

minutes

Strategic Financial Management Committee

MEETING HELD ON **MONDAY, 1 JULY 2013**

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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 1 JULY 2013.****ATTENDANCE****Committee Members:**

Cr Geoff Amphlett, JP	<i>Presiding Member</i>	
Mayor Troy Pickard		<i>from 6.34pm</i>
Cr John Chester		
Cr Russ Fishwick, JP		
Cr Mike Norman	<i>Deputy Presiding Member</i>	
Cr Tom McLean, JP		<i>from 6.31pm</i>
Cr Sam Thomas		

Observers:

Cr Brian Corr

Officers:

Mr Garry Hunt	Chief Executive Officer	<i>from 6.31pm</i>
Mr Mike Tidy	Director Corporate Services	
Ms Dale Page	Director Planning and Community Development	<i>from 6.30pm</i>
Mr Blignault Olivier	Manager City Projects	<i>from 6.32pm</i>
Mr Brad Sillence	Manager Governance	
Mrs Gwen Boswell	Senior Projects Officer	
Mr John Byrne	Governance Coordinator	
Mrs Rose Garlick	Governance Officer	

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 6.03pm.

APOLOGIES/LEAVE OF ABSENCE**Apologies**

Nil.

Leave of Absence previously approved

Cr Liam Gobbert	1 July to 8 July 2013 inclusive.
Cr Teresa Ritchie	12 to 16 August 2013 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD ON 11 MARCH 2013

MOVED Cr Fishwick SECONDED Cr Norman that the minutes of the meeting of the Strategic Financial Management Committee held on 11 March 2013 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs Amphlett, Chester, Fishwick, Norman 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

In accordance with Clause 76 of the City's *Standing Orders Local Law 2005*, this meeting was not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

CONSIDERATION OF CHANGE TO ORDER OF BUSINESS - [02154]

MOVED Cr Fishwick, SECONDED Cr Chester that Council SUSPENDS clause 14(4) of the City's *Standing Orders Local Law 2005* – Order of Business, to allow the items of business to be considered out of sequence as they are listed on the agenda, dealing with Item 3 - Review of 20 Year Strategic Financial Plan - Guiding Principles, prior to consideration of Item 1 - Disposal of area of land within City Freehold Lot 549 (11) Moolanda Boulevard, Kingsley.

The Motion was Put and

CARRIED (5/0)

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

REPORTS**ITEM 3 REVIEW OF 20 YEAR STRATEGIC FINANCIAL
PLAN - GUIDING PRINCIPLES**

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	103243, 101515
ATTACHMENT	Attachment 1 20 Year Strategic Financial Plan Guiding Principles (with mark up)
	Attachment 2 20 Year Strategic Financial Plan Guiding Principles (final)
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to consider the review and annual update of the 20 Year Strategic Financial Plan - Guiding Principles (Guiding Principles).

EXECUTIVE SUMMARY

The Guiding Principles set out the foundation and basis on which the Strategic Financial Plan (SFP) has been developed and which will also apply to its ongoing review and use. The SFP is required to be reviewed by the second quarter of each financial year. As part of the annual review of the SFP it is appropriate to firstly review the Guiding Principles on which the SFP is based.

In reviewing the current Guiding Principles there are a number of changes that are considered to be appropriate. Some of these are only minor formatting issues. Others reflect the experience after the adoption of the current Guiding Principles leading up to the adoption of the SFP (the SFP was adopted four months after the current Guiding Principles). There has also been an opportunity, subsequently, to consider further industry feedback and to apply the SFP in practice. The proposed changes are summarised in Table 1.

BACKGROUND

The Guiding Principles set out the foundation and basis on which the SFP has been developed and which will also apply to its ongoing review and use. The current Guiding Principles were adopted by Council at its meeting held on 24 July 2012 (CJ138-07/12 refers). The SFP 2011-2031 was subsequently approved by Council at its meeting held on 20 November 2012 (CJ244-11/12 refers).

