local Government (Functions and General) Regulations 1996* determine how a local government may dispose of property. As at 27 September 2011, Part 3 of the *Local Government (Functions and General) Regulations 1996* was amended. The financial threshold at which local government land can be disposed of without advertising Business Plans was amended from \$1,000,000 to \$10,000,000. Based on this amendment and the valuation information with regard to Lot 202, advertising a Business Plan was not a statutory requirement for this proposal.

Strategic Plan

Key Focus Area: The Built Environment

Objective: 4.1 To ensure high quality urban development within the City.

Policy:

City Policy – Asset Management

City Policy – Sustainability

Risk Management Considerations

There are a number of risk considerations related to the disposal of the property described.

The City has complied with Section 3.59 of the *Local Government Act 1995* to ensure openness and accountability in this disposal process.

There is a potential loss of rates income by setting a condition that the land may only be used for aged persons accommodation.

Financial/Budget Implications

The highest and best valuation dated 24 May 2010 on the scenarios provided by the City to the valuers at that time for Lot 202 (20) Kanangra Crescent, Greenwood was \$1,000,000.

Regional Significance:

There is no regional significance regarding this matter.

Sustainability Implications

The disposal of City freehold land that has been set aside for community use should not be disposed of without there being a nominated purpose.

The development of aged persons accommodation is considered appropriate given the existing character of the area. The types of dwellings will provide for alternative housing choices for the City's ageing population to remain within their local area.

Council has agreed that the proceeds from the sale of this lot would be transferred to the Joondalup Performing Arts and Cultural Facility reserve fund.

Consultation

The Business Plan was adopted for public advertising, and advertising was as follows:

- A sign on site;
- 158 letters sent to landowners within a radius of 200 metres of each site with a list of Frequently Asked Questions (FAQs);
- A notice placed in the Community News and West Australian newspapers;
- A notice, copies of the Business Plans and FAQs placed on the City's website; and
- Business Plans will also be available for inspection at the City's Customer Service Centres, Joondalup, Whitfords and Craigie Leisure Centre, and all City libraries.

A total of eight submissions were received, comprising of three submissions in support, with two supporting submissions being received from residents living outside of the 200 metre radius consultation area used by the City for direct contact by letter. There were three objecting submissions, one comment on the proposal and one submission indicating no objection.

COMMENT

Of the eight submissions received during the advertising period of the Business Plan for Lot 202, the three objections generally referred to the future development details of the land, including the size of the complex, parking and privacy concerns, and loss of the trees. These matters will be dealt with at the development application stage and dependent upon application details submitted, residents living locally to the site may be given a further opportunity to comment.

Council has provided its support for Lot 202 to be developed for aged persons accommodation, and this use is considered appropriate based on the location of the site and the ageing demographic of the City.

VOTING REQUIREMENTS

Absolute Majority.

MOVED Mayor Pickard, SECONDED Cr Thomas that Council:

- 1 NOTES that there were eight (8) submissions received as a result of advertising the City's Business Plan dated February 2012 in relation to the Major Land Transaction at Lot 202 (20) Kanangra Crescent, Greenwood;**
- 2 In accordance with section 3.59(5) of the Local Government Act 1995, BY AN ABSOLUTE MAJORITY PROCEEDS with the Major Land Transaction at Lot 202 (20) Kanangra Crescent, Greenwood as described in the Business Plan detailed in Attachment 3 to this Report; and**
- 3 NOTES that the proceeds from the sale of the lot will be transferred into the Joondalup Performing Arts and Cultural Facility Reserve Fund.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Chester, Fishwick, McLean and Thomas

The following motion to revoke part 3 of the above resolution was discussed by the Committee following Item 3:

CALL FOR ONE-THIRD SUPPORT

Regulation 10 of the *Local Government (Administration) Regulations 1996* prescribes the following procedure for dealing with revoking or changing decisions made at Council or Committee Meetings:

"If a decision has been made at a Council meeting, then any motion to revoke or change the decision must be supported by at least one-third of the number of offices (whether vacant or not) of members of the Council.

If supported by one-third of the members, then any decision to revoke a resolution of the Council is required to be passed by an Absolute Majority."

The Deputy Presiding Member called for support from one-third of the members of the Committee. Support to revoke Point 3 of the Committee's resolution earlier in the meeting relating to Item 2 – Proposed Disposal of Lot 202 (20) Kanangra Crescent, Greenwood – Public Advertising of Business Plan was given by Mayor Pickard, Crs Norman, Chester, Fishwick, McLean and Thomas.

MOTION TO REVOKE

MOVED Mayor Pickard, **SECONDED** Cr Chester that the Strategic Financial Management Committee, **BY AN ABSOLUTE MAJORITY**, **REVOKES** its earlier decision in the meeting relating to Part 3 of Item 2 – Proposed Disposal of Lot 202 (20) Kanangra Crescent, Greenwood – Public Advertising of Business Plan and **REPLACES** it with the following:

“3 *NOTES it has previously resolved that the proceeds from the sale of the lot will be transferred into the Joondalup Performing Arts and Cultural Facility Reserve Fund, with the lot designated for Aged or Dependent Persons’ Dwellings.*”

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Chester, Fishwick, McLean and Thomas

Appendix 2 refers

To access this attachment on electronic document, click here:
[Attach2aqnSFMC090712.pdf](#)

ITEM 3 PROPOSED DISPOSAL OF LOT 200 (18) QUILTER DRIVE DUNCRAIG – PUBLIC ADVERTISING OF BUSINESS PLAN**WARD:** South**RESPONSIBLE
A/DIRECTOR:** Mr Charlie Reynolds
 Infrastructure Services**FILE NUMBER:** 63627, 101515**ATTACHMENTS:** Attachment 1 Schedule of Submissions
 Attachment 2 Map of Site
 Attachment 3 Business Plan

PURPOSE

For Council to consider submissions received during the public advertising of the Business Plan of the proposed disposal of Lot 200 (18) Quilter Drive, Duncraig in accordance with Section 3.59 of the *Local Government Act 1995* and as part of a review and rationalisation of land holdings owned by the City.