The Guiding Principles set out an annual review process for the SFP which requires that it be updated on an annual basis with the update being completed by the second quarter of each financial year, to allow the SFP to be used as an input to the annual budget process for the subsequent year. As part of the annual review of the SFP it is appropriate to firstly review the Guiding Principles on which the SFP is based.

DETAILS

In reviewing the current Guiding Principles there are a number of changes that are considered to be appropriate. Some of these are only minor formatting issues. Others reflect the experience after the adoption of the current Guiding Principles leading up to the adoption of the SFP (the SFP was adopted four months after the current Guiding Principles) and further consideration and input from references such as:

- *Joondalup 2022*
- Australian Centre of Excellence Local Government (ACELG) – Practice Note 6 Long Term Financial Planning
- Institute of Public Works Engineering Australia (IPWEA) – Asset Management and Long Term Financial Planning Workshops
- Department of Local Government (DLG) Integrated Planning Framework
- Integrated Planning Framework used in other Australian States.

Attachment 1 provides reviewed Guiding Principles with tracked changes shown.

Table 1 below lists the changes made, and the basis for the change.

Table 1 – Changes to SFP Guiding Principles

No	Page	Change	Details
1	Throughout the Document	References to the 20 Year Strategic Financial Plan	○ For clarity the abbreviated reference has been standardised to SFP because there are numerous Plans.
2	1	Delete reference to Governance Framework	○ The reference to section 9.5.1 of the Governance Framework is not required as it is already stated that the Guiding principles are founded on the Governance Framework.
3	2	Flexible Long Term Approach	○ Minor changes to clarify that it is the Municipal Fund that is being referred to.
4	2	Service Levels and Asset Management	○ New basic principle added to emphasise the relationship between the Asset Management plans, levels of service provided to the community and the SFP.

No	Page	Change	Details
5	2 & 3	Key Elements/ Assumptions	<ul style="list-style-type: none"> ○ Previously listed as a single list of dot points these have now been broken up into four sub-headings Targets/Ratios, Funding/Treasury/Reserves, New expenditure and Process.
6	2	Targets/ Ratios.	<ul style="list-style-type: none"> ○ A new first dot point has been inserted to highlight out of all of the ratios that the City reports against, which are the most important for the SFP being operating results, asset management funding/debt management. ○ A minor amendment to the second dot point for clarity. ○ A new third dot point that sets a realistic goal for the Operating Surplus Ratio. A range is more realistic than a single target and between 2% and 8% is proposed. The Department of Local Government's Advisory Standard for the Operating Surplus Ratio provides that the standard is not met if the ratio is 0% or less, it is basic if between 0% and 15% and advanced if greater than 15%. The issues associated with trying to meet the advanced standard were addressed in the report and Council's resolution adopting the SFP (CJ244-11/12 refers). ○ An amendment to the existing fourth dot point to remove a specific percentage for revenue growth relative to expenditure and to instead link it to the need to achieve the operating surplus targets.
7	3	Funding/Treasury/ Reserves	<ul style="list-style-type: none"> ○ The existing dot points have been amended so that the Debt Service Ratio target specified aligns the Guiding Principles with the targets included in Joondalup 2022.

No	Page	Change	Details
8	3	New Expenditure.	<ul style="list-style-type: none"> ○ This section has been added to provide guidance in relation to new expenditure particularly capital which is a significant element of the SFP. ○ The Guiding principles require whole of life costs to be identified for new expenditure and gives preference for Asset Management Plans based on economic life modelling and that take account of the impact on the operating surplus ratio. ○ An Asset Sustainability Ratio target expressed as a range is also nominated. Joondalup 2022 currently does not have a target for the Asset Sustainability Ratio. The target of between 90% and 110% means for every \$1 of Depreciation charged to the Accounts, there is between \$0.90 and \$1.10 being spent on capital replacement.
9	3 & 4	Process.	<ul style="list-style-type: none"> ○ A third dot point has been added to ensure that decisions made as part of the Annual Budget and Mid Year Budget Review processes are considered in terms of their impact on the SFP. ○ The existing Guiding Principles proposed that the SFP would include two scenarios. The final adopted SFP included three scenarios. The changes in dot point four propose that scenario's one and two will be largely unchanged (although they have been reversed ie the current scenario 1 will become scenario 2) however scenario three has been changed. ○ Currently scenario three is based on capping rate increases at 5%. The change proposes a scenario three based on achieving all of the targets and in accordance with the Guiding Principles. This may mean not including all new expenditure proposed or not including it within the timeframes proposed. This is considered a more relevant scenario than focussing solely on rate increases.

Issues and options considered

There are three options when considering the proposed changes to the Guiding Principles:

Option 1 – Reject the Proposed Changes to the Guiding Principles

The current Guiding Principles were adopted four months prior to the adoption of the SFP and also prior to the adoption of *Joondalup 2022*. They do not currently reflect the basis on which the SFP and *Joondalup 2022* were adopted. This option is not supported.

Option 2 – Vary the Proposed Changes to the Guiding Principles

While the proposed changes are considered to adequately address the shortcomings identified in the current Guiding Principles it is open to Council to accept them only in part or to make additional changes. This option is not preferred.

Option 3 – Accept the Proposed Changes to the Guiding Principles

The current Guiding Principles were adopted four months prior to the adoption of the SFP and also prior to the adoption of *Joondalup 2022*. There are a number of issues that arose during this period for example finalisation of various ratios and targets and the decision to include three scenarios in the SFP rather than two. There has also been an opportunity, subsequently, to consider further industry feedback and to apply the SFP in practice. These support the need to amend the Guiding Principles. This option is recommended.

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

Local Government Act 1995 and the supporting Department of Local Government guidelines and advisory standards covering:

- Long Term Financial Planning – Framework & Guidelines
- Asset Management – Framework & Guidelines
- Integrated Planning and Reporting – Advisory Standard

Strategic Community Plan**Key theme**

Financial Sustainability.

Objective

Effective management.

Strategic initiative

Manage liabilities and assets through a planned, long-term approach.

Balance service levels for assets against long-term funding capacity.

Policy

Not applicable.

Risk management considerations

The Guiding Principles set out the basis and foundation on which the SFP is based. The setting of targets, objectives and the principles for the SFP, are a significant contributor to the mitigation of risk in the long term financial sustainability of the City.

There is a risk that the tolerances established for the ratios do not take account of one-off unknown events with major financial impacts. The Guiding Principles will be reviewed every year.

Financial/budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

The Guiding Principles are integral to the development of the SFP which 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

Not applicable.

COMMENT

The Guiding Principles provide the basis on which the SFP is prepared. The proposed changes bring further rigor to the City's long term financial planning processes.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Fishwick SECONDED Cr Norman that Council ADOPTS the revised 20 Year Strategic Financial Plan - Guiding Principles statement, forming Attachment 2 to this Report.

The Motion was Put and

CARRIED (5/0)

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

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3agnSFMC010713.pdf](#)

**ITEM 1 DISPOSAL OF AREA OF LAND WITHIN CITY
FREEHOLD LOT 549 (11) MOOLANDA
BOULEVARD, KINGSLEY**

WARD	South-East
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	63627, 101515
ATTACHMENT	Attachment 1 Location Plan of Lot 549 (11) Moolanda Boulevard, Kingsley Attachment 2 Draft Design for New Lot and Car Park
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Strategic Financial Management Committee (SFMC) to note the status report on the proposed disposal of part of Lot 549 (11) Moolanda Boulevard, Kingsley to adjacent property owners, MASONIC Care WA (MCWA).

EXECUTIVE SUMMARY

Lot 549 is a City owned battle-axed site at the rear of the Boulevard Plaza Shopping Centre and has two facilities on the site; these buildings are leased to Silver Chain and Community Vision Inc. The MCWA retirement village at Lot 501 (47) Renegade Way, Kingsley is located to the south of Lot 549 and Calthorpe Park is located to the north of the site (Attachment 1 refers).