EXECUTIVE SUMMARY

At its meeting held on 20 March 2012 (CJ034-03/12 refers) Council adopted the Business Plans to support the disposal of four City freehold lots. These lots are:

- Lot 200 (18) Quilter Drive, Duncraig;
- Lot 766 (167) Dampier Avenue, Kallaroo;
- Lot 202 (20) Kanangra Crescent, Greenwood; and
- Lot 147 (25) Millport Drive, Warwick.

Council also requested that a further report be presented at the conclusion of the public advertising period to consider any submissions received. The Business Plans were advertised for a period of six weeks, closing on 16 May 2012.

A letter was sent to landowners within a 200 metre radius of Lot 200. A total of seven submissions were received representing six households; one submitter forwarded two submissions. There were three objections (two from the same household) and four supporters of the proposal. Two of the supporters lived outside of the 200 metre radius the letters were distributed to.

The submissions in support of the proposal to develop the lot as aged persons accommodation referred to matters such as retaining the trees, being able to comment on the proposed future development, using the funds raised for the local community and increasing the density codes in order to increase the financial return.

The main themes of the objections received were in relation to matters of potential traffic issues, lack of details regarding the proposed future development, the City considering the land surplus when it could be used as a local amenity and the funds raised not being expended locally.

Advertising of the Business Plan for Lot 200 was the first opportunity that the community had to comment on the future intent for this lot. The comments and concerns from the seven submissions received are detailed in Attachment 1 to this Report. Council has in past resolutions determined that Lot 200 is surplus to the City's requirements and disposing of the lot for the proposed use of aged persons housing is considered appropriate. The funds raised are to be included in the Joondalup Performing Arts and Cultural Facility reserve fund and will be of benefit to the City and its residents overall.

It is recommended that Council:

- 1 *NOTES that there were seven (7) submissions received as a result of advertising the City's Business Plan dated February 2012 in relation to the Major Land Transaction at Lot 200 (18) Quilter Drive, Duncraig;*
- 2 *in accordance with section 3.59(5) of the Local Government Act 1995, BY AN ABSOLUTE MAJORITY PROCEEDS with the Major Land Transaction at Lot Lot 200 (18) Quilter Drive, Duncraig as described in the Business Plan detailed in Attachment 3 to this Report; and*
- 3 *NOTES that the proceeds from the sales of the lot will be transferred into the Joondalup Performing Arts and Cultural Facility Reserve Fund.*

BACKGROUND

Suburb/Location: Lot 200 (18) Quilter Drive Duncraig
Owner: City of Joondalup
Zoning: **DPS:** Residential R20
MRS: Urban
Site Area: 2001m²

On 7 April 1989, Lot 200 (18) Quilter Drive Duncraig was transferred to the City free of charge by LandCorp, the developer of the area. The recorded purpose for the land is detailed as being required for a child care centre. The lot is currently vacant and is located in a residential area with grouped housing on its eastern and southern boundaries and Poynter Park on its western boundary.

At its meeting held on 21 September 2010 (CJ163-09/10 refers), Council noted the unconfirmed minutes of the Strategic Financial Management Committee meeting held on 14 September 2010 and subject to consideration of Business Plans, supported the disposal of five City freehold land sites. Council also noted that the proceeds from the disposals were to be transferred to the Joondalup Performing Arts and Cultural Facility reserve fund.

At its meeting held on 20 March 2012 (CJ034-03/12 refers), Council confirmed that only four of the original five sites would be advertised for disposal, with Lot 181 (4) Rowan Place, Mullaloo being withdrawn.

DETAILS

A Business Plan was prepared for the purpose of advertising the proposed disposal of Lot 200 in accordance with Section 3.59 of the *Local Government Act 1995*.

The process of advertising included:

- A sign on site;
- 105 letters forwarded to landowners within a radius of 200 metres of the site including a list of Frequently Asked Questions (FAQs);
- A notice placed in the Community News and West Australian newspapers;
- A notice, copies of the Business Plans and FAQs placed on the City's website; and
- Business Plans available for inspection at the City's Customer Service Centres, Joondalup, Whitfords and Craigie Leisure Centre and all City libraries.

Issues and options considered

The following table provides a breakdown of submissions received:

Type of Submission	Number Received
Support	4
Objection*	3
TOTAL	7

*Two submissions from the same household.

Support for the proposal

The submissions in support of the proposal to develop the lot as aged persons accommodation referred to matters such as retaining the trees, being able to comment on the proposed future development, spending the funds raised within the local community and increasing the density codes to increase the financial return. Council had resolved not to change the coding of Lot 200 to enable future development to remain in keeping with the surrounding residential area.

Objections to the proposal

The two submissions of objection received from the same household made reference to the City not having authority to dispose of the asset. The respondent referred to the land as being park and that the City should not be selling it – the land is adjacent to Poynter Park but is City freehold land. The respondent sought justification for the land being described as 'surplus' and considered it highly inappropriate that any funds raised should go the Joondalup Performing Arts and Cultural Facility reserve fund.

The same respondent objected to the lack of detail on the future development of the site. Until there is a purchaser for the site these details are unknown, however, dependent upon the application details submitted for a proposed future development, local residents may be provided with a further opportunity to comment as part of the subdivision and/or development application process. The objector also requested that the disposal must be transparent. The City's level of public advertising of the Business Plan for Lot 200 goes beyond that detailed in Section 3.59 of the *Local Government Act 1995*.

A further submission referred to potential traffic and footpath issues and these types of matters would also be assessed as part of the subdivision/development application process.

Legislation

Sections 3.58 and 3.59 of the *Local Government Act 1995*, together with the *Local Government (Functions and General) Regulations 1996* determine how a local government may dispose of property. As at 27 September 2011, Part 3 of the *Local Government (Functions and General) Regulations 1996* was amended. The financial threshold at which local government land can be disposed of without advertising Business Plans was amended from \$1,000,000 to \$10,000,000. Based on this amendment and the valuation information with regard to Lot 200, advertising a Business Plan was not a statutory requirement for this proposal.