Consultation with adjacent landowners/occupiers to Lot 549 resulted in only MCWA having an interest in purchasing and developing an area of vacant land within Lot 549. A land area of approximately 4,040m² at a cost of \$1,050,000 was conditionally agreed upon and supported by Council at its meeting held on 20 November 2012 (CJ245-11/12 refers) and a scheme amendment and subdivision application is now required. Attachment 2 indicates a concept design of the required reconfiguration of the existing car park on Lot 549 and proposed land area to be disposed of to MCWA.

Since the report to Council at its meeting held on 20 November 2012 (CJ245-11/12 refers), the City's approach with regard to progressing the planning actions regarding this proposal have been re-examined. It is considered that the Western Australian Planning Commission (WAPC) will require that the necessary rezoning and subdivision/amalgamation applications run sequentially rather than concurrently and therefore the City will now apply to rezone the area for disposal first. A draft subdivision plan will also be included with the application as it is considered that this approach will have the benefit of making the WAPC aware of the proposed future intent of both sites. On receipt of the WAPC's comments with regard to the rezoning application, the City will be in a more informed position to progress the subdivision/amalgamation.

It is therefore recommended that the Strategic Financial Management Committee:

- 1 *NOTES the contents of this Report on the City's progress to date on the proposed disposal of an area of Lot 549 (11) Moolanda Boulevard, Kingsley to MASONIC Care WA;*
- 2 *NOTES that a further progress report on the proposed disposal of an area of Lot 549 (11) Moolanda Boulevard, Kingsley to MASONIC Care WA will be submitted to a Strategic Financial Management Committee meeting at a date to be determined.*

BACKGROUND

A number of reports relating to the disposal potential of part of Lot 549 have been submitted to Strategic Financial Management Committee (SFMC) meetings and recommendations by the SFMC at these meetings have been adopted by Council at its meetings held on 15 March 2011 (CJ051-03/11 refers), 17 May 2011 (CJ091-05/11 refers), 19 July 2011 (CJ127-07/11 refers), 20 September 2011 (CJ171-09/11 refers), 20 March 2012 (CJ034-03/12 refers) and 15 May 2012 (CJ096-05/12 refers).

Originally, the City was considering the disposal of an area of approximately 2,800m² within Lot 549 and on the SFMC requesting a further report on the potential disposal of land by private treaty to adjoining landowners/lessees, contact was made with each party. Silver Chain and Community Vision Inc each lease a building on Lot 549 and also utilise an existing car park; both parties advised they had no interest in developing aged persons' dwellings on the vacant area. The same response was received from the strata manager on behalf of the strata owners of the Boulevard Plaza Shopping Centre which adjoins Lot 549.

At its meeting held on 19 July 2011 (CJ127-07/11 refers), Council provided in-principle support for the area of approximately 2,800m² to be offered by private treaty to MCWA. In discussions with the MCWA, it was indicated that the MCWA would be interested in acquiring approximately 4,040m². This request was submitted to the Council meeting held on 20 March 2012 (CJ034-03/12 refers) and a previous resolution concerning the offer to the MCWA of an area of approximately 2,800m² was revoked by an absolute majority. Council provided its in-principle support for the disposal of approximately 4,040m².

Council rejected the MCWA's first offer of \$427,500 (excl GST) at its meeting held on 15 May 2012 (CJ096-05/12 refers) and requested that other opportunities be examined for the site. On receipt of the City's letter rejecting the offer, the MCWA contacted the City and further negotiations resulted in a joint valuation being instructed and a market valuation of \$950,000 being received on 7 August 2012. The City had also advised the MCWA that to create the 4,040m² land area, reconfiguration works to the existing car park on Lot 549 would be required at an estimated cost of \$100,000.