Strategic Plan

Key Focus Area: The Built Environment.

Objective: 4.1 To ensure high quality urban development within the City.

Policy:

City Policy – Asset Management

City Policy – Sustainability

Risk Management Considerations

There are a number of risk considerations related to the disposal of the property described.

The City has complied with Section 3.59 of the *Local Government Act 1995* to ensure openness and accountability in the disposal process.

There is a potential loss of rates income by setting a condition that the land may only be used for aged persons accommodation.

Financial/Budget Implications

The highest and best valuation dated 24 May 2010 on the scenarios provided by the City to the valuers at that time for Lot 200 (18) Quilter Drive, Duncraig was \$1,300,000.

Regional Significance

There is no regional significance regarding this matter.

Sustainability Implications

The disposal of City freehold land that has been set aside for community use should not be disposed of without there being a nominated purpose.

The development of aged persons accommodation is considered appropriate given the existing character of the area. The types of dwellings will provide for alternative housing choices for the City's ageing population to remain within their local area.

Council has agreed that the proceeds from the sale of this lot are to be transferred to the Joondalup Performing Arts and Cultural Facility reserve fund.

Consultation

The Business Plan was adopted for public advertising at Council's meeting of 20 March 2012 and advertising was as follows:

- A sign on site;
- 105 letters sent to landowners within a radius of 200 metres of each site with a list of Frequently Asked Questions (FAQs);
- A notice placed in the Community News and West Australian newspapers,
- A notice, copies of the Business Plans and FAQs placed on the City's website; and
- Business Plans available for inspection at the City's Customer Service Centres, Joondalup, Whitfords and Craigie Leisure Centre, and all City libraries.

A total of seven submissions were received, comprising of four submissions in support and three objections, of which two of the objections were from the same household.

COMMENT

There were strong objections raised by one household during the advertising of the Business Plan for Lot 200. Objections such as lack of details of the proposal; the site being considered surplus and the funds raised going to the Joondalup Performing Arts and Cultural Facility Reserve Fund; potential traffic issues were also raised. Supporters of the proposal also referred to concerns about the future development of the site and having adequate community consultation. The funds raised being spent locally was also brought up by a supporter and that the trees on the site should remain.

Council has previously supported the sale of Lot 200 for the development of aged persons accommodation. The use for Lot 200 is considered appropriate given that there is public transport, shopping facilities and other support services in proximity and the City has an ageing demographic.

The concerns regarding the future development of the site and the significance of the trees would be assessed as part of the planning approval process. Also, depending upon the application details submitted, there may be further public advertising of the proposed development.

VOTING REQUIREMENTS

Absolute Majority.

OFFICER'S RECOMMENDATION

That Council:

- 1 NOTES that there were seven (7) submissions received as a result of advertising the City's Business Plan dated February 2012 in relation to the Major Land Transaction at Lot 200 (18) Quilter Drive, Duncraig;
- 2 in accordance with section 3.59(5) of the Local Government Act 1995, BY AN ABSOLUTE MAJORITY PROCEEDS with the Major Land Transaction at Lot Lot 200 (18) Quilter Drive, Duncraig as described in the Business Plan detailed in Attachment 3 to this Report; and
- 3 NOTES that the proceeds from the sales of the lot will be transferred into the Joondalup Performing Arts and Cultural Facility Reserve Fund.

MOVED Cr Fishwick, SECONDED Mayor Pickard that Council:

- 1 **NOTES that there were seven (7) submissions received as a result of advertising the City's Business Plan dated February 2012 in relation to the Major Land Transaction at Lot 200 (18) Quilter Drive, Duncraig;**
- 2 **in accordance with section 3.59(5) of the Local Government Act 1995, BY AN ABSOLUTE MAJORITY PROCEEDS with the Major Land Transaction at Lot Lot 200 (18) Quilter Drive, Duncraig as described in the Business Plan detailed in Attachment 3 to this Report; and**
- 3 **NOTES it has previously resolved that the proceeds from the sale of the lot will be transferred into the Joondalup Performing Arts and Cultural Facility Reserve Fund, with the lot designated for Aged or Dependent Persons' Dwellings.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Chester, Fishwick, McLean and Thomas

Appendix 3 refers

To access this attachment on electronic document, click here:

[Attach3a9nSFMC090712.pdf](#)

Following this item, the Committee reconsidered item 3 for the purposes of revoking part 3 of the motion and introducing a new part (see page 33).

**ITEM 4 PROPOSED DISPOSAL OF LOT 766 (167)
DAMPIER AVENUE, KALLAROO – PUBLIC
ADVERTISING OF BUSINESS PLAN**

WARD: Central

**RESPONSIBLE
A/DIRECTOR:** Mr Charlie Reynolds
Infrastructure Services

FILE NUMBER: 63627, 101515

ATTACHMENTS: Attachment 1 Schedule of Submissions
Attachment 2 Map of Site
Attachment 3 Business Plan

PURPOSE

For Council to consider submissions received during the public advertising of the Business Plan of the proposed disposal of Lot 766 (167) Dampier Avenue, Kallaroo in accordance with Section 3.59 of the *Local Government Act 1995* and as part of a review and rationalisation of land holdings owned by the City.

EXECUTIVE SUMMARY

At its meeting held on 20 March 2012 (CJ034-03/12 refers), Council adopted the Business Plans to support the disposal of four City freehold lots. These lots are:

- Lot 200 (18) Quilter Drive, Duncraig;
- Lot 766 (167) Dampier Avenue, Kallaroo;
- Lot 202 (20) Kanangra Crescent, Greenwood; and
- Lot 147 (25) Millport Drive, Warwick.

Council also requested a further report be presented at the conclusion of the public advertising period to consider any submissions received. The Business Plans were advertised for a period of six weeks, closing on 16 May 2012.