The City received a conditional offer from MCWA dated 5 October 2012 of \$1,050,000 (exclusive of GST). The conditions are that:

- 1 the City is responsible for obtaining all relevant approvals and titles related to the subdivision of Lot 549
- 2 the City undertakes an amendment to *District Planning Scheme No. 2* to ensure that the land for sale to MCWA is appropriately zoned and coded so as to allow various aged persons' accommodation land uses
- 3 the City bears all costs associated with the above applications, processes and titles.

This updated offer was submitted to the SFMC at its meeting held on 24 October 2012 and was conditionally supported by Council at its meeting held on 20 November 2012 (CJ245-11/12 refers).

Parking 'Strip'

There exists a legal agreement on Lot 549 between the City and the strata owners of the Boulevard Plaza Shopping Centre which commenced on 6 April 1989 for a period of 99 years. The shopping centre owners constructed the car park and it allows for staff and customers of the shopping centre to access and park on the subject strip. The agreement states that during its term, the land will only be used as a car park and the City will make reasonable regulations for use of the car parking bays located on the strip.

The legal agreement cannot be assigned or transferred without the prior written consent of each of the other parties. It is also 'appended' to the land, therefore, should Lot 549 be sold, the new owners of the land would be required to enter into a similar arrangement.

The City's recently received legal advice on this matter is that as the strata owners have lodged a subject to claim caveat against the whole of Lot 549, to enable the subdivision and amalgamation to take place the caveat will need to be lifted and then on being replaced, to only be placed on the land that is related to the deed.

DETAILS

The City communicated Council's decision to the MCWA on 20 November 2012 and the MCWA is therefore aware that rezoning of the subject site is required, in addition to there being in place a subdivision and amalgamation approval from the WAPC. The MCWA's response of 3 April 2013 acknowledged the complexities of the proposed sale and the time the proposal may take to finalise.

The City advised the MCWA that a contract of sale will be drafted and the details of the required processes related to the disposal of 4,040m² of land will be included. It is proposed that the contract will also give both parties certain termination rights should the outcome of the rezoning and/or subdivision not be approved by the WAPC.

A report is to be submitted to Council at its meeting to be held on 16 July 2013 with regard to the formal initiation of an amendment to DPS2 to rezone the subject area of Lot 549 from 'Civic and Cultural' to 'Residential.' A subdivision plan in its draft stage will be appended to the scheme amendment documentation for the purpose of providing information to the Department of Planning and the WAPC on the overall future intent of both the City's and the MCWA's sites. Depending on the feedback from the WAPC regarding the rezoning application, continuation of the subdivision/amalgamation application process can take place immediately or on finalisation of the amendment.

Issues and options considered

Other issues that need to be dealt with include dealing with the caveat related to the use of the parking 'strip' and the City's management of the disruption that reconfiguration of the car park on Lot 549 will cause to its two lessees.

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

Strategic Community Plan

Key theme Quality Urban Environment.

Objective Quality built outcomes.

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

Key theme Financial Sustainability.

Objective Financial diversity.

Strategic initiative Identify opportunities for new income streams that are financially sound and equitable.

Policy *Asset Management Policy*.

To ensure the organisation undertakes a structured and coordinated approach to asset management that will promote sustainable infrastructure for the City of Joondalup.

Risk management considerations

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

It is uncertain at this stage as to what level of support the WAPC will provide with regard to this proposal.

Disruption to surrounding landowners needs to be managed prior to the commencement of car park reconfiguration works.

Financial/budget implications

Should the land be developed for aged persons' dwellings, such accommodation is generally non-rateable and would therefore impact on the City's annual revenue stream.

The costs for the reconfiguration of the car park on Lot 549 are estimated costs only.

The required subdivision, scheme amendment and other costs associated with the land transfer will be the City's with regard to this proposal.

Regional significance

Not applicable.

Sustainability implications

Disposal of City freehold land that was acquired for community use should not be undertaken without there being a nominated purpose. Council considered that due to the ageing demographics of the community, it is purposeful to make available aged persons dwellings so that people can continue to reside in their local area.