A letter was sent to landowners within a 200 metre radius of Lot 766. A total of four submissions were received, which comprised of three submissions of support. Two of the supporting submissions received were from residents living outside of the 200 metre radius consultation area. There was one submission that commented only and no objections were received.

Support for the proposal detailed matters such as retaining the existing trees on the site and that aged persons accommodation would provide a better mix of housing types. One resident sought Council's assurance that the proposed development would be in keeping with the surrounding neighbourhood. Concerns with regard to the future development of the site would be assessed as part of the subdivision/development application stage of the proposal and there may be further opportunity for residents to comment at that time.

Advertising of the Business Plan for Lot 766 was the first opportunity that the community had to comment on the future intent for this lot and there has been four submissions received with the comments detailed in Attachment 1 to this Report. Council has in past resolutions determined that Lot 766 is surplus to the City's requirements and disposing of the land for the proposed use of aged persons housing is considered appropriate. The funds raised are to be included in the Joondalup Performing Arts and Cultural Facility Reserve Fund and will be of benefit to the City and its residents overall.

It is recommended that Council:

- 1 *NOTES that there were four (4) submissions received as a result of advertising the City's Business Plan dated February 2012 in relation to the Major Land Transaction at Lot 766 (167) Dampier Avenue Kallaroo;*
- 2 *in accordance with section 3.59(5) of the Local Government Act 1995, BY AN ABSOLUTE MAJORITY PROCEEDS with the Major Land Transaction at Lot Lot 766 (167) Dampier Avenue Kallaroo as described in the Business Plan detailed in Attachment 3 to this Report; and*
- 3 *NOTES that the proceeds from the sales of the lot will be transferred into the Joondalup Performing Arts and Cultural Facility Reserve Fund.*

BACKGROUND

Suburb/Location: Lot 766 (167) Dampier Avenue, Kallaroo
Owner: City of Joondalup
Zoning: **DPS:** Residential R20
MRS: Urban
Site Area: 2000m²

On 12 September 1978, Lot 766 (167) Dampier Avenue, Kallaroo was transferred to the City free of charge by North Whitfords Estate Limited, the developer of the area. The recorded purpose for the land is detailed as being required for a kindergarten. The lot is currently vacant and is located within a residential area with Dampier Park on its western boundary and a retirement village on its southern boundary.

At its meeting held on 21 September 2010 (CJ163-09/10 refers), Council noted the unconfirmed minutes of the Strategic Financial Management Committee meeting held on 14 September 2010 and subject to consideration of Business Plans, supported the disposal of five City freehold land sites. Council also noted that the proceeds from the disposals will be transferred to the Joondalup Performing Arts and Cultural Facility reserve fund.

At its meeting held on 20 March 2012 (CJ034-03/12 refers), Council confirmed that only four of the original five sites would be advertised for disposal, with Lot 181 (4) Rowan Place, Mullaloo being withdrawn.

DETAILS

A Business Plan was prepared for the purpose of advertising the proposed disposal of Lot 766 in accordance with Section 3.59 of the *Local Government Act 1995*.

The process of advertising included:

- A sign on site;
- 255 letters forwarded to landowners within a radius of 200 metres of the site, including a list of Frequently Asked Questions (FAQs);
- A notice placed in the Community News and West Australian newspapers;
- A notice, copies of the Business Plans and FAQs placed on the City's website; and
- Business Plans available for inspection at the City's Customer Service Centres, Joondalup, Whitfords and Craigie Leisure Centre and all City libraries.

Issues and options considered

The following table provides a breakdown of submissions received:

Type of Submission	Number Received
Support	3
Comments	1
Objection	0
TOTAL	4

Support for the proposal

The submissions in support of the proposal to develop the lot as aged persons accommodation referred to matters such as it providing a better mix of housing types, though there would be a better financial return should the land have a density code of R40 or R60. Council had resolved not to change the coding of Lot 766 to enable future development to remain in keeping with the surrounding residential area. Retaining the trees was requested by a supporter, and the significance of the trees on Lot 766 is a matter that would be considered as part of the subdivision and/or development application process.

Comments on the proposal

One respondent requested that there be assurance that development will be in keeping with the surrounding neighbourhood i.e. no approval given for a high rise tower. The future development of Lot 766 will be in accordance with its R20 density code and dependent upon the application details submitted, further consultation with local residents may take place as part of the development application stage.

Objection to the proposal

There were no objections to the proposal to dispose of the land.

Legislation

Sections 3.58 and 3.59 of the *Local Government Act 1995*, together with the *Local Government (Functions and General) Regulations 1996* determine how a local government may dispose of property. As at 27 September 2011, Part 3 of the *Local Government (Functions and General) Regulations 1996* was amended. The financial threshold at which local government land can be disposed of without advertising Business Plans was amended from \$1,000,000 to \$10,000,000. Based on this amendment and the valuation information with regard to Lot 766, advertising a Business Plan was not a statutory requirement for this proposal.

Strategic Plan

Key Focus Area: The Built Environment

Objective: 4.1 To ensure high quality urban development within the City.

Policy:

City Policy – Asset Management

City Policy – Sustainability

Risk Management Considerations

There are a number of risk considerations related to the disposal of the property described.

The City has complied with Section 3.59 of the *Local Government Act 1995* to ensure openness and accountability in this disposal process.

There is a potential loss of rates income by setting a condition that the land may only be used for aged persons accommodation.

Financial/Budget Implications

The highest and best valuation dated 24 May 2010 on the scenarios provided by the City to the valuers at that time for Lot 766 (167) Dampier Avenue, Kallaroo was \$1,300,000.

Regional Significance

There is no regional significance regarding this matter.

Sustainability Implications

The disposal of City freehold land that has been set aside for community use should not be disposed of without there being a nominated purpose.

The development of aged persons accommodation is considered appropriate given the existing character of the area. The types of dwellings will provide for alternative housing choices for the City's ageing population to remain within their local area.