Consultation

The City has sought advice from valuers and property consultants and has met with landowners/occupiers adjacent to Lot 549 to ascertain their interest level in acquiring the land.

As an amendment to the *City of Joondalup District Planning Scheme No. 2 (DPS2)* will be required, an advertising period will form part of that process.

COMMENT

Certain actions on this site have progressed, however, the initiation of an amendment to *District Planning Scheme No. 2* to rezone the 4,040m² area of Lot 549 to Residential/R20 is now required. A draft subdivision plan will accompany this request to the WAPC to give certainty about the exact portion of land to be rezoned. Feedback from the WAPC on the rezoning application will indicate to the City whether it can progress the proposed subdivision/amalgamation immediately or will need to await the finalisation of the amendment.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Norman SECONDED Cr Chester that the Strategic Financial Management Committee:

- 1 NOTES the contents of this Report on the City's progress to date on the proposed disposal of an area of Lot 549 (11) Moolanda Boulevard, Kingsley to MASONIC Care WA;**
- 2 NOTES that a further progress report on the proposed disposal of an area of Lot 549 (11) Moolanda Boulevard, Kingsley to MASONIC Care WA will be submitted to a Strategic Financial Management Committee meeting at a date to be determined.**

The Motion was Put and

CARRIED (5/0)

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

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnSFMC010713.pdf](#)

BACKGROUND

The Department of Education's rejection of the City's offer to purchase the site was reported to the Strategic Financial Management Committee (SFMC) in October 2012 and at its meeting held on 20 November 2012 (CJ243-11/12 refers) Council resolved that it:

- 1 *NOTES that the Department of Education has rejected Council's offer to purchase Lots 642/643 (57/59) Marri Road, Duncraig;*
- 2 *ENDORSES the Department of Education being offered a three year lease from 1 November 2013 with an annual rent at commencement that is subject to a market valuation and increases thereafter of 5% per annum;*
- 3 *DISPOSES of the land at Lots 642/643 (57/59) Marri Road, Duncraig at the conclusion of the lease term in Part 2 above;*
- 4 *ADVISES the Department of Education that the City does not see it as its role to provide long term strategic facilities for educational purposes.*

To be able to dispose of this property, the Duncraig Child Health Centre would need to be relocated. Lot 159 (487L) Beach Road, Duncraig has been identified as the relocation site, however, refurbishment works would be required to take place on the Beach Road property first. These works have been deferred until 2017-2018 as the Department of Health recently called for tenders from not-for-profit organisations for the provision of child health services, therefore creating uncertainty as to the future role that local government will have in supporting this service.

The Duncraig Child Health Centre utilises approximately 65m² of the area and is managed by the Child and Adolescent Community Health Service (Department of Health).

The remaining area of approximately 231m² houses the Duncraig Pre-Primary School and is leased by the Department of Education. During negotiations for the current five year lease, the intent was for the Duncraig Pre-Primary School program to be transferred to the Duncraig Primary School campus by the end of the current lease period at 31 October 2013.

Based on this proposed relocation and as part of examining future options regarding the City's aging building portfolio, negotiations commenced with the Child and Adolescent Community Health Services to also relocate the Duncraig Child Health Centre service to Lot 159 (487L) Beach Road, Duncraig. This property is currently utilised by the Carine Child Health Centre, has adequate space, but requires refurbishment prior to relocation. Redevelopment and relocation costs associated with this transfer have been estimated to be approximately \$200,000.

DETAILS

The Department of Education rejected the City's offer indicating that a commencement market rent of \$23,000 per annum (exclusive of GST) is not a viable proposal and submitted a counter offer of a three-year term of a fixed rent of \$20,000 per annum with no annual increases.

The counter offer was made on the basis that the installation of a transportable classroom on the Duncraig Primary School site would be a more cost effective option for the Department of Education.