Council has agreed that the proceeds from the sale of the lot are to be transferred to the Joondalup Performing Arts and Cultural Facility reserve fund.

Consultation

The Business Plan was adopted for public advertising at Council's meeting of 20 March 2012 and advertising was as follows:

- A sign on site;
- 255 letters sent to landowners within a radius of 200 metres of each site with a list of Frequently Asked Questions (FAQs);
- A notice placed in the Community News and West Australian newspapers;
- A notice, copies of the Business Plans and FAQs placed on the City's website; and
- Business Plans available for inspection at the City's Customer Service Centres, Joondalup, Whitfords and Craigie Leisure Centre, and all City libraries.

There were 255 letters forwarded to landowners as there is a retirement village (with 141 individually owned units) adjacent to Lot 766. The retirement village was part of the 200 metre radius.

Four submissions were received, which comprised of three submissions of support, with two of the submissions being received from residents living outside of the 200 metre radius. There was one comment received and no objections.

COMMENT

There has been no objections raised to the proposal of utilising Lot 766 for aged persons accommodation during the advertising period of the Business Plan and Council has provided its support for this use. The use is considered appropriate based on the location of the site and the ageing demographic of the City.

One submission of support received did enquire as to the proposed height of the proposed new development and another supporter would prefer the trees are retained.

VOTING REQUIREMENTS

Absolute Majority.

OFFICER'S RECOMMENDATION

That Council:

- 1 NOTES that there were four (4) submissions received as a result of advertising the City's Business Plan dated February 2012 in relation to the Major Land Transaction at Lot 766 (167) Dampier Avenue Kallaroo;
- 2 in accordance with section 3.59(5) of the Local Government Act 1995, BY AN ABSOLUTE MAJORITY PROCEEDS with the Major Land Transaction at Lot Lot 766 (167) Dampier Avenue Kallaroo as described in the Business Plan detailed in Attachment 3 to this Report; and
- 3 NOTES that the proceeds from the sales of the lot will be transferred into the Joondalup Performing Arts and Cultural Facility Reserve Fund.

MOVED Mayor Pickard, SECONDED Cr Thomas that Council:

- 1 NOTES that there were four (4) submissions received as a result of advertising the City's Business Plan dated February 2012 in relation to the Major Land Transaction at Lot 766 (167) Dampier Avenue Kallaroo;**
- 2 In accordance with section 3.59(5) of the Local Government Act 1995, BY AN ABSOLUTE MAJORITY PROCEEDS with the Major Land Transaction at Lot Lot 766 (167) Dampier Avenue Kallaroo as described in the Business Plan detailed in Attachment 3 to this Report; and**
- 3 NOTES it has previously resolved that the proceeds from the sale of the lot will be transferred into the Joondalup Performing Arts and Cultural Facility Reserve Fund, with the lot designated for Aged or Dependent Persons' Dwellings.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Chester, Fishwick, McLean and Thomas

Appendix 4 refers

To access this attachment on electronic document, click here:

[Attach4aqnSFMC090712.pdf](#)

**ITEM 5 PROPOSED DISPOSAL OF LOT 147 (25)
MILLPORT DRIVE WARWICK – PUBLIC
ADVERTISING OF BUSINESS PLAN****WARD:** South**RESPONSIBLE
A/DIRECTOR:** Mr Charlie Reynolds
Infrastructure Services**FILE NUMBER:** 63627, 101515**ATTACHMENTS:** Attachment 1 Schedule of Submissions
Attachment 2 Map of Site
Attachment 3 Business Plan

PURPOSE

For Council to consider submissions received during the public advertising of the Business Plan of the proposed disposal of Lot 147 (25) Millport Drive, Warwick in accordance with Section 3.59 of the *Local Government Act 1995* and as part of a review and rationalisation of land holdings owned by the City.

EXECUTIVE SUMMARY

At its meeting held on 20 March 2012 (CJ034-03/12 refers), Council adopted the Business Plans to support the disposal of four City freehold lots. These lots are:

- Lot 200 (18) Quilter Drive, Duncraig;
- Lot 766 (167) Dampier Avenue, Kallaroo;
- Lot 202 (20) Kanangra Crescent, Greenwood; and
- Lot 147 (25) Millport Drive, Warwick.

Council also requested that a further report be presented at the conclusion of the advertising period to consider any submissions received. The Business Plans were advertised for a period of six weeks, closing on 16 May 2012.

A letter was sent to landowners within a 200 metre radius of Lot 147. The City received a total of 33 submissions; with a multiple-signature submission being counted as one submission (although was analysed separately). One householder provided one supporting submission early in the public consultation period then later provided one objecting submission.

Without including the two submissions mentioned above and the multiple-signature submission, the City received a total of 30 submissions, of which there were 23 objections, four supporting submissions and three submitters who made comments or stated no objection to the proposal.

The multi-signature submission was signed by 48 local residents; representing 46 individual objections or 36 objecting households (a number of households had several people who signed the submission). There were two who did not object.

The main concerns detailed in the objecting submissions related to traffic concerns and the potential loss of the existing Tuart trees on the lot. Additionally, lack of details with regard to the size and scale of the future development on the site was also stated. Other matters raised were the devaluation of surrounding residential properties and any funds raised from the sale being used for local people, in the local area, and not for the Joondalup Performing Arts and Cultural Facility.

Until there is a purchaser for the site, future development details are unknown, however dependent upon the application details submitted for a proposed future development, local residents may be provided with a further opportunity to comment.

Supporting submissions referred to the proposal providing a better mix of housing types, a preference for the trees to be retained when the development took place and support for a retirement village rather than a nursing home.

Advertising of the Business Plan for Lot 147 was the first opportunity that the community had to comment on the future intent for this lot and there has been a significant response from local residents as detailed in Attachment 1 to this Report. Council has in past resolutions determined that Lot 147 is surplus to the City's requirements and its disposal for the proposed use of aged persons housing is considered appropriate. The funds raised are to be included in the Joondalup Performing Arts and Cultural Facility reserve fund and will be of benefit to the City and its residents overall.

It is recommended that Council DOES NOT PROGRESS the sale of Lot 147 (25) Millport Drive, Warwick until further consultation has been undertaken with the community regarding objections raised following advertising of the Business Plan.

BACKGROUND

Suburb/Location: Lot 147 (25) Millport Drive Warwick
Owner: City of Joondalup
Zoning: **DPS:** Residential R20
MRS: Urban
Site Area: 2490m²

On 28 June 1985, Lot 147 (25) Millport Drive Warwick was transferred to the City free of charge by Residential Sites Limited, the developer of the area. The recorded purpose for the land was detailed as being required for community purposes. The lot is currently vacant and is located in a residential area with grouped housing on its eastern and southern boundaries and Hawker Park on its western boundary.

At its meeting held on 21 September 2010 (CJ163-09/10 refers), Council noted the unconfirmed minutes of the Strategic Financial Management Committee meeting held on 14 September 2010 and subject to consideration of Business Plans, supported the disposal of five City freehold land sites. Council also noted that the proceeds from the disposals were to be transferred to the Joondalup Performing Arts and Cultural Facility reserve fund.

At its meeting held on 20 March 2012 (CJ034-03/12 refers), Council confirmed that only four of the original five sites would be advertised for disposal, with Lot 181 (4) Rowan Place, Mullaloo being withdrawn.

DETAILS

A Business Plan was prepared for the purpose of advertising in accordance with Section 3.59 of the *Local Government Act 1995* for Lot 147 (25) Millport Drive Warwick.

The process of advertising included:

- A sign on site;
- 108 letters sent to landowners within a radius of 200 metres of each site with a list of Frequently Asked Questions (FAQs);
- A notice placed in the Community News and West Australian newspapers;
- A notice, copies of the Business Plans and FAQs placed on the City's website;
- Business Plans available for inspection at the City's Customer Service Centres, Joondalup, Whitfords and Craigie Leisure Centre, and all City libraries.

The following table provides a breakdown of the individual submissions received:

Type of Submission	Number Received
Support	4
Objection	23
No objections / Comments	3
TOTAL	30*

N.B. This total does not include the multiple-signature submission as this was dealt with separately. Also the City received a supporting submission from a resident, who later submitted an objecting submission, therefore both submissions were not included in the final count.

Support for the proposal

Supporting submissions referred to the proposal providing a better mix of housing types, but that the City would get a better financial return if the lot had a density code of R40 or R60. Council had resolved not to change the coding of Lot 147 to enable future development to remain in keeping with the surrounding residential area. A supporter requested that the development approval be conditional that the trees on the site are retained. A further supporting submission was only for privately owned dwellings or retirement villas and a nursing home.

Council has provided its support for aged persons accommodation rather than a nursing home and matters related to the significance of the trees and the proposed design of the future development would be assessed as part of the development application process and potentially at that time there may be further opportunity for residents to comment.

Objection to the proposal

The main concerns detailed in the objecting submissions related to traffic concerns and the potential loss of the existing Tuart trees on the lot. Three Tuart trees have been assessed by the City and their approximate age and heights are:

- 120 years old and 35 metres – located at the corner of Millport Drive and Kirkcolm Way.
- 80 years old and 22 metres – located near Millport Drive.
- 50 years old and 20 metres – located towards the centre of the lot (close to the abovementioned trees).

A theme of many of the objections received was in relation to the actual future design and amenities that will be constructed on the lot. These matters would be assessed at the subdivision and/or development application stage, at which time local residents may have a further opportunity to comment.

Matters raised in some objecting submissions referred to retaining the lot as public open space and some respondents considered that the land was part of the adjoining Hawker Park. Lot 147 is owned by the City in freehold and it is a separate lot to Hawker Park which is Crown land managed by the City for public recreation. Objections also refer to the fact that any funds raised from the sale are to be included in the future Joondalup Performing Arts and Cultural Facility, rather than facilities in the local area. Council has previously resolved to commit the funds from the sale of the land to the Joondalup Performing and Cultural Arts Facility reserve fund, which will be of benefit to the City and its residents overall.

Multiple-Signature Submission

The following table provides a breakdown of the multiple-signature submission received:

Type of Submission	Signatures	Households
Objects	46	36
No objections / Comments	2	0
TOTAL	48	36

The City received a multi-signature submission signed by 48 local residents; representing 46 individual objections or 36 objecting households (a number of households had several people who signed the submission). There were two who did not object.

The multi-signature submission organiser's referred to ". . . *object[ing] to the proposed sale of the land and generally voted in support of either developing a community use facility on the land (such as lockable tennis courts) or maintain the status quo . . .*".

A number of respondents asked that the trees be retained if the development went ahead. This is an issue which would be dealt with at the subdivision and/or development application stage.

Additional Information

The lot is zoned 'Residential' with a density of R20 and has been included in the Housing Opportunity Areas in the City's draft Local Housing Strategy, with a proposed density increase from R20 to a dual coding of R20/30.

At the density of R20 the lots are an average of 500m² for green title and 450m² for strata lots. At the dual coding of R20/30, subject to compliance with development requirements, the lots may average 300m².

It should be noted the Strategy is still a draft document pending endorsement from the Western Australian Planning Commission and inclusion in the City's new District Planning Scheme. It is envisaged that it will be approximately two to five years before landowners will be in a position to develop properties using the amended density code.

Legislation

Sections 3.58 and 3.59 of the *Local Government Act 1995*, together with the *Local Government (Functions and General) Regulations 1996* determine how a local government may dispose of property. As at 27 September 2011, Part 3 of the *Local Government (Functions and General) Regulations 1996* was amended. The financial threshold at which local government land can be disposed of without advertising Business Plans was amended from \$1,000,000 to \$10,000,000. Based on this amendment and the valuation information with regard to Lot 147, advertising a Business Plan was not a statutory requirement for this proposal.