If agreement cannot be reached on a new lease, the Department of Education would need to vacate the premises at the end of the current lease term being 31 October 2013. Given the short notice, vacating the premises could be extended until the commencement of the 2014 school year.

However, if the Department of Education did vacate, the property could not be sold until the relocation of the Duncraig Child Health Centre, which would occur in 2017-2018 once the refurbishment of the Beach Road, Duncraig property had taken place.

Issues and options considered

The Department of Health's tendering out of the provision of community child health services within the Perth Metropolitan Region to not-for-profit community organisations closed on 8 February 2013 and the outcome of the evaluation of the tenders has been extended until June 2013. Until the result of this process is known and the new service providers identified, there is uncertainty as to the role of local government.

Future Land Use on Disposal

It should be noted that the amalgamation of Lots 642/643 would create a land area of 1,366m² and under the Residential Design Codes, 1,366m² on a R20 density code is not large enough to accommodate an aged persons' dwelling development. Planning advice is that this site should remain on an R20 density code, therefore once the site is available for disposal it is recommended that valuers are instructed to provide market valuations on its current zoning of Residential/R20.

Lots 642/643 do not need to be taken into account as part of the City's revised Draft Local Housing Strategy endorsed by Council at its meeting held on 16 April 2013 (CJ044-04/14 refers), as the land is not in a Housing Opportunity Area.

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

Key theme	Quality Urban Environment.
Objective	Quality built outcomes.
Key theme	Financial Sustainability.
Objective	Financial diversity.
Strategic initiative	Identify opportunities for new income streams that are financially sound and equitable.

Risk management considerations

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

There may be a negative reaction by some of the parents whose children use the services based at this facility on the site's eventual disposal.

Financial/budget implications

A valuation received dated 24 May 2010 for this site was \$890,000 (exclusive of GST) for a Residential/R20 zone with a condition on the contract of sale restricting the use to 'Aged Persons' Dwellings.' It has been determined that under a Residential/R20 zoning this use is no longer suitable based on the size of the property once the two lots are amalgamated.

Updated valuations on City properties undertaken on 14 January 2013 indicate that the May 2010 valuations were optimistic.

The proceeds from the sales are to be transferred to the Performing Arts and Cultural Facility Reserve Fund.

Regional significance

Not applicable.

Sustainability implications

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

The land cannot be sold for Aged Persons' Dwellings due to the requirements of Part 6.11.2 of the Residential Design Codes and the combined land areas of Lots 642 and 643 only being 1,366m².

Consultation

Ongoing communication has taken place between the City, the Department of Education and the Child and Adolescent Community Health Service (Department of Health). Both these Departments will need to consult extensively with their parents/clients prior to implementing any transfer of their services.

COMMENT

For the property to be available for disposal, the facility needs to be vacated by the Departments of Education and Health.

If the lease term for the Department of Education generally coincides with the refurbishment of relocated property in Beach Road, Duncraig (therefore allowing for the relocation of Duncraig Child Health Centre) this provides the City with an income until the building is vacant. The lease term being split into a term plus an option may possibly allow some flexibility.

On the site being available for disposal, it does not have the required land area to be development for aged persons' dwellings, therefore being sold as a Residential/R20 site is recommended.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Fishwick SECONDED Cr Thomas that Council APPROVES an offer being made to the Department of Education Western Australia for a lease of Lots 642/643 (57/59) Marri Road, Duncraig for a two-year term and a one-year option effective from 1 November 2013 with the rental to be fixed at \$20,000 per annum (exclusive of GST).

The Motion was Put and

CARRIED (5/0)

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

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2agnSFMC010713.pdf](#)

ITEM 3 REVIEW OF 20 YEAR STRATEGIC FINANCIAL PLAN - GUIDING PRINCIPLES

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	103243, 101515
ATTACHMENT	Attachment 1 20 Year Strategic Financial Plan – Annual Update Process Map Attachment 2 20 Year Strategic Financial Plan Guiding Principles (with mark up) Attachment 3 20 Year Strategic Financial Plan Guiding Principles (final)
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

This Item was dealt with earlier in the meeting, prior to consideration of Item 1.