Strategic Plan

Key Focus Area: The Built Environment

Objective: 4.1 To ensure high quality urban development within the City.

Policy:

City Policy – Asset Management

City Policy – Sustainability

Risk Management Considerations

There are a number of risk considerations related to the disposal of the property described.

The City has complied with Section 3.59 of the *Local Government Act 1995* to ensure openness and accountability in this disposal process.

There is a potential loss of rates income by setting a condition that the land may only be used for aged persons accommodation.

Financial/Budget Implications

The highest and best valuation dated 24 May 2010 on the scenarios provided by the City to the valuers at that time for Lot 147 (25) Millport Drive Warwick was \$1,300,000.

Regional Significance

There is no regional significance regarding this matter.

Sustainability Implications

The disposal of City freehold land that has been set aside for community use should not be disposed of without there being a nominated purpose.

The development of aged persons accommodation is considered appropriate given the existing character of the area. The types of dwellings will provide for alternative housing choices for the City's ageing population to remain within their local area.

Council has agreed that the proceeds from the sale of this lot are to be transferred to the Joondalup Performing Arts and Cultural Facility reserve fund.

Consultation

The Business Plan was adopted for public advertising, and advertising was as follows:

- A sign on site;
- 108 letters sent to landowners within a radius of 200 metres of each site with a list of Frequently Asked Questions (FAQs);
- A notice placed in the Community News and West Australian newspapers;
- A notice, copies of the Business Plans and FAQs placed on the City's website; and
- Business Plans available for inspection at the City's Customer Service Centres, Joondalup, Whitfords and Craigie Leisure Centre, and all City libraries.

A total of 33 submissions was received; with a multiple-signature submission being counted as one submission (although was analysed separately). One householder provided one supporting submission early in the public consultation period then later provided one objecting submission.

The main concerns raised by the objectors related to traffic issues and the retention of the Tuart trees on the site. Additionally, the design and scale of the future development on the lot was also a concern that received a high level of objections. However, it is anticipated the maximum number of aged person's dwellings that could be developed on the site (with it having a coding of R20) is approximately seven. At an R30 density code, there is the potential for eight lots to be created. Any development would need to be in compliance with the City's draft Dual Density Code Policy should the land be recoded to R30.

The definition of aged person's dwellings are still independent dwellings, only one occupant is required to be over the age of 55 and there is no nursing care provided. As a number of submissions received were in relation to noise, ambulances and traffic, it is suggested that further information or a public meeting be provided to the community to assist in alleviating their concerns.

Issues and options considered

Given the number of objections received for this site (including a multi-signature submission), two options are available to progress this matter:

Option 1 Council notes the number of objections and continues to progress the disposal of the site.

The City has three other sites it is proposing to dispose of which received very little objection from the community. If it is deemed that this lot is no different to the other three sites, the City would progress with the proposed disposal of the lot in line with the other three sites.

Option 2: Council acknowledges the number of objections and defers the disposal of the site to allow further information to be provided to the community.

An information session and/or further information can be provided to those respondents who objected to the proposal. However, the issues raised by the respondents are based on the inability for the City to specify exactly what could happen in the future; although the main concerns about noise, ambulances and increased traffic could be addressed in further advice provided by the City.

This option will take more time to be resolved. However, it will potentially alleviate the majority of concerns raised. This option would mean that this site would be delayed in being disposed of and would not be progressed in line with the other three sites.

COMMENT

The decision to progress the sale of the lot for aged persons accommodation has already been decided by Council. The use of the site for aged persons accommodation is considered appropriate considering the location of the site and the ageing demographics within the City.

The submissions received enquired as to the size of the complex, parking, increased traffic (ambulances) and types of amenities to be provided indicate that residents require more information as to what type of development is likely to take place on the site.

Given the number of issues raised it would be beneficial to address these now, rather than to progress with the disposal of the lot. It is considered appropriate that further information is provided via a public meeting.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Fishwick, SECONDED Cr Thomas that Council DOES NOT PROGRESS the sale of Lot 147 (25) Millport Drive, Warwick until further consultation has been undertaken with the community regarding objections raised following advertising of the Business Plan.

The Motion was Put and

TIED (3/3)

In favour of the Motion: Crs Chester, Fishwick and Thomas

Against the Motion: Cr Norman, Mayor Pickard and Cr McLean

There being an equal number of votes, the Deputy Presiding Member exercised his casting vote and declared the Motion

LOST (3/4)

MOVED Mayor Pickard, SECONDED Cr McLean that Council:

- 1 **NOTES that there were 33 submissions received as a result of advertising the City's Business Plan dated February 2012 in relation to the Major Land Transaction at Lot 147 (25) Millport Drive, Warwick;**
- 2 **In accordance with section 3.59(5) of the *Local Government Act 1995*, BY AN ABSOLUTE MAJORITY PROCEEDS with the Major Land Transaction at Lot 147 (25) Millport Drive, Warwick as described in the Business Plan detailed in Attachment 3 to this Report;**
- 3 **REQUESTS that the sump adjacent to Lot 147 at Lot 10362 (29) Millport Drive, Warwick be listed in the City Sump Improvement Program;**
- 4 **REQUESTS that mature Tuart trees be planted in the vicinity of Lot 147 (25) Millport Drive, Warwick to replace the loss of any existing trees;**
- 5 **NOTES in the City's current deliberations on the draft 5 Year Capital Works budget a Community Sporting Facility is listed for Hawker Park in 2013/14 for \$1,500,000; and**
- 6 **NOTES it has previously resolved that the proceeds from the sale of the lot will be transferred into the Joondalup Performing Arts and Cultural Facility Reserve Fund, with the lot designated for Aged or Dependent Persons' Dwellings.**

PROCEDURAL MOTION TO DEFER

MOVED Cr Fishwick, **SECONDED** Cr Chester that consideration of the Item pertaining to the proposed disposal of Lot 147 (25) Millport Drive, Warwick – Public Advertising of Business Plan be **DEFERRED** until the next meeting of the Strategic Financial Management Committee meeting to be held on 15 October 2012.

The Procedural Motion was Put and

TIED (3/3)

In favour of the Procedural Motion: Crs Norman, Chester and Fishwick

Against the Procedural Motion: Mayor Pickard, Crs McLean and Thomas

There being an equal number of votes, the Deputy Presiding Member exercised his casting vote and declared the Motion **CARRIED (4/3)**

Appendix 5 refers

To access this attachment on electronic document, click here:
[Attach5a9nSFMC090712.pdf](#)

**ITEM 6 CONFIDENTIAL - PROPOSED DISPOSAL OF CITY
FREEHOLD PROPERTIES –STATUS REPORT****WARD:** All**RESPONSIBLE
A/DIRECTOR:** Mr Charlie Reynolds
Infrastructure Services**FILE NUMBER:** 63627**ATTACHMENTS:** Location Plans:
Attachment 1 Lot 200 Quilter Drive, Duncraig
Attachment 2 Lot 766 Dampier Avenue, Kallaroo and Lot 202
 Kanangra Crescent, Greenwood
Attachment 3 Lot 147 Millport Drive, Warwick and Lot 613
 Pacific Way, Beldon
Attachment 4 Lot 178 Camberwarra Drive, Craigie and Lot 103
 Caridean Street, Heathridge
Attachment 5 Lot 977 Burlos Court, Joondalup and Lot 23
 Gibson Avenue, Padbury
Attachment 6 Lot 1001 Camberwarra Drive, Craigie and Lots
 642/643 Marri Road, Duncraig
Attachment 7 Lot 971 Creaney Drive, Kingsley and Lot 549
 Moolanda Boulevard, Kingsley

*(Please Note: The Report and Attachment is confidential and will appear in the
official Minute Book only)*

This report is confidential in accordance with section 5.23 (2)(h) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

The determination by the local government of a price for the sale or purchase of property by the local government.

OFFICER'S RECOMMENDATION

That Council NOTES:

- 1 The contents of this Report;
- 2 A further status report on the overall progress of this disposal project will be submitted to the Strategic Financial Management Committee meeting on 15 October 2012; and
- 3 A further report on the potential disposal of Lot 971 (52) Creaney Drive, Kingsley will be submitted to the Strategic Financial Management Committee meeting on 15 October 2012.

MOVED Mayor Pickard, SECONDED Cr McLean that Council:

1 NOTES:

1.1 The contents of this Report;

1.2 A further status report on the overall progress of this disposal project will be submitted to the Strategic Financial Management Committee meeting on 15 October 2012;

1.3 A further report on the potential disposal of Lot 971 (52) Creaney Drive, Kingsley will be submitted to the Strategic Financial Management Committee meeting on 15 October 2012;

2 DETERMINES that in relation to Lot 23 (77) Gibson Avenue, Padbury to proceed with the disposal with the lodgement of an easement on the land title to recognise the bore water main running through the property;

3 DETERMINES that in relation to Lots 642/643 Marri Road, Duncraig to proceed with the disposal, giving the Department of Education the first right of refusal and that a report be referred back to a future Strategic Financial Management Committee meeting on the Department of Education's response.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Chester, Fishwick, McLean and Thomas

ITEM 7 CONFIDENTIAL - RATIONALISATION OF CHILD HEALTH CENTRES IN THE CITY OF JOONDALUP**WARD:** All**RESPONSIBLE:** Mr Charlie Reynolds
A/DIRECTOR: Infrastructure Services**FILE NUMBER:** 03398, 27459, 20122, 06769, 19107, 101515

ATTACHMENTS:	Attachment 1	Location Plan – Lots 642/643 (57/59) Marri Road, Duncraig
	Attachment 2	Location Plan – Lot 159 (487L) Beach Road, Duncraig
	Attachment 3	Proximity Plan – Marri Road and Beach Road, Duncraig
	Attachment 4	Location Plan – Lot 1001 (14) Camberwarra Drive, Craigie
	Attachment 5	Location Plan – Lot 699 (2) Caley Road, Padbury
	Attachment 6	Proximity Plan – Camberwarra Drive and Caley Road
	Attachment 7	Existing and Proposed Plan – Padbury Child Health Centre
	Attachment 8	Existing and Proposed Plan – Carine Child Health Centre

(Please Note: The Report and Attachment is confidential and will appear in the official Minute Book only)

This report is confidential in accordance with section 5.23 (2)(h) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

The determination by the local government of a price for the sale or purchase of property by the local government.

OFFICER'S RECOMMENDATION

That Council:

- 1 NOTES the contents of this Report; and
- 2 AGREES to the City continuing negotiations with the Department of Health's Child and Adolescent Community Health Service to transfer the child health centre services based at Craigie Child Health Centre to Padbury Child Health Centre at Lot 699 (2) Caley Road, Padbury and Duncraig Child Health Centre to Carine Child Health Centre at Lot 159 (487L) Beach Road, Duncraig.

MOVED Mayor Pickard, SECONDED Cr Chester that Council:

- 1 NOTES the contents of this Report;**
- 2 AGREES to the City continuing negotiations with the Department of Health's Child and Adolescent Community Health Service to transfer the child health centre services based at Craigie Child Health Centre to Padbury Child Health Centre at Lot 699 (2) Caley Road, Padbury and Duncraig Child Health Centre to Carine Child Health Centre at Lot 159 (487L) Beach Road, Duncraig; and**
- 3 REQUESTS a further report be presented to a future Strategic Financial Management Committee meeting outlining future strategies in relation to enhancing the amenity and standard of existing child health care facilities in the City.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Chester, Fishwick, McLean and Thomas

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Deputy Presiding Member declared the Meeting closed at 8.04pm; the following Committee Members being present at that time:

Cr Mike Norman
Mayor Troy Pickard
Cr John Chester
Cr Russ Fishwick, JP
Cr Tom McLean, JP
Cr Sam Thomas