ITEM 4 CONFIDENTIAL - STATUS REPORT ON CITY FREEHOLD PROPERTIES PROPOSED FOR DISPOSAL

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	63627
ALT FILE NUMBER	101515
ATTACHMENT	<p>Attachment 1 Lot 200 (18) Quilter Drive, Duncraig and Lot 766 (167) Dampier Avenue, Kallaroo</p> <p>Attachment 2 Lot 202 (20) Kanangra Crescent, Greenwood and Lot 147 (25) Millport Drive, Warwick</p> <p>Attachment 3 Lot 613 (11) Pacific Way, Beldon and Lot 671 (178) Camberwarra Drive, Craigie</p> <p>Attachment 4 Lot 745 (103) Caridean Street, Heathridge and Lot 977 (15) Burlos Court, Joondalup</p> <p>Attachment 5 Lot 23 (77) Gibson Avenue, Padbury and Lot 1001 (14) Camberwarra Drive, Craigie</p> <p>Attachment 6 Lots 642/643 (57/59) Marri Road, Duncraig and Lot 971 (52) Creaney Drive, Kingsley</p> <p>Attachment 7 Lot 549 (11) Moolanda Boulevard, Kingsley</p> <p>Attachment 8 Auction and Post-Auction Sales Information</p> <p>Attachment 9 Freehold Sites Sold - Status of Council Requested Actions</p>
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

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.

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

MOVED Cr Fishwick SECONDED Cr Chester that the Strategic Financial Management Committee:

- 1 NOTES the contents of the status report dated 1 July 2013 on the City's progress to date on the proposed disposal of 13 City-owned freehold land sites;**
- 2 NOTES that a further status report on the overall progress of the City's proposed disposal of the remaining eight City-owned freehold land sites will be submitted to a Strategic Financial Management Committee meeting at a date to be determined;**
- 3 NOTES that detailed reports on the potential disposal of Lot 971 (52) Creaney Drive, Kingsley and the disposal of a portion of Lot 549 (11) Moolanda Boulevard, Kingsley will be submitted to a Strategic Financial Management Committee meeting at a date to be determined.**

The Motion was Put and

CARRIED (5/0)

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

The Director Planning and Community Development entered the meeting, the time being 6.30pm.

Cr McLean entered the meeting, the time being 6.31pm.

The Chief Executive Officer entered the meeting, the time being 6.31pm.

The Manager City Projects entered the meeting, the time being 6.32pm.

Mayor Pickard entered the meeting, the time being 6.34pm.

- 5 AGREES a further report outlining the potential impact of the changes mentioned in part 3 above be submitted to the Strategic Financial Management Committee meeting at a date to be determined.

MOVED Cr Chester SECONDED Mayor Pickard that the Strategic Financial Management Committee:

- 1 **NOTES the indicative concept designs and zoning advice provided by the town planning consultants;**
- 2 **NOTES the comments and findings of the independent valuer's report based on the indicative concept designs and potential zoning solutions for the site;**
- 3 **NOTES that due to impending changes to the *Residential Design Codes of Western Australia* and the progression of an amendment to the District Planning Scheme No. 2 to implement the draft Local Housing Strategy, the development provisions that currently relate to the site may alter slightly;**
- 4 **NOTES a petition was tabled at the Council meeting held on 25 June 2013 from 1,977 residents of the City of Joondalup requesting that Council does not approve the sale of any portion of Lot 971 (52) Creaney Drive, Kingsley;**
- 5 **AGREES a further report outlining the potential impact of the changes mentioned in part 3 above be submitted to the Strategic Financial Management Committee meeting at a date to be determined.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Amphlett, Mayor Pickard, Crs Chester, Fishwick, McLean, Norman 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 Presiding Member declared the Meeting closed at 7.12pm; the following Committee Members being present at that time:

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